

(1) AALPI
 (2) The Broadband Deployment AALPI Adjustment

(3) The Maximum Average Per Location Construction Project Loop Plant Investment Limitation

(4) The Loop Cap Adjustment Factor

(5) The Construction Limit Factor

(h) *Excess Loop Plant Investment carry forward.* Loop Plant Investment in a Reference Year in excess of the AALPI may be carried forward to future years and included in AALPI for such subsequent years, but may not cause the AALPI to exceed the Total Allowed Loop Plant Investment.

(i) A carrier subject to this section will maintain subsidiary records of accumulated Excess Loop Plant Investment for accounts referenced in paragraph (c)(1) of this section in addition to the corresponding depreciation accounts. In the event a carrier makes Loop Plant Investment for an account at a level below the AALPI for the account, the carrier may reduce accumulated Excess Loop Plant Investment effective for the Reference Year by an amount up to, but not in excess of the amount by which AALPI for the Reference Year exceeds Loop Plant Investment for the account during the same year.

(j) *Treatment of unused AALPI.* In the event a carrier's Loop Plant Investment is below its AALPI in a given Reference Year, there will be no carry forward to future years of unused AALPI. The Administrator's recalculation of AALPI for each Reference Year will reflect the revised AALPI, Loop Depreciation Factor, Total Loop Plant Investment, and Total Allowed Loop Plant Investment for the Reference Year.

(k) *Special circumstances.* The AALPI for Loop Plant Investment may be adjusted by the Administrator by adding the applicable adjustment below to the amount of AALPI for the year in which additions to plant are booked to the accounts described in paragraph (c)(1) of this section, associated with any of the following:

(1) Geographic areas within the study area where there are currently no existing wireline loop facilities;

(2) Geographic areas within the study area where grant funds are used for Loop Plant Investment;

(3) Geographic areas within the study area for which loan funds were disbursed for the purposes of Loop Plant Investment before the effective date of this rule; and

(4) Construction projects for which the carrier, prior to the effective date of this rule, had awarded a contract to a vendor for a loop plant construction project within the study area.

(l) *Documentation requirements.* The Administrator will not make these adjustments without appropriate documentation from the carrier.

(m) *Minimum AALPI.* If a carrier has an AALPI that is less than \$4 million in any given year, the carrier shall be allowed to increase its AALPI for that year to the lesser of \$4 million or its Total Allowed Loop Plant Investment.

[81 FR 24337, Apr. 25, 2016]

EFFECTIVE DATE NOTE: At 81 FR 24337, Apr. 25, 2016, §54.303 was added. However, paragraph (b) contains information collection and recordkeeping requirements and will not become effective until approval has been given by the Office of Management and Budget.

§ 54.304 Administration of Connect America Fund Intercarrier Compensation Replacement.

(a) The Administrator shall administer CAF ICC support pursuant to §51.915 and §51.917 of this chapter.

(b) The funding period is the period beginning July 1 through June 30 of the following year.

(c) For price cap carriers that are eligible and elect, pursuant to §51.915(f) of this chapter, to receive CAF ICC support, the following provisions govern the filing of data with the Administrator, the Commission, and the relevant state commissions and the payment by the Administrator to those carriers of CAF ICC support amounts that the carrier is eligible to receive pursuant to §51.915 of this chapter.

(1) A Price Cap Carrier seeking CAF ICC support pursuant to §51.915 of this chapter shall file data with the Administrator, the Commission, and the relevant state commissions no later than June 30, 2012, for the first year, and on the date it files its annual access tariff

filing with the Commission, in subsequent years, establishing the amount of the Price Cap Carrier's eligible CAF ICC funding during the upcoming funding period pursuant to § 51.915 of this chapter. The amount shall include any true-ups, pursuant to § 51.915 of this chapter, associated with an earlier funding period.

(2) The Administrator shall monthly pay each price cap carrier one-twelfth (1/12) of the amount the carrier is eligible to receive during that funding period.

(d) For rate-of-return carriers that are eligible and elect, pursuant to § 51.917(f) of this chapter, to receive CAF ICC support, the following provisions govern the filing of data with the Administrator, the Commission, and the relevant state commissions and the payment by the Administrator to those carriers of CAF ICC support amounts that the rate-of-return carrier is eligible to receive pursuant to § 51.917 of this chapter.

(1) A Rate-of-Return Carrier seeking CAF ICC support shall file data with the Administrator, the Commission, and the relevant state commissions no later than June 30, 2012, for the first year, and on the date it files its annual access tariff filing with the Commission, in subsequent years, establishing the Rate-of-Return Carrier's projected eligibility for CAF ICC funding during the upcoming funding period pursuant to § 51.917 of this chapter. The projected amount shall include any true-ups, pursuant to § 51.917 of this chapter, associated with an earlier funding period.

(2) The Administrator shall monthly pay each rate-of-return carrier one-twelfth (1/12) of the amount the carrier is to be eligible to receive during that funding period.

[76 FR 73871, Nov. 29, 2011, as amended at 78 FR 26268, May 6, 2013]

§ 54.305 Sale or transfer of exchanges.

(a) The provisions of this section shall not be used to determine support for any price cap incumbent local exchange carrier or a rate-of-return carrier, as that term is defined in § 54.5, that is affiliated with a price cap incumbent local exchange carrier.

(b) Beginning January 1, 2012, any carrier subject to the provisions of this

paragraph shall receive support pursuant to this paragraph or support based on the actual costs of the acquired exchanges, whichever is less. Except as provided in paragraph (c) of this section, a carrier that acquires telephone exchanges from an unaffiliated carrier shall receive universal service support for the acquired exchanges at the same per-line support levels for which those exchanges were eligible prior to the transfer of the exchanges. If the acquired exchanges are incorporated into an existing rural incumbent local exchange carrier study area, the rural incumbent local exchange carrier shall maintain the costs associated with the acquired exchanges separate from the costs associated with its pre-acquisition study area. The transferred exchanges may be eligible for safety valve support for loop related costs pursuant to paragraph (d) of this section.

(c) A carrier that has entered into a binding agreement to buy or acquire exchanges from an unaffiliated carrier prior to May 7, 1997 will receive universal service support for the newly acquired lines based upon the average cost of all of its lines, both those newly acquired and those it had prior to execution of the sales agreement.

(d) Transferred exchanges in study areas operated by rural telephone companies that are subject to the limitations on loop-related universal service support in paragraph (b) of this section may be eligible for a safety valve loop cost expense adjustment based on the difference between the rural incumbent local exchange carrier's index year expense adjustment and subsequent year loop cost expense adjustments for the acquired exchanges. Safety valve loop cost expense adjustments shall only be available to rural incumbent local exchange carriers that, in the absence of restrictions on high-cost loop support in paragraph (b) of this section, would qualify for high-cost loop support for the acquired exchanges under § 54.1310.

(1) For carriers that buy or acquire telephone exchanges on or after January 10, 2005, from an unaffiliated carrier, the index year expense adjustment for the acquiring carrier's first year of operation shall equal the selling carrier's loop-related expense adjustment