

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
National Exchange Carrier Association, Inc.	)	WC Docket No. 16-400
2017 Modification of Average Schedules	)	
	)	
National Exchange Carrier Association, Inc.	)	WC Docket No. 17-346
2018 Modification of Average Schedules	)	

**ORDER**

**Adopted: May 21, 2018**

**Released: May 21, 2018**

By the Chief, Pricing Policy Division, Wireline Competition Bureau:

1. In this Order, the Wireline Competition Bureau approves the formulas for average schedule interstate settlement disbursements in connection with the provision of interstate access services proposed by the National Carrier Exchange Association, Inc. (NECA), pursuant to section 69.606 of the Federal Communications Commission's rules, for a one-year period beginning July 1, 2018.<sup>1</sup> On February 26, 2018, NECA proposed modifications to its initial December 21 Filing, which affects settlement payments for common line and special access formulas to reflect the 2017 Tax Cuts and Jobs Act (TCJA), to be effective both for a one-year period beginning July 1, 2018, and for the period beginning January 1, 2018, through June 30, 2018 (interim revisions).<sup>2</sup> For the reasons set forth below, we approve the average schedule formulas as proposed by NECA.

2. According to NECA, the methods described in its December 21 Filing represent the same methods employed in the prior year's filings.<sup>3</sup> NECA's proposed formula changes would result in a 5.6 percent overall increase of settlements at constant demand.<sup>4</sup> NECA expects actual settlements to be lower because of projected losses of access lines and lower Non-DSL demand.<sup>5</sup> The impact of the proposed formula changes on individual average schedule companies will vary, depending on each company's size, demand trends and characteristics.<sup>6</sup> In the February 26 Filing, NECA proposed to alter

<sup>1</sup> National Exchange Carrier Association *2018 Modification of Average Schedules* attached to Letter from Richard A. Askoff, Executive Director-Regulatory, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket 17-346 (filed Dec. 21, 2017) (December 21 Filing). See 47 CFR § 69.606(b).

<sup>2</sup> National Exchange Carrier Association, *2017 Interim Modifications of Average Schedules and 2018 Further Modification of Average Schedules*, attached to a Letter from Richard A. Askoff, Executive Director-Regulatory, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 16-400, 17-346 (filed Feb. 26, 2018) (February 26 Filing). See letter from Richard A. Askoff, Executive Director-Regulatory, NECA to Marlene Dortch, Secretary, FCC, WC Docket Nos. 16-400, 17-346 (filed Feb. 27, 2018) (clarifying effective dates in the Feb. 26, 2018 transmittal letter). See also *Tax Cuts and Jobs Act*, Pub. L. No. 115-97, 131 Stat. 20154 (2017) (TCJA).

<sup>3</sup> December 21 Filing at Introduction-1.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

its formulas to reflect the effects of the TCJA, which were not included in the December 21 Filing because the information was not known when the formulas were developed.<sup>7</sup> NECA's proposed revisions reflect its use of formula tax adjustment factors for common line and special access revenue requirements that correspond to the impact of the TCJA.<sup>8</sup> The overall effect of these adjustments is a decrease of about 0.5 percent on current and proposed settlements.<sup>9</sup>

3. By Public Notice released January 16, 2018, we sought comment on NECA's December 21 filing.<sup>10</sup> No comments were filed. We released an additional Public Notice on March 27, 2018, seeking comment on the February 26 filing.<sup>11</sup> No comments were filed.

4. We have reviewed the NECA filings and find that its proposed formulas are reasonable.

5. Accordingly, IT IS ORDERED, pursuant to sections 0.91, 0.291, and 69.606(a) of the Commission's rules, 47 CFR §§ 0.91, 0.291, and 69.606(a), that the average schedule formulas proposed by the National Exchange Carrier Association, Inc., on December 21, 2017, and revised on February 26, 2018, SHALL BECOME EFFECTIVE July 1, 2018, and remain in effect through June 30, 2019, and that the interim revisions SHALL BE EFFECTIVE for the period beginning January 1, 2018, through June 30, 2018.

6. IT IS FURTHER ORDERED, pursuant to section 1.102(b) of the Commission's rules, 47 CFR § 1.102(b), that this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Pamela S. Arluk  
Chief  
Pricing Policy Division  
Wireline Competition Bureau

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<sup>7</sup> February 26 Filing at 1-2.

<sup>8</sup> *Id.* at 2-4.

<sup>9</sup> *Id.* at 1.

<sup>10</sup> *National Exchange Carrier Association, Inc.'s Proposed 2018 Modification of Average Schedule Formulas*, WC Docket No. 17-346, DA 18-296, Public Notice (WCB 2018).

<sup>11</sup> *National Exchange Carrier Association, Inc.'s Proposed 2017 Interim and 2018 Further Modification of Average Schedule Formulas*, WC Docket Nos. 16-400 and 17-346, DA 18-296, Public Notice (WCB 2018).