

## Federal Communications Commission

## § 54.1303

EFFECTIVE DATE NOTE: At 82 FR 15450, Mar. 28, 2017, § 54.1021 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.

### Subpart M—High Cost Loop Support for Rate-of-Return Carriers

SOURCE: 79 FR 39190, July 9, 2014, unless otherwise noted.

#### § 54.1301 General.

(a) This subpart addresses support for loop-related costs included in § 54.1308. The expense adjustment calculated pursuant to this subpart M shall be added to interstate expenses and deducted from state expenses after expenses and taxes have been apportioned pursuant to subpart D of part 36 of this chapter. Beginning January 1, 2012, this subpart will only apply to incumbent local exchange carriers that are rate-of-return carriers not affiliated, as “affiliated companies” are defined in § 32.9000 of this chapter, with price cap local exchange carriers. Rate-of-return carriers and price cap local exchange carriers are defined pursuant to § 54.5 and § 61.3(bb) of this chapter, respectively.

(b) The expense adjustment will be computed on the basis of data for a preceding calendar year which may be updated at the option of the carrier pursuant to § 54.1306(a).

#### § 54.1302 Calculation of incumbent local exchange carrier portion of nationwide loop cost expense adjustment for rate-of-return carriers.

(a) Beginning January 1, 2013, and each calendar year thereafter, the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall not exceed the amount for the immediately preceding calendar year, multiplied times one plus the Rural Growth Factor calculated pursuant to § 54.1303.

(b) The annual rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall be reduced to reflect the transfer of rural incumbent local exchange carrier access lines that are eligible for expense adjustments pursuant to

§ 54.1310. The reduction shall equal the amount of the § 54.1310 expense adjustment available to the transferred access lines at the time of the transfer and shall be effective in the next calendar quarter after the access lines are transferred.

(c) Safety net additive support calculated pursuant to § 54.1304, and transferred high-cost support and safety valve support calculated pursuant to § 54.305 of this part shall not be included in the rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment.

#### § 54.1303 Calculation of the rural growth factor.

(a) The Rural Growth Factor (RGF) is equal to the sum of the annual percentage change in the United States Department of Commerce’s Gross Domestic Product—Chained Price Index (GPD—CPI) plus the percentage change in the total number of rural incumbent local exchange carrier working loops during the calendar year preceding the July 31st filing submitted pursuant to § 54.1305. The percentage change in total rural incumbent local exchange carrier working loops shall be based upon the difference between the total number of rural incumbent local exchange carrier working loops on December 31 of the calendar year preceding the July 31st filing and the total number of rural incumbent local exchange carrier working loops on December 31 of the second calendar year preceding that filing, both determined by the company’s submissions pursuant to § 54.1305. Loops acquired by rural incumbent local exchange carriers shall not be included in the RGF calculation.

(b) Beginning July 31, 2012, pursuant to § 54.1301(a), the calculation of the Rural Growth Factor shall not include price cap carrier working loops and rate-of-return local exchange carrier working loops of companies that were affiliated with price cap carriers during the calendar year preceding the July 31st filing submitted pursuant to § 54.1305.