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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 \$.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 CAF 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 ( $\frac{2}{3}$ ) 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 ( $\frac{1}{3}$ ) 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

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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 for that service specified by § 20.11(b) of this chapter or § 51.705. Realized demand is the demand for which payment has been received, or has been made, as appropriate, by the time the true-up is made.

(7) *2011 Rate-of-Return Carrier Base Period Revenue.* 2011 Rate-of-Return Carrier Base Period Revenue is the sum of:

(i) 2011 Interstate Switched Access Revenue Requirement;

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

(iii) Fiscal Year 2011 reciprocal compensation revenues received by March 31, 2012, less Fiscal Year 2011 reciprocal compensation payments paid and/or payable by March 31, 2012

(c) *Adjustment for Access Stimulation activity.* 2011 Rate-of-Return Carrier Base Period Revenue shall be adjusted to reflect the removal of any increases in revenue requirement or revenues resulting from Access Stimulation activity the Rate-of-Return Carrier engaged in during the relevant measuring period. A Rate-of-Return Carrier should make this adjustment for its initial July 1, 2012, tariff filing, but the adjustment may result from a subsequent Commission or court ruling.

(d) *Eligible Recovery for Rate-of-Return Carriers.* (1) Notwithstanding any other provision of the Commission's rules, a Rate-of-Return 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 Rate-of-Return Carrier's eligible recovery will be equal to the 2011 Rate-of-Return Carrier Base Period Revenue multiplied by the Rate-of-Return Carrier Baseline Adjustment Factor less:

(A) The Expected Revenues from Transitional Intrastate Access Service for the year beginning July 1, 2012, reflecting forecasted demand multiplied by the rates in the rate transition contained in § 51.909;

(B) The Expected Revenues from interstate switched access for the year beginning July 1, 2012, reflecting forecasted demand multiplied by the rates in the rate transition contained in § 51.909; and

(C) Expected Net Reciprocal Compensation Revenues for the year beginning July 1, 2012 using the target methodology required by § 51.705.

(ii) Beginning July 1, 2013, a Rate-of-Return Carrier's eligible recovery will be equal to the 2011 Rate-of-Return Carrier Base Period Revenue multiplied by the Rate-of-Return Carrier Baseline Adjustment Factor less:

(A) The Expected Revenues from Transitional Intrastate Access Service for the year beginning July 1, 2013, reflecting forecasted demand multiplied by the rates in the rate transition contained in § 51.909;

(B) The Expected Revenues from interstate switched access for the year beginning July 1, 2013, reflecting forecasted demand multiplied by the rates

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in the rate transition contained in §51.909; and

(C) Expected Net Reciprocal Compensation Revenues for the year beginning July 1, 2013 using the target methodology required by §51.705.

(iii) Beginning July 1, 2014, a Rate-of-Return Carrier's eligible recovery will be equal to the 2011 Rate-of-Return Carrier Base Period Revenue multiplied by the Rate-of-Return Carrier Baseline Adjustment Factor less:

(A) The Expected Revenues from Transitional Intrastate Access Service for the year beginning July 1, 2014, reflecting forecasted demand multiplied by the rates in the rate transition contained in §51.909 (including the reduction in intrastate End Office Switched Access Service rates), adjusted to reflect the True-Up Adjustment for Transitional Intrastate Access Service for the year beginning July 1, 2012;

(B) The Expected Revenues from interstate switched access for the year beginning July 1, 2014, reflecting forecasted demand multiplied by the rates in the rate transition contained in §51.909, adjusted to reflect the True-Up Adjustment for Interstate Switched Access for the year beginning July 1, 2012; and

(C) Expected Net Reciprocal Compensation Revenues for the year beginning July 1, 2014 using the target methodology required by §51.705, adjusted to reflect the True-Up Adjustment for Reciprocal Compensation for the year beginning July 1, 2012.

(D) An amount equal to True-up Revenues for Access Recovery Charges for the year beginning July 1, 2012 multiplied by negative one.

(iv) Beginning July 1, 2015, and for all subsequent years, a Rate-of-Return Carrier's eligible recovery will be calculated by updating the procedures set forth in paragraph (d)(1)(iii) of this section for the period beginning July 1, 2014, to reflect the passage of an additional year in each subsequent year.

(v) If a Rate-of-Return Carrier receives payments for intrastate or interstate switched access services or for Access Recovery Charges after the period used to measure the adjustments to reflect the differences between estimated and actual revenues, it shall treat such payments as actual revenue

in the year the payment is received and shall reflect this as an additional adjustment for that year.

(vi) If a Rate-of-Return Carrier receives or makes reciprocal compensation payments after the period used to measure the adjustments to reflect the differences between estimated and actual net reciprocal compensation revenues, it shall treat such amounts as actual revenues or payments in the year the payment is received or made and shall reflect this as an additional adjustment for that year.

(vii) If a Rate-of-Return Carrier recovers any costs or revenues that are already being recovered as Eligible Recovery 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 §51.917(d). A Rate-of-Return 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.

(viii)(A) If a Rate-of-Return Carrier in any tariff period underestimates its projected demand for services covered by §51.917(b)(6) or 51.915(b)(13), and thus has too much Eligible Recovery in that tariff period, it shall refund the amount of any such True-up Revenues or True-up Revenues for Access Recovery Charge that are not offset by the Rate-of-Return Carrier's Eligible Recovery (calculated before including the true-up amounts in the Eligible Recovery calculation) in the true-up tariff period to the Administrator by August 1 following the date of the Rate-of-Return Carrier's annual access tariff filing.

(B) If a Rate-of-Return Carrier in any tariff period receives too little Eligible Recovery because it overestimates its projected demand for services covered by §51.917(b)(6) or 51.915(b)(13), which

True-up Revenues and True-up Revenues for Access Recovery Charge it cannot recover in the true-up tariff period because the Rate-of-Return Carrier has a negative Eligible Recovery in the true-up tariff period (before calculating the true-up amount in the Eligible Recovery calculation), the Rate-of-Return Carrier shall treat the unrecoverable true-up amount as its Eligible Recovery for the true-up tariff period.

(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 a subscriber line charge pursuant to §69.104 of this chapter, to the extent necessary to allow the Rate-of-Return 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)(6) of this section. A Rate-of-Return 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 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 Rate-of-Return Carrier holding company includes all of its wholly-owned operating companies. A Rate-of-Return Carrier Holding Company may recover the eligible recovery attributable to any Rate-of-Return study areas operated by its wholly-owned operating companies that are Rate-of-Return incumbent local exchange carriers through assessments of the Access Recovery Charge on end users in any Rate-of-Return study areas operated by its wholly-owned operating companies that are Rate-of-Return incumbent local exchange carriers.

(4) Distribution of Access Recovery Charges among lines of different types

(i) A Rate-of-Return Carrier that does not receive ICC-replacement CAF support (whether because they elect not to or because they do not have sufficient eligible recovery after the Access Recovery Charge is assessed or im-

puted) may not recover a higher ratio of its total revenue recovery from Access Recovery Charges assessed on Residential and Single Line Business lines than the following ratio (using holding company lines):

(A) The number of Residential and Single-Line Business lines assessed an End User Common Line charge (excluding Lifeline Customers), divided by

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

(5) 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.

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

(ii) [Reserved]

(6) *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 pursuant to §69.104 of this chapter, a Rate-of-Return 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;

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

(F) Beginning July 1, 2017, a maximum of \$3.00 per month for each line.

(ii) For each line assessed a multi-line business end user common line charge pursuant to §69.104 of this chapter, a Rate-of-Return 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;

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

(F) Beginning July 1, 2017, a maximum of \$6.00 per month for each multi-line business end user common line charge assessed.

(iii) The Access Recovery Charge allowed by paragraph (e)(6)(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. This limitation does not apply to single-line business customers.

(iv) The Access Recovery Charge allowed by paragraph (e)(6)(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 may not be assessed on lines of Lifeline Customers.

(vi) If in any year, the Rate of return carriers' Access Recovery Charge is not at its maximum, the succeeding year's Access Recovery Charge may not increase more than \$0.50 per line for charges under paragraph (e)(6)(i) of this section or \$1.00 per line for charges assessed under paragraph (e)(6)(ii) of this section.

(vii) A Price Cap Carrier with study areas that are subject to rate-of-return regulation shall recover its eligible recovery for such study areas through the recovery procedures specified in this section. For that purpose, the provisions of paragraph (e)(3) of this section shall apply to the rate-of-return study areas if the applicable conditions

in paragraph (e)(3) of this section are met.

(f) *Rate-of-Return Carrier eligibility for CAF ICC Recovery.* (1) A Rate-of-Return Carrier shall elect in its July 1, 2012 access tariff filing whether it will receive CAF ICC Support under this paragraph. A Rate-of-Return 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 CAF ICC Support, it may not elect to receive such funding at a later date.

(2) Beginning July 1, 2012, a Rate-of-Return Carrier may recover any eligible recovery allowed by paragraph (d) of this section 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 Rate-of-Return Carrier must impute the maximum charges it could have assessed under paragraph (e) of this section.

(3) A Rate-of-Return 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), and, after doing so, is eligible to receive the CAF ICC support requested pursuant to paragraph (f) of this section.

(4) Except as provided in paragraph (f)(5) of this section, a Rate-of-Return Carrier must impute an amount equal to the Access Recovery Charge for each Consumer Broadband-Only Loop line that receives support pursuant to §54.901 of this chapter, with the imputation applied before CAF-ICC recovery is determined. The per line per month imputation amount shall be equal to the Access Recovery Charge amount prescribed by paragraph (e) of this section, consistent with the residential or single-line business or multi-line business status of the retail customer.

(5) Notwithstanding paragraph (f)(4) of this section, commencing July 1, 2018 and ending June 30, 2023, the maximum total dollar amount a carrier must impute on supported consumer broadband-only loops is limited as follows:

(i) For the affected tariff year, the carrier shall compare the amounts in

paragraphs (f)(5)(i)(A) and (B) of this section.

(A) The sum of the revenues from projected Access Recovery Charges assessed pursuant to paragraph (e) of this section, any amounts imputed pursuant to paragraph (f)(2) of this section, and any imputation pursuant to paragraph (f)(4) of this section.

(B) The sum of the revenues from Access Recovery Charges assessed pursuant to paragraph (e) of this section and any amounts imputed pursuant to paragraph (f)(2) of this section for tariff year 2015–16, after being trued-up.

(ii) If the amount determined in paragraph (f)(5)(i)(A) of this section is greater than the amount determined in paragraph (f)(5)(i)(B), the sum of the revenues from projected Access Recovery Charges assessed pursuant to paragraph (e) of this section and any amounts imputed pursuant to paragraph (f)(2) of this section for the affected year must be compared to the amount determined in paragraph (f)(5)(ii)(B) of this section.

(A) If the former amount is greater than the latter amount, no imputation is made on Consumer Broadband-Only Loops.

(B) If the former amount is equal to or less than the latter amount, the imputation on Consumer Broadband-Only Loops is limited to the difference between the two amounts.

[76 FR 73856, Nov. 29, 2011, as amended at 77 FR 14302, Mar. 9, 2012; 78 FR 26268, May 6, 2013; 79 FR 28847, May 20, 2014; 80 FR 15909, Mar. 26, 2015; 81 FR 24337, Apr. 25, 2016; 83 FR 14189, Apr. 3, 2018; 84 FR 57651, Oct. 28, 2019]

#### **§ 51.919 Reporting and monitoring.**

(a) A Price Cap Carrier that elects to participate in the recovery mechanism outlined in § 51.915 shall, beginning in 2012, file with the Commission the data consistent with Section XIII (f)(3) of FCC 11–161 with its annual access tariff filing.

(b) A Rate-of-Return Carrier that elects to participate in the recovery mechanism outlined in § 51.917 shall file with the Commission the data consistent with Section XIII (f)(3) of FCC 11–161 with its annual interstate access tariff filing, or on the date such a filing would have been required if it had been required to file in that year.

EFFECTIVE DATE NOTE: At 76 FR 73856, Nov. 29, 2011, § 51.919 was added. This section contains information collection and record-keeping requirements and will not become effective until approval has been given by the Office of Management and Budget.

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