

### 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 earnings on any access service category shall be determined by adding a fixed increment of four-tenths of one percent of the exchange carrier prescribed rate of return.

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

(c) The maximum allowable rate of return for rates filed by local exchange carrier subject to § 61.50 of this chapter, shall be determined by adding a fixed increment of one and one-half percent to the carriers 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 exchange carriers, earnings shall be measured separately for each access service category for purposes of determining compliance with the maximum allowable rate of return. The access service categories shall be: an aggregated category consisting of Special Access, § 69.113, and Contribution Charges for Special Access Expanded Interconnection, § 69.122; Connection Charges for Expanded Interconnection, § 69.121; Common Line, §§ 69.104–69.105; and an aggregated category consisting of Line Termination, § 69.106, Intercept,

§ 69.108, Local Switching, § 69.107, Transport, §§ 69.110–69.112, 69.124, 69.125, and Information, § 69.109. The Billing and Collection access element shall not be included in any access service category for purposes of this part. The Commission will also separately review exchange carrier overall interstate earnings subject to this part for determining compliance with the maximum allowable rate of return determined by § 65.700(b).

(b) For 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