

for all local exchange carriers with annual revenues of \$100 million or more.

The total of all proportions shall equal 1.00.

[60 FR 28545, June 1, 1995]

§ 65.305 Calculation of the weighted average cost of capital.

(a) The composite weighted average cost of capital is the sum of the cost of debt, the cost of preferred stock, and the cost of equity, each weighted by its proportion in the capital structure of the telephone companies.

(b) Unless the Commission determines to the contrary in a prescription proceeding, the composite weighted average cost of debt and cost of preferred stock is the composite weight computed in accordance with § 65.304 multiplied by the composite cost of the component computed in accordance with § 65.301 or § 65.302, as applicable. The composite weighted average cost of equity will be determined in each prescription proceeding.

[60 FR 28546, June 1, 1995]

§ 65.306 Calculation accuracy.

In a prescription proceeding, the final determinations of the cost of equity, cost of debt, cost of preferred stock and their capital structure weights shall be accurate to two decimal places.

[60 FR 28546, June 1, 1995]

§ 65.450 Net income.

(a) Net income shall consist of all revenues derived from the provision of interstate telecommunications services regulated by this Commission less expenses recognized by the Commission as necessary to the provision of these services. The calculation of expenses entering into the determination of net income shall include the interstate portion of plant specific operations (Accounts 6110-6441), plant nonspecific operations (Accounts 6510-6565), customer operations (Accounts 6610-6623), corporate operations (Accounts 6710-6790), other operating income and expense accounts (Accounts 7100-7160), and operating taxes (Accounts 7200-7250), except to the extent this Commission specifically provides to the contrary.

(b) Gains and losses related to the disposition of plant in service items, shall be handled as follows:

(1) Gains related to property sold to others and leased back under capital leases for use in telecommunications services shall be recorded in Account 4360 (Other Deferred Credits) and credited to Account 6563 (Amortization Expense--Tangible) over the amortization period established for the capital lease;

(2) Gains or losses related to the disposition of land and other nondepreciable items recorded in Account 7150 (Gains and Losses Resulting from the Sale of Land and Artworks) shall be included in net income for ratemaking purposes, but adjusted to reflect the relative amount of time such property was used in regulated operations and included in the rate base; and

(3) Proceeds related to the disposition of property depreciated on a group basis and used jointly in regulated and nonregulated activities, including sale-leaseback arrangements for property depreciated on a group basis, shall be credited to the related reserves and attributed to regulated and nonregulated in proportion to the accumulated regulated and nonregulated depreciation for that group.

(c) Gains or losses related to the disposition of property that was never included in the rate base shall not be considered for ratemaking purposes.

(d) Except for the allowance for funds used during construction, reasonable charitable deductions and interest related to customer deposits, the amounts recorded as nonoperating income and expenses and taxes (Accounts 7300-7450) and interest and related items (Accounts 7500-7540) and extraordinary items (Accounts 7600-7640) shall not be included unless this Commission specifically determines that particular items recorded in those accounts shall be included.

[53 FR 1029, Jan. 15, 1988, as amended at 60 FR 12139, Mar. 6, 1995]

Subpart D--Interexchange Carriers

§ 65.500 Net income.

The net income methodology specified in § 65.450 shall be utilized by all interexchange carriers that are so designated by Commission order.

[60 FR 28546, June 1, 1995]

Subpart E--Rate of Return Reports

§ 65.600 Rate of return reports.

(a) Subpart E shall apply to those interstate communications common carriers and local exchange carriers that are so designated by Commission order and shall only apply to incumbent local exchange carriers subject to price cap regulation, as specified in § XX of this chapter, in cases where a lower formula adjustment (LFAM) is necessary.

(b)(1) Each incumbent local exchange carrier or group of affiliated carriers subject to § XX of this chapter shall file with the Commission within three (3) months after the end of each calendar year a report of its total interstate rate of return for that year. Such filings shall include a report of the total revenues, total expenses and taxes, operating income, and the rate base. Reports shall be filed on the appropriate form prescribed by the Commission (see § 1.795 of this chapter) and shall provide full and specific answers to all questions propounded and information requested in the currently effective form. The number of copies to be filed shall be specified in the applicable report form. At least one copy of the report shall be retained in the principal office of the respondent and shall be filed in such manner as to be readily available for reference and inspection.

(2) Each incumbent local exchange carrier or group of affiliated carriers subject to § XX of this chapter shall file with the Commission within fifteen (15) months after the end of each calendar year a report reflecting any corrections or modifications to the report filed pursuant to paragraph (b)(1) of this section. Reports shall be filed on the appropriate form prescribed by the Commission (see § 1.795 of this chapter) and shall provide full and specific answers to all questions propounded and information requested in the currently effective form. The number of copies to be filed shall be specified in the applicable report form. At least one copy of the report shall be retained in the principal office of the respondent and shall be filed in such manner as to be readily available for reference and inspection.

[52 FR 274, Jan. 5, 1987, as amended at 54 FR 19844, May 8, 1989;
55 FR 42385, Oct. 19, 1990; 56 FR 21617, May 10, 1991; 62 FR
5166, Feb. 4, 1997]

Subpart F--Maximum Allowable Rates of Return

§ 65.700 Determining the maximum allowable rate of return.

(a) The maximum allowable rate of return for any exchange carrier's overall interstate earnings for all access service elements in the aggregate shall be determined by adding a fixed increment of one-quarter of one percent to the local exchange carrier prescribed rate of return.

(b) The maximum allowable rate of return for rates filed by local exchange carriers subject to § 61.72 of this chapter, shall be determined by adding a fixed increment of one and one-half percent to the local exchange carrier prescribed rate of return.

[51 FR 11034, Apr. 1, 1986, as amended at 58 FR 36149, July 6, 1993; 60 FR 28546, June 1, 1995]

§ 65.701 Period of review.

For both exchange and interexchange carriers subject to this part, interstate earnings shall be measured over a two year period to determine compliance with the maximum allowable rate of return. The review periods shall commence on January 1 in odd-numbered years and shall end on December 31 in even-numbered years.

[60 FR 28546, June 1, 1995]

§ 65.702 Measurement of interstate service earnings.

(a) For local exchange carriers, overall interstate earnings shall be measured for purposes of determining compliance with the maximum allowable rate of return. The Billing and Collection element shall not be included for purposes of this part.

(b) For local exchange carriers, earnings shall be measured for purposes of determining compliance with the maximum allowable rates of return separately for each study area; provided, however, that if the carrier has filed or concurred in access tariffs aggregating costs and rates for two or more study areas, the earnings will be determined for the aggregated study areas rather than for each study area separately. If an exchange carrier has not utilized the same level of study area aggregation during the entire two-year earnings review period, then the carrier's earnings will be measured for the entire two-year period on the basis of the tariffs in effect at the end of the

second year of the two-year review period; provided, however, that if tariffs representing a higher level of study area aggregation were not in effect for at least eight months in the second year, then the carrier's earnings will be measured on the basis of the study area level of aggregation in effect for the majority of the two-year period; provided further, that any carrier that was not a member of the National Exchange Carrier Association or other voluntary pools for both years of the two-year review period will have its earnings reviewed individually for the full two-year period.

[51 FR 11034, Apr. 1, 1986, as amended at 57 FR 54719, Nov. 20, 1992; 58 FR 48763, Sept. 17, 1993; 60 FR 28546, June 1, 1995]

Subpart G--Rate Base

Source: 53 FR 1029, Jan. 15, 1988, unless otherwise noted.

§ 65.800 Rate base.

The rate base shall consist of the interstate portion of the accounts listed in § 65.820 that has been invested in plant used and useful in the efficient provision of interstate telecommunications services regulated by this Commission, minus any deducted items computed in accordance with § 65.830.

§ 65.810 Definitions.

As used in this subpart "account xxxx" means the account of that number kept in accordance with the Uniform System of Accounts for Class A and Class B Telecommunications Companies in 47 CFR part 32.

§ 65.820 Included items.

(a) Telecommunications Plant. The interstate portion of all assets summarized in Account 2001 (Telecommunications Plant in Service) and Account 2002 (Property Held for Future Use), net of accumulated depreciation and amortization, and Account 2003 (Telecommunications Plant Under Construction), and, to the extent such inclusions are allowed by this Commission, Account 2005 (Telecommunications Plant Adjustment), net of accumulated amortization. Any interest cost for funds used during construction capitalized on assets recorded in these accounts shall be computed in accordance with the procedures in § 32.2000(c)(2)(x) of this chapter.

(b) Material and Supplies. The interstate portion of assets summarized in Account 1220.1 (Material and Supplies).

(c) Noncurrent Assets. The interstate portion of Class B Rural Telephone Bank stock contained in Account 1402 (Investment in Nonaffiliated Companies) and the interstate portion of assets summarized in Account 1410 (Other Noncurrent Assets), Account 1438 (Deferred Maintenance and Retirements), and Account 1439 (Deferred Charges) only to the extent that they have been specifically approved by this Commission for inclusion. Otherwise, the amounts in accounts 1401-1500 shall not be included.

(d) Cash Working Capital. The average amount of investor-supplied capital needed to provide funds for a carrier's day-to-day interstate operations. Class A carriers may calculate a cash working capital allowance either by performing a lead-lag study of interstate revenue and expense items or by using the formula set forth in paragraph (e) of this section. Class B carriers, in lieu of performing a lead-lag study or using the formula in paragraph (e) of this section, may calculate the cash working capital allowance using a standard allowance which will be established annually by the Chief, Common Carrier Bureau. When either the lead-lag study or formula method is used to calculate cash working capital, the amount calculated under the study or formula may be increased by minimum bank balances and working cash advances to determine the cash working capital allowance. Once a carrier has selected a method of determining its cash working capital allowance, it shall not change to an optional method from one year to the next without Commission approval.

(e) In lieu of a full lead-lag study, carriers may calculate the cash working capital allowance using the following formula.

- (1) Compute the weighted average revenue lag days as follows:
 - (i) Multiply the average revenue lag days for interstate revenues billed in arrears by the percentage of interstate revenues billed in arrears.
 - (ii) Multiply the average revenue lag days for interstate revenues billed in advance by the percentage of interstate revenues billed in advance. (Note: a revenue lead should be shown as a negative lag.)
 - (iii) Add the results of paragraphs (e)(1)(i) and (ii) of this section to determine the weighted average revenue lag days.
- (2) Compute the weighted average expense lag days as follows:
 - (i) Multiply the average lag days for interstate expenses (i.e., cash operating expenses plus interest) paid in arrears by the percentage of interstate expenses paid in arrears.
 - (ii) Multiply the average lag days for interstate expenses paid in advance by the percentage of interstate expenses paid in

advance. (Note: an expense lead should be shown as a negative lag.)

(iii) Add the results of paragraphs (e)(2)(i) and (ii) of this section to determine the weighted average expense lag days.

(3) Compute the weighted net lag days by deducting the weighted average expense lag days from the weighted average revenue lag days.

(4) Compute the percentage of a year represented by the weighted net lag days by dividing the days computed in paragraph (e)(3) of this section by 365 days.

(5) Compute the cash working capital allowance by multiplying the interstate cash operating expenses (i.e., operating expenses minus depreciation and amortization) plus interest by the percentage computed in paragraph (e)(4) of this section.

[54 FR 9048, Mar. 3, 1989, as amended at 60 FR 12139, Mar. 6, 1995]

§ 65.830 Deducted items.

(a) The following items shall be deducted from the interstate rate base.

(1) The interstate portion of deferred taxes (Accounts 4100 and 4340).

(2) The interstate portion of customer deposits (Account 4040).

(3) The interstate portion of other long-term liabilities (Account 4310) that were derived from the expenses specified in § 65.450(a).

(4) The interstate portion of other deferred credits (Account 4360) to the extent they arise from the provision of regulated telecommunications services. This shall include deferred gains related to sale-leaseback arrangements.

(b) The interstate portion of deferred taxes, customer deposits and other deferred credits shall be determined as prescribed by 47 CFR part 36.

(c) The interstate portion of other long-term liabilities (Account 4310) shall bear the same proportionate relationships as the interstate/intrastate expenses which gave rise to the liability.

[54 FR 9049, Mar. 3, 1989, as amended at 62 FR 15118, Mar. 31, 1997]

PART 69

USTA
BIENNIAL REVIEW PETITION
AUGUST 11, 1999

Rule	Action	Justification
	PART 69 -ACCESS CHARGES FOR NON-PRICE CAP ILECS	Part 69 is modified to be applicable to non-price cap ILECs only. Appropriate portions of Part 69 are duplicated or removed and placed in new Part XX for price cap ILECs.
69.1 (a) & (b)	<u>Application of access charges.</u> Duplicate and include in Part XX. Revised to make applicable to ROR ILECs only.	Duplicate appropriate portions of Subpart A for price cap LECs in Part XX. Makes USTA ROR Access Reform Team recommendations.
69.1 (c)	<u>Application of access charges.</u> Section deleted.	All price cap rules incorporated into Part XX.
69.2	<u>Definitions.</u> Duplicate and include in Part XX.	Duplicate appropriate definitions for price cap LECs in Part XX.
69.2 (t), (u), (v), (w), (y), (bb)(1)(ii), (ll), (nn), (oo), (qq), (ss), (tt), (uu), (vv)	<u>Definitions.</u> Delete definitions. Revise (bb)(1) reference to MFJ.	Deletes obsolete definitions and changes MFJ to AT&T Consent Decree.
69.3	<u>Filing of access service tariffs.</u> Section deleted and incorporated in Part 61.15 and 61.50.	All tariff requirements are consolidated in Part 61 rules.
New 69.3	<u>Access elements.</u> Defines ROR ILEC access elements.	Makes USTA ROR Access Reform Team recommendations.

Rule	Action	Justification
69.4	<p><u>Charges to be filed.</u> Section deleted. Eliminates detail rate element codification, old USF requirements and public interest petition requirement for establishing new rate elements.</p>	Makes USTA Price Cap and ROR Access Reform Team recommendations.
New 69.4	<p><u>Services excluded from revenue requirement calculations.</u> Excludes contract services, special construction services and ICB services from revenue requirement calculations.</p>	Makes USTA ROR Access Reform Team recommendations.
69.5 (d)	<p><u>Persons to be assessed.</u> Deletes old USF requirements.</p>	Replaced by Part 54.
	<p><u>Subpart B - Computation of Charges for Non-Price Cap ILECs</u> Revise title to apply only to ROR ILECs.</p>	Part 69 applies exclusively to non-price cap ILECs.
69.101	<p><u>General.</u> Delete reference to Subpart C.</p>	All price cap rules incorporated into Part XX.
69.104 now 69.102	<p><u>End user common line for non-price cap incumbent local exchange carriers.</u> Section 69.104 deleted and replaced by 69.102 and is modeled after current section 69.152 for price cap LECs. Eliminates the distinction between primary and non-primary residence lines.</p>	Makes USTA ROR Access Reform Team recommendations.

Rule	Action	Justification
New 69.103	<p><u>Presubscribed interexchange carrier charge (PICC) for non-price cap incumbent local exchange carriers.</u> Adds new PICC rules for ROR ILECs. Modeled after current section 69.153. Eliminates the distinction between primary and non-primary residence lines.</p>	Makes USTA ROR Access Reform Team recommendations.
69.105	<p><u>Carrier common line for non-price cap local exchange carriers.</u> Revised and replaced by new per-minute CCL section based on current 69.154.</p>	Makes USTA ROR Access Reform Team recommendations.
69.106	<p><u>Local Switching.</u> Revised section includes charges to recover the Switching revenue requirement and provides greater flexibility. Deletes section (d), (e), (f) and (g) unnecessary requirements and price cap rules.</p>	Makes USTA ROR Access Reform Team recommendations. All price cap rules incorporated into Part XX.
New 69.107	<p><u>Transport Charges.</u> New section includes charges to recover the Transport revenue requirement.</p>	Makes USTA ROR Access Reform Team recommendations.
69.108	<p><u>Transport rate benchmark.</u> Section deleted. Detail rate element codification eliminated.</p>	Makes USTA ROR Access Reform Team recommendations.
69.109	<p><u>Information.</u> Section deleted. Detail rate element codification eliminated.</p>	Makes USTA ROR Access Reform Team recommendations.

Rule	Action	Justification
69.110	<u>Entrance Facilities.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.111	<u>Tandem-switched transport and tandem charge.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.112	<u>Direct-trunked transport.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.113 now 69.108	<u>Non-premium charges for MTS-WATS equivalent services.</u> Revises and renumbers section. Eliminates price cap rules and references to deleted sections.	Makes USTA ROR Access Reform Team recommendations. All price cap rules incorporated into Part XX.
69.114	<u>Special access.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.115 now 69.109	<u>Special access surcharges.</u> Section revised to eliminate detail rate element codification and obsolete requirements.	Makes USTA ROR Access Reform Team recommendations.
69.116	<u>Universal Service Fund.</u> Section deleted.	Replaced by Part 54.

Rule	Action	Justification
69.117	<u>Lifeline assistance.</u> Section deleted.	Replaced by Part 54.
69.118 now 69.110	<u>Traffic sensitive switched services.</u> Title changed to "Basic service elements for switched services." Section revised to eliminate detail rate element codification and obsolete requirements.	Makes USTA ROR Access Reform Team recommendations.
69.119	<u>Basic service element expedited approval process.</u> Section deleted. Eliminates unnecessary rule.	Makes USTA ROR Access Reform Team recommendations.
69.120	<u>Line information database.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.121 now 69.111	<u>Connection charges for expanded interconnection.</u> Eliminates language referencing special access and switched transport.	Makes USTA ROR Access Reform Team recommendations.
69.123	<u>Density pricing zones for special access and switched transport.</u> Section deleted and replaced by 69.130, Zone Pricing.	Makes USTA ROR Access Reform Team recommendations.
69.124	<u>Interconnection charge.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.

Rule	Action	Justification
69.125	<u>Dedicated signalling transport.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.126	<u>Nonrecurring charges.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.127	<u>Transitional Equal Charge Rule.</u> Section deleted.	Deletes obsolete rule.
69.128	<u>Billing name and address.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
69.129	<u>Signalling for tandem switching.</u> Section deleted. Detail rate element codification eliminated.	Makes USTA ROR Access Reform Team recommendations.
New 69.130	<u>Zone pricing.</u> Adds new zone pricing section.	Makes USTA ROR Access Reform Team recommendations.
	<u>Subpart C - Computation of Charges for Price Cap Local Exchange Carriers</u> Subpart deleted.	All price cap rules incorporated into Part XX.
69.151	<u>Applicability.</u> Section deleted.	All price cap rules incorporated into Part XX.
69.152	<u>End user common line for price cap local exchange carriers.</u> Section deleted.	All price cap rules incorporated into Part XX.

Rule	Action	Justification
69.153	<u>Presubscribed interexchange carrier charge (PICC).</u> Section deleted.	All price cap rules incorporated into Part XX.
69.154	<u>Per-minute carrier common line charge.</u> Section deleted.	All price cap rules incorporated into Part XX.
69.155	<u>Per-minute residual interconnection charge.</u> Section deleted.	All price cap rules incorporated into Part XX.
69.156	<u>Marketing expenses.</u> Section deleted.	All price cap rules incorporated into Part XX.
69.157	<u>Line port costs in excess of basic, analog service.</u> Section deleted.	All price cap rules incorporated into Part XX.
	Subpart D - Apportionment of Net Investment Subpart relettered as Subpart C.	Subpart relettered as a result of current Subpart C being deleted.
69.301 now 69.201	<u>General.</u> Revises the apportionment of net investment to be among the IX and B & C categories and the access elements - Common Line, Switching, Transport, and Other.	Makes USTA ROR Access Reform Team recommendations.

Rule	Action	Justification
69.302 now 69.202	<p><u>Net Investment.</u> Revises the apportionment of net investment to be among the IX and B & C categories and the access elements - Common Line, Switching, Transport, and Others.</p>	Makes USTA ROR Access Reform Team recommendations.
69.303 now 69.203	<p><u>Information origination/termination equipment (IOT)</u> Revises the apportionment of IOT investment from the Special Access element to the Transport element.</p>	Makes USTA ROR Access Reform Team recommendations.
69.304 now 69.204	<p><u>Subscriber line cable and wire facilities.</u> Revises the assignment of private line and WATS access line investment from the Special Access element to the Transport element.</p>	Makes USTA ROR Access Reform Team recommendations.
69.305 now 69.205	<p><u>Carrier cable and wire facilities (C&WF).</u> Revises the assignment of C&WF investment to the IX category and to the Switching and Transport elements, as appropriate.</p>	Makes USTA ROR Access Reform Team recommendations.
69.306 now 69.206	<p><u>Central office equipment (COE).</u> Revises the apportionment of COE investment to the Switching and Transport elements and to the IX and B & C categories, as appropriate. Eliminates line side port cost assignment for price cap LECs. Changes reference to MFJ to the AT&T Consent Decree.</p>	Makes USTA ROR Access Reform Team recommendations. All price cap rules incorporated into Part XX.

Rule	Action	Justification
69.307 now 69.207	<p><u>General support facilities.</u> Revises the assignment of GSF investment to the IX and B & C categories and the Common Line, Switching, and Transport elements, as appropriate. Eliminates GSF assignment for price cap LECs.</p>	Makes USTA ROR Access Reform Team recommendations. All price cap rules incorporated into Part XX.
69.309 now 69.208	<p><u>Other investment.</u> Revises the apportionment of other investment to be among the IX and B & C categories and the access elements - Common Line, Switching, Transport, and Other.</p>	Makes USTA ROR Access Reform Team recommendations.
69.310 now 69.209	<p><u>Capital leases.</u> Revises the assignment of capital leases to the IX category and to the Common Line, Switching, and Transport elements.</p>	Makes USTA ROR Access Reform Team recommendations.
	<p><u>Subpart E - Apportionment of Expenses</u> Subpart relettered as Subpart D.</p>	Subpart relettered as a result of current Subpart C being deleted.
69.401 now 69.301	<p><u>Direct expenses.</u> Revises the apportionment of Direct expenses to be among the IX and B & C categories and the access elements - Common Line, Switching, Transport, and Other.</p>	Makes USTA ROR Access Reform Team recommendations.
69.402 now 69.302	<p><u>Operating taxes (Account 7200).</u> Revises the apportionment of operating taxes to be among the IX and B & C categories and the access elements - Common Line, Switching, Transport, and Other.</p>	Makes USTA ROR Access Reform Team recommendations.

Rule	Action	Justification
69.403 now 69.303	<p><u>Marketing expense (Account 6610).</u> Revises the apportionment of marketing expense to the IX category and to the Common Line, Switching, and Transport elements, as appropriate.</p>	Makes USTA ROR Access Reform Team recommendations.
69.404 now 69.304	<p><u>Telephone operator services expenses in Account 6620.</u> Revises the apportionment of operator services expenses to the IX category and to the Switching element.</p>	Makes USTA ROR Access Reform Team recommendations.
69.405 now 69.305	<p><u>Published directory expenses in Account 6620.</u> Revises the assignment of published directory expenses from the Information element to the Switching element.</p>	Makes USTA ROR Access Reform Team recommendations.
69.406 now 69.306	<p><u>Local business office expenses in Account 6620.</u> Revises the assignment of local business office expenses to the IX and B & C categories and to the Common Line, Switching, Transport, and Others elements, as appropriate.</p>	Makes USTA ROR Access Reform Team recommendations.
69.407 now 69.307	<p><u>Revenue accounting expenses in Account 6620.</u> Revises the assignment of revenue accounting expenses to the IX and B & C categories and to the Common Line, Switching, and Transport elements, as appropriate.</p>	Makes USTA ROR Access Reform Team recommendations.

Rule	Action	Justification
69.408 now 69.308	<p><u>All other customer services expense in Account 6620.</u> Revises the assignment of all other customer services expenses to the IX and B & C categories and to the Common Line, Switching, and Transport elements.</p>	Makes USTA ROR Access Reform Team recommendations.
69.409 now 69.309	<p><u>Corporate operations expenses (Accounts 6710 and 6720).</u> Revises the assignment of all corporate operations expenses to the IX and B & C categories and to the Common Line, Switching, and Transport elements.</p>	Makes USTA ROR Access Reform Team recommendations.
69.411 now 69.310	<p><u>Other expense.</u> Revises the assignment of all other expenses to the IX category and to the Common Line, Switching, and Transport elements.</p>	Makes USTA ROR Access Reform Team recommendations.
69.412 now 69.311	<p><u>Non participating company payments/receipts.</u> Revises reference to deleted USF rules in Part 69 to Part 54.</p>	Replaced by Part 54.
69.413	<p><u>Universal service fund expenses.</u> Section deleted.</p>	Replaced by Part 54.
69.414	<p><u>Lifeline assistance expenses.</u> Section deleted.</p>	Replaced by Part 54

Rule	Action	Justification
	Subpart F - Segregation of Common Line Element Revenue Requirement Subpart deleted.	The rules in this Subpart are obsolete or are replaced by new or revised common line rules for ROR ILECs. There is no longer a need to segregate CPE or inside wire costs for CCL. The assignment of the common line revenue requirement is now addressed in new Subpart B rules.
69.501	General. Section deleted.	Sections 69.501(b) and (c) are obsolete. There is no longer a need to segregate CPE or inside wire costs for CCL. The assignment of the common line revenue requirement for ROR ILECs is now addressed in new or revised sections 69.102, 69.103 and 69.105 in Subpart B.
69.502	Base factor allocation. Section deleted.	The end user common line revenue requirement for ROR ILECs is now addressed in section 69.102.
	Subpart G - Exchange Carrier Association Subpart relettered as Subpart E.	Subpart relettered as a result of current Subparts C and F being deleted.
69.600	Definitions. Section deleted.	Section deleted as a result of the Third Report and Order and Fourth Order on Reconsideration in CC Docket No. 97-21 and Eighth Order on Reconsideration in CC Docket No. 96-45 released on November 20, 1998 ("USAC Order"). This decision substantially revised the organizational structure of the universal service support mechanisms for schools, libraries, and rural healthcare and incorporated rules for the new structure into Part 54.
69.601 now 69.401	Exchange carrier association. Renumbers section. No change in content.	Section renumbered.
69.602 now 69.402	Board of directors. Renumbers section. No change in content.	Section renumbered.

Rule	Action	Justification
69.603 now 69.403	<u>Association functions.</u> Renumbers section and deletes paragraphs (c), (d), and (e) and renumbers remaining paragraphs.	Section renumbered. Paragraphs deleted as a result of the USAC Order, as described above for Section 69.600.
69.604 now 69.404	<u>Billing and collection of access charges.</u> Renumbers section and changes USF references in Part 69 to Part 54.	Section renumbered. USF requirements replaced by Part 54.
69.605 now 69.405	<u>Reporting and distribution of pool access revenues.</u> Renumbers section. No change in content.	Section renumbered.
69.606 now 69.406	<u>Computation of average schedule company payments.</u> Renumbers section. No change in content.	Section renumbered.
69.607 now 69.407	<u>Disbursement of carrier common line residue.</u> Renumbers section. No change in content.	Section renumbered.
69.608 now 69.408	<u>Carrier common line hypothetical net balance.</u> Renumbers section. Deletes reference to current Subpart F.	Section renumbered. Subpart F is deleted.
69.609 now 69.409	<u>End user common line hypothetical net balances.</u> Renumbers section. Deletes reference to current Subpart F.	Section renumbered. Subpart F is deleted.

Rule	Action	Justification
69.610 now 69.410	<u>Other hypothetical net balances.</u> Renumbers section. No change in content.	Section renumbered.
69.612	<u>Long term and transitional support.</u> Section deleted.	Replaced by Part 54.
69.613	<u>Temporary administrator of universal service support mechanisms.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.614	<u>Independent subsidiary Board of Directors.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.615	<u>High Cost and Low Income Committee.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.616	<u>Independent subsidiary functions.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.617	<u>Schools and Libraries Corporation and Rural Health Care Corporation.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.618	<u>Rural Health Care Corporation functions.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.619	<u>Schools and Libraries Corporation functions.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.

Rule	Action	Justification
69.620	<u>Administrative expenses of independent subsidiary, Schools and Libraries Corporation, and Rural Health Care Corporation.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.621	<u>Audits of independent subsidiary, Schools and Libraries Corporation, and Rural Health Care Corporation.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
69.622	<u>Transition to the permanent Administrator.</u> Section deleted.	Section deleted as a result of the USAC Order, as described above for Section 69.600.
New	<u>Subpart F - Competitive Responses by Non-Price Cap ILECs</u> Subpart F added.	Subpart F is added to address competition and to provide additional pricing flexibility and nondominance for ROR ILECs, as proposed by the USTA ROR Access Reform Team.

Rule	Action	Justification
<p>New 69.501</p>	<p><u>Voluntary network opening by non-price cap incumbent local exchange carriers.</u> New section allows ROR ILECs to voluntarily open their network by publishing a list of UNEs consistent with Part 51, by committing to provide LNP to any competitive entrant in a timely manner consistent with state approved interconnection agreements, or if a cable company provides telephone and equivalent services within its franchise area in the same geographic area as the ILEC. ROR ILECs which comply with this new section will be allowed to tariff and price interstate services on an ICB basis and permitted to file contract-based tariffs.</p>	<p>New section addresses competition and provides additional pricing flexibility for ROR ILECs, as proposed by the USTA ROR Access Reform Team.</p>
<p>New 69.502</p>	<p><u>Regulatory status of non-price cap incumbent local exchange carriers subject to competition.</u> New section codifies the nondominant status of ROR ILECs which have obtained state-approved interconnection agreements or if a cable company provides telephone and equivalent services within its franchise area in the same geographic area as the ILEC.</p>	<p>New section provides nondominant status for ROR ILECs, as proposed by the USTA ROR Access Reform Team.</p>