terminates in IP format shall be subject to a rate equal to the relevant intrastate originating access charges specified by this subpart. Effective July 1, 2014, originating Access Reciprocal Compensation subject to this subpart exchanged between a local exchange carrier and another telecommunications carrier in Time Division Multiplexing (TDM) format that originates and/or terminates in IP format shall be subject to a rate equal to the relevant interstate originating access charges specified by this subpart.

(3) Telecommunications traffic originates and/or terminates in IP format if it originates from and/or terminates to an end-user customer of a service that requires Internet protocol-compatible customer premises equipment.

(b) Notwithstanding any other provision of the Commission's rules, a local exchange carrier shall be entitled to assess and collect the full Access Reciprocal Compensation charges prescribed by this subpart that are set forth in a local exchange carrier's interstate or intrastate tariff for the access services defined in § 51.903 regardless of whether the local exchange carrier itself delivers such traffic to the called party's premises or delivers the call to the called party's premises via contractual or other arrangements with an affiliated or unaffiliated provider of interconnected VoIP service, as defined in 47 U.S.C. 153(25), or a non-interconnected VoIP service, as defined in 47 U.S.C. 153(36), that does not itself seek to collect Access Reciprocal Compensation charges prescribed by this subpart for that traffic. This rule does not permit a local exchange carrier to charge for functions not performed by the local exchange carrier itself or the affiliated or unaffiliated provider of interconnected VoIP service or non-interconnected VoIP service. For purposes of this provision, functions provided by a LEC as part of transmitting telecommunications between designated points using, in whole or in part, technology other than TDM transmission in a manner that is comparable to a service offered by a local exchange carrier constitutes the functional equivalent of the incumbent local exchange carrier access service.

[76 FR 73856, Nov. 29, 2011, as amended at 77 FR 31536, May 29, 2012]

§ 51.915 Recovery mechanism for price cap carriers.

(a) *Scope.* This section sets forth the extent to which Price Cap Carriers may recover certain revenues, through the recovery mechanism outlined below, to implement reforms adopted in FCC 11–161 and as required by § 20.11(b) of this chapter, and §§ 51.705 and 51.907.

(b) *Definitions.* As used in this section and § 51.917, the following terms mean:

(1) *CALLS Study Area.* A *CALLS Study Area* means a Price Cap Carrier study area that participated in the CALLS plan at its inception. *See Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long-Distance Users, Federal-State Joint Board on Universal Service,* Sixth Report and Order in CC Docket Nos. 96–262 and 94–1, Report and Order in CC Docket No. 99–249, Eleventh Report and Order in CC Docket No. 96–45, 15 FCC Rcd 12962 (2000).

(2) *CALLS Study Area Base Factor.* The *CALLS Study Area Base Factor* is equal to ninety (90) percent.

(3) *CMRS Net Reciprocal Compensation Revenues. CMRS Net Reciprocal Compensation Revenues* means the reduction in net reciprocal compensation revenues required by § 20.11 of this chapter associated with CMRS traffic as described in § 51.701(b)(2), which is equal to its Fiscal Year 2011 net reciprocal compensation revenues from CMRS carriers.

(4) *Expected Revenues for Access Recovery Charges. Expected Revenues for Access Recovery Charges* are calculated using the tariffed Access Recovery Charge rate for each class of service and the forecast demand for each class of service.

(5) *Initial Composite Terminating End Office Access Rate. Initial Composite Terminating End Office Access Rate* means Fiscal Year 2011 terminating interstate End Office Access Service revenue divided by Fiscal Year 2011 terminating interstate end office switching minutes.

(6) *Lifeline Customer.* A *Lifeline Customer* is a residential lifeline subscriber

as defined by § 54.400(a) of this chapter that does not pay a Residential and/or Single-Line Business End User Common Line Charge.

(7) *Net Reciprocal Compensation*. *Net Reciprocal Compensation* means the difference between a carrier's reciprocal compensation revenues from non-access traffic less its reciprocal compensation payments for non-access traffic during a stated period of time. For purposes of the calculations made under §§ 51.915 and 51.917, the term does not include reciprocal compensation revenues for non-access traffic exchanged between Local Exchange Carriers and CMRS providers; recovery for such traffic is addressed separately in these sections.

(8) *Non-CALLS Study Area*. *Non-CALLS Study Area* means a Price Cap Carrier study area that did not participate in the CALLS plan at its inception.

(9) *Non-CALLS Study Area Base Factor*. The *Non-CALLS Study Area Base Factor* is equal to one hundred (100) percent for five (5) years beginning July 1, 2012. Beginning July 1, 2017, the *Non-CALLS Price Cap Carrier Base Factor* will be equal to ninety (90) percent.

(10) *Price Cap Carrier Traffic Demand Factor*. The *Price Cap Carrier Traffic Demand Factor*, as used in calculating eligible recovery, is equal to ninety (90) percent for the one-year period beginning July 1, 2012. It is reduced by ten (10) percent of its previous value in each subsequent annual tariff filing.

(11) *Rate Ceiling Component Charges*. The *Rate Ceiling Component Charges* consists of the federal end user common line charge and the Access Recovery Charge; the flat rate for residential local service (sometimes know as the ''1FR'' or ''R1'' rate), mandatory extended area service charges, and state subscriber line charges; per-line state high cost and/or state access replacement universal service contributions, state E911 charges, and state TRS charges.

(12) *Residential Rate Ceiling*. The *Residential Rate Ceiling*, which consists of the total of the Rate Ceiling Component Charges, is set at $30 per month. The *Residential Rate Ceiling* will be the higher of the rate in effect on January 1, 2012, or the rate in effect on January 1 in any subsequent year.

(13) *True-up Revenues for Access Recovery Charge*. True-up revenues for Access Recovery Charge are equal to (projected demand minus actual realized demand for Access Recovery Charges) times the tariffed Access Recovery Charge. This calculation shall be made separately for each class of service and shall be adjusted to reflect any changes in tariffed rates for the Access Recovery Charge. Realized demand is the demand for which payment has been received by the time the true-up is made.

(14) Intrastate 2014 Composite Terminating End Office Access Rate. The Intrastate 2014 Composite Terminating End Office Access Rate as used in this section is determined by

(i) If a separate terminating rate is not already generally available, developing separate intrastate originating and terminating end office rates in accordance with § 51.907(d)(1) using end office access rates at their June 30, 2014, rate caps;

(ii) Multiplying the existing terminating June 30, 2014, intrastate end office access rates, or the terminating rates developed in paragraph (b)(14)(i) of this section, by the relevant Fiscal Year 2011 intrastate demand; and

(iii) Dividing the sum of the revenues determined in paragraph (b)(14)(ii) of this section by 2011 Fiscal Year intrastate terminating local switching minutes.

(c) 2011 *Price Cap Carrier Base Period Revenue*. 2011 Price Cap Carrier Base Period Revenue is equal to the sum of the following three components:

(1) Terminating interstate end office switched access revenues and interstate Tandem-Switched Transport Access Service revenues for Fiscal Year 2011 received by March 31, 2012;

(2) Fiscal Year 2011 revenues from Transitional Intrastate Access Service received by March 31, 2012; and

(3) Fiscal Year 2011 reciprocal compensation revenues received by March 31, 2012, less fiscal year 2011 reciprocal compensation payments made by March 31, 2012.

(d) *Eligible recovery for Price Cap Carriers*. (1) Notwithstanding any other provision of the Commission's rules, a Price Cap Carrier may recover the amounts specified in this paragraph through the mechanisms described in paragraphs (e) and (f) of this section.

(i) Beginning July 1, 2012, a Price Cap Carrier's eligible recovery will be equal to the CALLS Study Area Base Factor and/or the Non-CALLS Study Area Base Factor, as applicable, multiplied by the sum of the following three components:

(A) The amount of the reduction in Transitional Intrastate Access Service revenues determined pursuant to §51.907(b)(2) multiplied by the Price Cap Carrier Traffic Demand Factor;

(B) CMRS Net Reciprocal Compensation Revenues multiplied by the Price Cap Carrier Traffic Demand Factor; and

(C) A Price Cap Carrier's reductions in Fiscal Year 2011 net reciprocal compensation revenues resulting from rate reductions required by §51.705, other than those associated with CMRS traffic as described in §51.701(b)(2), which may be calculated in one of the following ways:

(*1*) Calculate the reduction in Fiscal Year 2011 net reciprocal compensation revenue as a result of rate reductions required by §51.705 using Fiscal Year 2011 reciprocal compensation demand, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(*2*) By using a composite reciprocal compensation rate as follows:

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

(*ii*) Calculate the difference between each of the composite reciprocal compensation rates and the target reciprocal compensation rate set forth in §51.705 for the year beginning July 1, 2012 multiply by the appropriate Fiscal Year 2011 demand, and then multiply by the Price Cap Carrier Traffic Demand Factor; or

(*3*) For the purpose of establishing its recovery for net reciprocal compensation, a Price Cap Carrier may elect to forgo this step and receive no recovery for reductions in net reciprocal compensation. If a carrier elects this option, it may not change its election at a later date.

(ii) Beginning July 1, 2013, a Price Cap Carrier's eligible recovery will be equal to the CALLS Study Area Base Factor and/or the Non-CALLS Study Area Base Factor, as applicable, multiplied by the sum of the following three components:

(A) The cumulative amount of the reduction in Transitional Intrastate Access Service revenues determined pursuant to §51.907(b)(2) and (c) multiplied by the Price Cap Carrier Traffic Demand Factor; and

(B) CMRS Net Reciprocal Compensation Revenues multiplied by the Price Cap Carrier Traffic Demand Factor; and

(C) A Price Cap Carrier's cumulative reductions in Fiscal Year 2011 net reciprocal compensation revenues other than those associated with CMRS traffic as described in §51.701(b)(2) resulting from rate reductions required by §51.705 may be calculated in one of the following ways:

(*1*) Calculate the cumulative reduction in Fiscal Year 2011 net reciprocal compensation revenue as a result of rate reductions required by §51.705 using Fiscal Year 2011 reciprocal compensation demand and then multiply by the Price Cap Carrier Traffic Demand Factor;

(*2*) By using a composite reciprocal compensation rate as follows:

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

(*ii*) Calculate the difference between each of the composite reciprocal compensation rates and the target reciprocal compensation rate set forth in §51.705 for the year beginning July 1, 2013, using the appropriate Fiscal Year 2011 demand, and then multiply by the Price Cap Carrier Traffic Demand Factor; or

(*3*) For the purpose of establishing its recovery for net reciprocal compensation, a Price Cap Carrier may elect to forgo this step and receive no recovery for reductions in net reciprocal compensation. If a carrier elects this option, it may not change its election at a later date.

(iii) Beginning July 1, 2014, a Price Cap Carrier's eligible recovery will be equal to the CALLS Study Area Base Factor and/or the Non-CALLS Study Area Base Factor, as applicable, multiplied by the sum of the amounts in paragraphs (d)(1)(iii)(A) through (d)(1)(iii)(E), of this section, and then adding the amount in paragraph (d)(1)(iii)(F) of this section to that amount:

(A) The amount of the reduction in Transitional Intrastate Access Service revenues determined pursuant to § 51.907(b)(2) and (c) multiplied by the Price Cap Carrier Traffic Demand Factor; and

(B) The reduction in interstate switched access revenues equal to the difference between the 2011 Baseline Composite Terminating End Office Access Rate and the 2014 Target Composite Terminating End Office Access Rate determined pursuant to § 51.907(d) using Fiscal Year 2011 terminating interstate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(C) If the carrier reduced its 2014 Intrastate Terminating End Office Access Rate(s) pursuant to § 51.907(d)(2), the reduction in revenues equal to the difference between either the Intrastate 2014 Composite Terminating End Office Access Rate and the Composite Terminating End Office Access Rate based on the maximum terminating end office rates that could have been charged on July 1, 2014, or the 2014 Target Composite Terminating End Office Access Rate, as applicable, using Fiscal Year 2011 terminating intrastate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(D) CMRS Net Reciprocal Compensation Revenues multiplied by the Price Cap Carrier Traffic Demand Factor; and

(E) A Price Cap Carrier's cumulative reductions in Fiscal Year 2011 net reciprocal compensation revenues other than those associated with CMRS traffic as described in § 51.701(b)(2) resulting from rate reductions required by § 51.705 may be calculated in one of the following ways:

(*1*) Calculate the cumulative reduction in Fiscal Year 2011 net reciprocal compensation revenue as a result of rate reductions required by § 51.705 using Fiscal Year 2011 reciprocal compensation demand, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(*2*) By using a composite reciprocal compensation rate as follows:

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

(*ii*) Calculate the difference between each of the composite reciprocal compensation rates and the target reciprocal compensation rate set forth in § 51.705 for the year beginning July 1, 2014, using the appropriate Fiscal Year 2011 demand, and then multiply by the Price Cap Carrier Traffic Demand Factor; or

(*3*) For the purpose of establishing its recovery for net reciprocal compensation, a Price Cap Carrier may elect to forgo this step and receive no recovery for reductions in net reciprocal compensation. If a carrier elects this option, it may not change its election at a later date.

(F) An amount equal to True-up Revenues for Access Recovery Charges for the year beginning July 1, 2012.

(iv) Beginning July 1, 2015, a Price Cap Carrier's eligible recovery will be equal to the CALLS Study Area Base Factor and/or the Non-CALLS Study Area Base Factor, as applicable, multiplied by the sum of the amounts in paragraphs (d)(1)(iv)(A) through (d)(1)(iv)(E) of this section and then adding the amount in paragraph (d)(1)(iv)(F) of this section to that amount:

(A) The amount of the reduction in Transitional Intrastate Access Service revenues determined pursuant to § 51.907(b)(2) and (c) multiplied by the Price Cap Carrier Traffic Demand Factor;

(B) The reduction in interstate switched access revenues equal to the difference between the 2011 Baseline Composite Terminating End Office Access Rate and the 2015 Target Composite Terminating End Office Access Rate determined pursuant to § 51.907(e) using Fiscal Year 2011 terminating interstate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(C) If the carrier reduced its Intrastate Terminating End Office Access Rate(s) pursuant to § 51.907(e)(1), the reduction in intrastate switched access revenues equal to the difference between either the intrastate 2014 Composite Terminating End Office Access Rate and the Composite Terminating End Office Access Rate based on the maximum terminating end office rates that could have been charged on July 1, 2015, or the 2015 Target Composite Terminating End Office Access Rate, as applicable, using Fiscal Year 2011 terminating intrastate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor; and

(D) CMRS Net Reciprocal Compensation Revenues multiplied by the Price Cap Carrier Traffic Demand Factor;

(E) A Price Cap Carrier's cumulative reductions in Fiscal Year 2011 net reciprocal compensation revenues other than those associated with CMRS traffic as described in § 51.701(b)(2) resulting from rate reductions required by § 51.705 may be calculated in one of the following ways:

(*1*) Calculate the cumulative reduction in Fiscal Year 2011 net reciprocal compensation revenue as a result of rate reductions required by § 51.705 using Fiscal Year 2011 reciprocal compensation demand, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(*2*) By using a composite reciprocal compensation rate as follows:

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

(*ii*) Calculate the difference between each of the composite reciprocal compensation rates and the target reciprocal compensation rate set forth in § 51.705 for the year beginning July 1, 2015, using the appropriate Fiscal Year 2011 demand, and then multiply by the Price Cap Carrier Traffic Demand Factor; or

(*3*) For the purpose of establishing its recovery for net reciprocal compensation, a Price Cap Carrier may elect to forgo this step and receive no recovery for reductions in net reciprocal compensation. If a carrier elects this option, it may not change its election at a later date.

(F) An amount equal to True-up Revenues for Access Recovery Charges for the year beginning July 1, 2013.

(v) Beginning July 1, 2016, a Price Cap Carrier's eligible recovery will be equal to the CALLS Study Area Base Factor and/or the Non-CALLS Study Area Base Factor, as applicable, multiplied by the sum of the amounts in paragraphs (d)(1)(v)(A) through (d)(1)(v)(E), of this section and then adding the amount in paragraph (d)(1)(v)(F) of this section to that amount:

(A) The amount of the reduction in Transitional Intrastate Access Service revenues determined pursuant to § 51.907(b)(2) and (c) multiplied by the Price Cap Carrier Traffic Demand Factor;

(B) The reduction in interstate switched access revenues equal to the difference between the 2011 Baseline Composite Terminating End Office Access Rate and $0.0007 determined pursuant to § 51.907(f) using Fiscal Year 2011 terminating interstate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(C) If the carrier reduced its Intrastate Terminating End Office Access Rate(s) pursuant to § 51.907(f), the reduction in revenues equal to the difference between either the Intrastate 2014 Composite Terminating End Office Access Rate and $0.0007 based on the maximum terminating end office rates that could have been charged on July 1, 2016, or the 2016 Target Composite Terminating End Office Access Rate, as applicable, using Fiscal Year 2011 terminating intrastate end office minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(D) CMRS Net Reciprocal Compensation Revenues multiplied by the Price Cap Carrier Traffic Demand Factor;

(E) A Price Cap Carrier's cumulative reductions in Fiscal Year 2011 net reciprocal compensation revenues other than those associated with CMRS traffic as described in §51.701(b)(2) resulting from rate reductions required by §51.705 may be calculated in one of the following ways:

(*1*) Calculate the cumulative reduction in Fiscal Year 2011 net reciprocal compensation revenue as a result of rate reductions required by §51.705 using Fiscal Year 2011 reciprocal compensation demand, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(*2*) By using a composite reciprocal compensation rate as follows:

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

(*ii*) Calculate the difference between each of the composite reciprocal compensation rates and the target reciprocal compensation rate set forth in §51.705 for the year beginning July 1, 2016, using the appropriate Fiscal Year 2011 demand, and then multiply by the Price Cap Carrier Traffic Demand Factor; or

(*3*) For the purpose of establishing its recovery for net reciprocal compensation, a Price Cap Carrier may elect to forgo this step and receive no recovery for reductions in net reciprocal compensation. If a carrier elects this option, it may not change its election at a later date.

(F) An amount equal to True-up Revenues for Access Recovery Charges for the year beginning July 1, 2014.

(vi) Beginning July 1, 2017, a Price Cap Carrier's eligible recovery will be equal to ninety (90) percent of the sum of the amounts in paragraphs (d)(1)(vi) through (d)(1)(vi)(F) of this section, and then adding the amount in paragraph (d)(1)(vi)(G) f this section to that amount:

(A) The amount of the reduction in Transitional Intrastate Access Service revenues determined pursuant to §51.907(b)(2) and (c) multiplied by the Price Cap Carrier Traffic Demand Factor; and

(B) The reduction in interstate switched access revenues equal to the 2011 Baseline Composite Terminating End Office Access Rate using Fiscal Year 2011 terminating interstate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(C) The reduction in revenues equal to the intrastate 2014 Composite terminating End Office Access Rate using Fiscal Year 2011 terminating intrastate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(D) The reduction in revenues resulting from reducing the terminating Tandem-Switched Transport Access Service rate to $0.0007 pursuant to §51.907(g)(2) using Fiscal Year 2011 terminating tandem-switched minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(E) CMRS Net Reciprocal Compensation Revenues multiplied by the Price Cap Carrier Traffic Demand Factor; and

(F) A Price Cap Carrier's cumulative reductions in Fiscal Year 2011 net reciprocal compensation revenues other than those associated with CMRS traffic as described in §51.701(b)(2) resulting from rate reductions required by §51.705 may be calculated in one of the following ways:

(*1*) Calculate the cumulative reduction in Fiscal Year 2011 net reciprocal compensation revenue as a result of rate reductions required by §51.705 using Fiscal Year 2011 reciprocal compensation demand, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(*2*) By using a composite reciprocal compensation rate as follows:

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

(*ii*) Calculate the difference between each of the composite reciprocal compensation rates and the target reciprocal compensation rate set forth in §51.705 for the year beginning July 1, 2017, using the appropriate Fiscal Year 2011 demand, and then multiply by the Price Cap Carrier Traffic Demand Factor; or

(*3*) For the purpose of establishing its recovery for net reciprocal compensation, a Price Cap Carrier may elect to forgo this step and receive no recovery for reductions in net reciprocal compensation. If a carrier elects this option, it may not change its election at a later date.

(G) An amount equal to True-up Revenues for Access Recovery Charges for the year beginning July 1, 2015.

(vii) Beginning July 1, 2018, a Price Cap Carrier's eligible recovery will be equal to ninety (90) percent of the sum of the amounts in paragraphs (d)(1)(vii)(A) though (d)(1)(vii)(G) of this section, and then adding the amount in paragraph (d)(1)(vii)(H) of this section to that amount:

(A) The amount of the reduction in Transitional Intrastate Access Service revenues determined pursuant to §51.907(b)(2) and (c) multiplied by the Price Cap Carrier Traffic Demand Factor; and:

(B) The reduction in interstate switched access revenues equal to the 2011 Baseline Composite Terminating End Office Access Rate using Fiscal Year 2011 terminating interstate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(C) The reduction in revenues equal to the intrastate 2014 Composite terminating End Office Access Rate using Fiscal Year 2011 terminating intrastate end office switching minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(D) The reduction in revenues resulting from reducing the terminating Tandem-Switched Transport Access Service rate to $0.0007 pursuant to §51.907(g)(2) using Fiscal Year 2011 terminating tandem-switched minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(E) The reduction in revenues resulting from moving from a terminating Tandem-Switched Transport Access Service rate tariffed at a maximum of $0.0007 to removal of intercarrier charges pursuant to §51.907(h), if applicable, using Fiscal Year 2011 terminating tandem-switched minutes, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(F) CMRS Net Reciprocal Compensation Revenues multiplied by the Price Cap Carrier Traffic Demand Factor; and

(G) A Price Cap Carrier's cumulative reductions in Fiscal Year 2011 net reciprocal compensation revenues other than those associated with CMRS traffic as described in §51.701(b)(2) resulting from rate reductions required by §51.705 may be calculated in one of the following ways:

(*1*) Calculate the cumulative reduction in Fiscal Year 2011 net reciprocal compensation revenue as a result of rate reductions required by §51.705 using Fiscal Year 2011 reciprocal compensation demand, and then multiply by the Price Cap Carrier Traffic Demand Factor;

(*2*) By using a composite reciprocal compensation rate as follows:

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

(*ii*) Calculate the difference between each of the composite reciprocal compensation rates and the target reciprocal compensation rate set forth in §51.705 for the year beginning July 1, 2018, using the appropriate Fiscal Year 2011 demand, and then multiply by the Price Cap Carrier Traffic Demand Factor; or

(*3*) For the purpose of establishing its recovery for net reciprocal compensation, a Price Cap Carrier may elect to forgo this step and receive no recovery for reductions in net reciprocal compensation. If a carrier elects this option, it may not change its election at a later date.

(H) An amount equal to True-up Revenues for Access Recovery Charges for the year beginning July 1, 2016.

(viii) Beginning July 1, 2019, and in subsequent years, a Price Cap Carrier's eligible recovery will be equal to the amount calculated in paragraph (d)(1)(vii)(A) through (d)(1)(vii)(H) of this section before the application of the Price Cap Carrier Traffic Demand Factor applicable in 2018 multiplied by the appropriate Price Cap Carrier Traffic Demand Factor for the year in question, and then adding an amount equal to True-up Revenues for Access Recovery Charges for the year beginning July 1 two years earlier.

(2) If a Price Cap Carrier recovers any costs or revenues that are already being recovered through Access Recovery Charges or the Connect America Fund from another source, that carrier's ability to recover reduced switched access revenue from Access Recovery Charges or the Connect America Fund shall be reduced to the extent it receives duplicative recovery. Any duplicative recovery shall be reflected as a reduction to a carrier's Eligible Recovery calculated pursuant to § 51.915(d).

(3) A Price Cap Carrier seeking revenue recovery must annually certify as part of its tariff filings to the Commission and to the relevant state commission that the carrier is not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism.

(4) If a Price Cap Carrier receives payment for Access Recovery Charges after the period used to measure the adjustment to reflect the differences between estimated and actual revenues, it shall treat such payments as actual revenues in the year the payment is received and shall reflect this as an additional adjustment for that year.

(e) *Access Recovery Charge.* (1) A charge that is expressed in dollars and cents per line per month may be assessed upon end users that may be assessed an end user common line charge pursuant to § 69.152 of this chapter, to the extent necessary to allow the Price Cap Carrier to recover some or all of its eligible recovery determined pursuant to paragraph (d) of this section, subject to the caps described in paragraph (e)(5) of this section. A Price Cap Carrier may elect to forgo charging some or all of the Access Recovery Charge.

(2) Total Access Recovery Charges calculated by multiplying the tariffed Access Recovery Charge by the projected demand for the year in question may not recover more than the amount of eligible recovery calculated pursuant to paragraph (d) of this section for the year beginning on July 1.

(3) For the purposes of this section, a Price Cap Carrier holding company includes all of its wholly-owned operating companies that are price cap incumbent local exchange carriers. A Price Cap Carrier Holding Company may recover the eligible recovery attributable to any price cap study areas operated by its wholly-owned operating companies through assessments of the Access Recovery Charge on end users in any price cap study areas operated by its wholly owned operating companies that are price cap incumbent local exchange carriers.

(4) *Distribution of Access Recovery Charges among lines of different types.* (i) A Price Cap Carrier holding company that does not receive ICC-replacement CAF support (whether because it elects not to or because it does not have sufficient eligible recovery after the Access Recovery Charge is assessed or imputed) may not recover a higher fraction of its total revenue recovery from Access Recovery Charges assessed on Residential and Single Line Business lines than:

(A) The number of Residential and Single-Line Business lines divided by

(B) The sum of the number of Residential and Single-Line Business lines and two (2) times the number of End User Common Line charges assessed on Multi-Line Business customers.

(ii) For purposes of this subpart, Residential and Single Line Business lines are lines (other than lines of Lifeline

Customers) assessed the residential and single line business end user common line charge and lines assessed the non-primary residential end user common line charge.

(iii) For purposes of this subpart, Multi-Line Business Lines are lines assessed the multi-line business end user common line charge.

(5) Per-line caps and other limitations on Access Recovery Charges

(i) For each line other than lines of Lifeline Customers assessed a primary residential or single-line business end user common line charge or a non-primary residential end user common line charge pursuant to §69.152 of this Chapter, a Price Cap Carrier may assess an Access Recovery Charge as follows:

(A) Beginning July 1, 2012, a maximum of $0.50 per month for each line;

(B) Beginning July 1, 2013, a maximum of $1.00 per month for each line;

(C) Beginning July 1, 2014, a maximum of $1.50 per month for each line;

(D) Beginning July 1, 2015, a maximum of $2.00 per month for each line; and

(E) Beginning July 1, 2016, a maximum of $2.50 per month for each line.

(ii) For each line assessed a multi-line business end user common line charge pursuant to §69.152 of this chapter, a Price Cap Carrier may assess an Access Recovery Charge as follows:

(A) Beginning July 1, 2012, a maximum of $1.00 per month for each multi-line business end user common line charge assessed;

(B) Beginning July 1, 2013, a maximum of $2.00 per month for each multi-line business end user common line charge assessed;

(C) Beginning July 1, 2014, a maximum of $3.00 per month for each multi-line business end user common line charge assessed;

(D) Beginning July 1, 2015, a maximum of $4.00 per month for each multi-line business end user common line charge assessed; and

(E) Beginning July 1, 2016, a maximum of $5.00 per month for each multi-line business end user common line charge assessed.

(iii) The Access Recovery Charge allowed by paragraph (e)(5)(i) of this section may not be assessed to the extent that its assessment would bring the total of the Rate Ceiling Component Charges above the Residential Rate Ceiling on January 1 of that year. This limitation applies only to the first residential line obtained by a residential end user and does not apply to single-line business customers.

(iv) The Access Recovery Charge allowed by paragraph (e)(5)(ii) of this section may not be assessed to the extent that its assessment would bring the total of the multi-line business end user common line charge and the Access Recovery Charge above $12.20 per line.

(v) The Access Recovery Charge assessed on lines assessed the non-primary residential line end user common line charge in a study area may not exceed the Access Recovery Charge assessed on residential end-users' first residential line in that study area.

(vi) The Access Recovery Charge may not be assessed on lines of any Lifeline Customers.

(vii) If in any year, the Price Cap Carrier's Access Recovery Charge is not at its maximum, the succeeding year's Access Recovery Charge may not increase more than $.0.50 per line per month for charges assessed under paragraph (e)(5)(i) of this section or $1.00 per line per month for charges assessed under paragraph (e)(5)(ii) of this section.

(f) *Price Cap Carrier eligibility for CAF ICC Support.* (1) A Price Cap Carrier shall elect in its July 1, 2012 access tariff filing whether it will receive CAF ICC Support under this paragraph. A Price Cap Carrier eligible to receive CAF ICC Support subsequently may elect at any time not to receive such funding. Once it makes the election not to receive CAFF ICC Support, it may not elect to receive such funding at a later date.

(2) Beginning July 1, 2012, a Price Cap Carrier may recover any eligible recovery allowed by paragraph (d) that it could not have recovered through charges assessed pursuant to paragraph (e) of this section from CAF ICC Support pursuant to §54.304. For this purpose, the Price Cap Carrier must impute the maximum charges it could have assessed under paragraph (e)of this section.

(3) Beginning July 1, 2017, a Price Cap Carrier may recover two-thirds (⅔) of the amount it otherwise would have been eligible to recover under paragraph (f)(2) from CAF ICC Support.

(4) Beginning July 1, 2018, a Price Cap Carrier may recover one-third (1/3) of the amount it otherwise would have been eligible to recover under paragraph (f)(2) of this section from CAF ICC Support.

(5) Beginning July 1, 2019, a Price Cap Carrier may no longer recover any amount related to revenue recovery under this paragraph from CAF ICC Support.

(6) A Price Cap Carrier that elects to receive CAF ICC support must certify with its annual access tariff filing that it has complied with paragraphs (d) and (e) of this section, and, after doing so, is eligible to receive the CAF ICC support requested pursuant to paragraph (f) of this section.

[76 FR 73856, Nov. 29, 2011, as amended at 77 FR 48453, Aug. 14, 2012; 78 FR 26268, May 6, 2013;79 FR 28846, May 20, 2014]

§ 51.917 Revenue recovery for Rate-of-Return Carriers.

(a) *Scope.* This section sets forth the extent to which Rate-of-Return Carriers may recover, through the recovery mechanism outlined in paragraphs (d) through (f) of this section, a portion of revenues lost due to rate reductions required by § 20.11(b) of this chapter, and §§ 51.705 and 51.909.

(b) *Definitions.*

(1) *2011 Interstate Switched Access Revenue Requirement. 2011 Interstate Switched Access Revenue Requirement means:*

(i) For a Rate-of-Return Carrier that participated in the NECA 2011 annual switched access tariff filing, its projected interstate switched access revenue requirement associated with the NECA 2011 annual interstate switched access tariff filing;

(ii) For a Rate-of-Return Carrier subject to § 61.38 of this chapter that filed its own annual access tariff in 2010 and did not participate in the NECA 2011 annual switched access tariff filing, its projected interstate switched access revenue requirement in its 2010 annual interstate switched access tariff filing; and

(iii) For a Rate-of-Return Carrier subject to § 61.39 of this chapter that filed its own annual switched access tariff in 2011, its historically-determined annual interstate switched access revenue requirement filed with its 2011 annual interstate switched access tariff filing.

(2) *Expected Revenues.* Expected Revenues from an access service are calculated using the default transition rate for that service specified by § 51.909 and forecast demand for that service. Expected Revenues from a non-access service are calculated using the default transition rate for that service specified by § 20.11 of this chapter or § 51.705 of this chapter and forecast net demand for that service.

(3) *Rate-of-Return Carrier Baseline Adjustment Factor.* The Rate-of-Return Carrier Baseline Adjustment Factor, as used in calculating eligible recovery for Rate-of-Return Carriers, is equal to ninety-five (95) percent for the period beginning July 1, 2012. It is reduced by five (5) percent of its previous value in each subsequent annual tariff filing.

(4) *Revenue Requirement.* Revenue Requirement is equal to a carrier's regulated operating costs plus an 11.25 percent return on a carrier's net rate base calculated in compliance with the provisions of parts 36, 65 and 69 of this chapter. For an average schedule carrier, its Revenue Requirement shall be equal to the average schedule settlements it received from the pool, adjusted to reflect an 11.25 percent rate of return, or what it would have received if it had been a participant in the pool. If the reference is to an operating segment, these references are to the Revenue Requirement associated with that segment.

(5) *True-up Adjustment.* The True-up Adjustment is equal to the True-up Revenues for any particular service for the period in question.

(6) *True-up Revenues.* True-up Revenues from an access service are equal to (projected demand minus actual realized demand for that service) times the default transition rate for that service specified by § 51.909. True-up Revenues from a non-access service are equal to (projected demand minus actual realized net demand for that service) times the default transition rate