Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the Clean Air Act; and

• Does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, this rule does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP is not approved to apply in Indian country located in the state, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law.

The Congressional Review Act, 5 U.S.C. 801 *et seq.,* as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this action and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the **Federal Register**. A major rule cannot take effect until 60 days after it is published in the **Federal Register**. This action is not a ''major rule'' as defined by 5 U.S.C. 804(2).

Under section 307(b)(1) of the Clean Air Act, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by July 5, 2013. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this action for the purposes of judicial review nor does it extend the time within which a petition for judicial review may be filed, and shall not postpone the effectiveness of such rule or action. Parties with objections to this direct final rule are encouraged to file a comment in response to the parallel notice of proposed rulemaking for this action published in the proposed rules section of today's **Federal Register**, rather than file an immediate petition for judicial review of this direct final rule, so that EPA can withdraw this direct final rule and address the comment in the proposed rulemaking. This action may not be challenged later in proceedings to enforce its requirements. (See section 307(b)(2).)

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Reporting and recordkeeping requirements, Volatile organic compounds.

Dated: February 13, 2013.

Susan Hedman,

Regional Administrator, Region 5.

40 CFR part 52 is amended as follows:

PART 52—APPROVAL AND PROMULGATION OF IMPLEMENTATION PLANS

■ 1. The authority citation for part 52 continues to read as follows:

Authority: 42 U.S.C. 7401 *et seq.*

§ 52.719 [Removed and reserved]

■ 2. Remove and reserve § 52.719.

■ 3. Section 52.720 is amended by revising paragraph (c)(191) to read as follows:

§ 52.720 Identification of plan.

* * * * *

(c) * * *

(191) On September 14, 2012, Illinois submitted an amendment to its State Implementation Plan at 35 Illinois Administrative Code Part 223, which adds new consumer product categories and VOC limits for these products in Subpart B, and amends Subpart C to clarify applicability. 35 IAC Part 223 limits the amount of volatile organic compounds from consumer products and architectural and industrial maintenance coatings.

(i) Incorporation by reference.

(A) Illinois Administrative Code; Title 35: Environmental Protection; Subtitle B: Air Pollution; Chapter I: Pollution Control Board; Subchapter c: Emission Standards and Limitation for Stationary Sources; Part 223: Standards and Limitations for Organic material Emissions for Area Sources, effective May 4, 2012.

(B) Reserved.

* * * * *

[FR Doc. 2013–09301 Filed 5–3–13; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 51, 54, and 69

[WC Docket No. 10–90, CC Docket No. 01–92, WC Docket No. 12–63, Transmittal Nos. 41, 28, and 57; DA 13–564]

Connect America Fund; Developing a Unified Intercarrier Compensation Regime

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: In this document, the Federal Communications Commission's Wireline Competition Bureau clarifies and corrects certain provisions of the Commission's rules in response to recent petitions and other requests for clarification or correction of the new rules adopted as part of Universal Service Fund intercarrier compensation transformation reforms and also grants a limited waiver of the Commission's rules to address administrative concerns and rule inconsistencies.

DATES: Effective June 5, 2013.

FOR FURTHER INFORMATION CONTACT: Robin Cohn, Wireline Competition Bureau, Pricing Policy Division (202) 418–1520 or (202) 418–0484 (TTY); or Christopher S. Koves, Wireline Competition Bureau, Pricing Policy Division, (202) 418–1520 or (202) 418–0484 (TTY).

SUPPLEMENTARY INFORMATION: This is a summary of the Wireline Competition Bureau's Order in WC Docket No. 10–90, CC Docket No. 01–92, WC Docket No. 12–63, Transmittal Nos. 41, 28, and 57, DA 13–564, adopted and released on March 27, 2013. The full text of this document is available electronically via ECFS at *http://fjallfoss.fcc.gov/ecfs/or* may be downloaded at *http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-13-564A1.pdf.* The full text of this document is also available for public inspection during regular business hours in the FCC Reference Center, 445 12th Street SW., Room CY–A257, Washington, DC 20554. The complete text may be purchased from the Commission's copy contractor, Best Copy and Printing, Inc. (BCPI), 445 12th Street SW., Room CY–B402, Washington, DC 20554, (202) 488–5300 (voice) or (202) 488–5563 (facsimile) or via email at *fcc@bcpiweb.com.* To request materials in accessible formats for people with disabilities (*e.g.* braille, large print, electronic files, audio format, etc.) or to request reasonable accommodations (*e.g.* accessible format documents, sign language interpreters,

CART, etc.), send an email to *fcc504@fcc.gov* or call the Consumer & Governmental Affairs Bureau at (202) 418–0530 (voice) or (202) 418–0432 (TTY).

I. Introduction

1. In the *USF/ICC Transformation Order,* 76 FR 81,562 (Dec. 28, 2011), the Commission delegated to the Wireline Competition Bureau (Bureau) the authority to make any rule revisions necessary to ensure that the reforms adopted are properly reflected in the rules, including correcting any conflicts between the new or revised rules and existing rules, as well as addressing any omissions or oversights. In this Order, the Bureau acts pursuant to its delegated authority to clarify and correct certain rules in response to recent petitions and other requests for clarification or correction of the new rules. Specifically, the Bureau harmonizes inconsistent Connect America Fund intercarrier compensation (ICC) support eligibility certification and reporting filing deadlines contained in Parts 51 and 54 of the Commission's rules to coincide with the date on which carriers must file their annual access tariffs. The Bureau also amends the Part 51 rules to clarify the effects of the *USF/ICC Transformation Order* on National Exchange Carrier Association (NECA) traffic-sensitive tariff (''NECA pool'') pooling when carriers enter or exit the pool. The Bureau also addresses a petition for clarification filed by NECA by clarifying various NECA pooling requirements adopted in the *2012 Price Cap Conversion Order.* In addition, the Bureau amends rules governing the transition of rate-of-return carriers' intrastate switched access rates to correct an omission. The Bureau amends the Part 69 access charge rules to clarify the treatment of local switching support (LSS) in the calculation of the line-side port costs shift to the Common Line category and the allocation of Transport Interconnection Charge costs among the various access charge expense categories. The Bureau also clarifies the operation of the corporate operations expense limit and monthly $250 per-line cap on universal service support contained in Part 54. Finally, the Bureau corrects errors in the Part 51 rules implementing the Eligible Recovery true-up adjustment mechanism.

II. Harmonizing Connect America Fund ICC Certification Deadlines

2. *Background.* The *USF/ICC Transformation Order* adopted, among other things, an ICC reform timeline including rules that require carriers to adjust, over a period of years, many of their legacy interstate and intrastate switched access charges effective on July 1 of each of those years, with the ultimate goal of transitioning to a bill-and-keep regime. The Commission also adopted a recovery mechanism to mitigate the impact of reduced ICC revenues on carriers and to facilitate continued investment in broadband infrastructure, while providing greater certainty and predictability going forward than the *status quo.* The recovery mechanism allows incumbent local exchange carriers (LECs) to recover ICC revenues reduced due to the ICC reforms, up to a defined baseline, which is defined as ''Eligible Recovery.'' A carrier may recover a limited portion of its Eligible Recovery from its end users through a fixed monthly charge called the Access Recovery Charge (ARC), and the remainder of its Eligible Recovery, if it so elects, from Connect America Fund ICC support.

3. The *USF/ICC Transformation Order* also included new certification and reporting requirements for carriers that are eligible for and elect to receive Connect America Fund ICC support. In particular, sections 51.915(f)(6) and 51.917(f)(3) require price cap and rate-of-return carriers, respectively, that elect to receive Connect America Fund ICC support to certify to the Commission with their 2012 annual access tariff filings, and on April 1 in each subsequent year, that they properly calculated their Eligible Recovery and ARC rates in order to be eligible to receive Connect America Fund ICC support. Additionally, sections 54.304(c)(1) and (d)(1) require eligible price cap and rate-of-return carriers that elect to receive Connect America Fund ICC support, pursuant to sections 51.915 and 51.917, to file data with the Universal Service Administrative Company (USAC), the Commission, and relevant state commissions by no later than June 30, 2012, and by March 31 in subsequent years, establishing the carrier's projected funding eligibility amounts, including any true-ups, for the upcoming funding period.

4. In *ex parte* filings, NECA and the United States Telecom Association (USTelecom) requested modification of certain Commission rules to correct inconsistencies among the Commission's Connect America Fund ICC support eligibility certification deadlines. Specifically, NECA asked the Bureau to change the deadline contained in section 51.917(f)(3) so that rate-of-return carriers are required to file their annual Connect America Fund ICC support eligibility certifications with their annual access tariff filings. NECA states that this change is necessary because the April 1 deadline appears to be ''inconsistent with rules governing submission of data forecasts and calculation of Eligible Recovery and ARC rates associated with the normal annual access tariff filing process for rate-of-return carriers.'' NECA argues that data used for calculating ARC rates and monitoring purposes would likely change between the April 1 Connect America Fund ICC support eligibility certification deadline and mid-June, when annual access tariffs are typically filed, and that such changes would ''require numerous updates and revisions to data submitted previously by carriers, potentially requiring corrections and re-certification.'' USTelecom agrees and requests that ''the modification to section 51.917(f)(3) requested by NECA for rate-of-return carriers also be made to section 51.915(f)(6), which applies to price cap carriers.''

5. *Discussion.* We agree with NECA and USTelecom that revising the Connect America Fund ICC support eligibility certification deadlines to coincide with the annual interstate access tariff filing deadlines is appropriate. Currently, the rules contain three separate filing deadlines that essentially require carriers to develop the same underlying data: their Eligible Recovery calculation, their expected ARC rate levels, and their expected Connect America Fund ICC support amounts. We believe that harmonizing the certification deadlines will remove unnecessary administrative burdens and will also remove potential conflicts within the rules caused by inconsistent reporting deadlines adopted in the *USF/ICC Transformation Order.* Accordingly, we revise the Connect America Fund ICC certification filing deadlines contained in sections 51.915(f)(6) and 51.917(f)(3) so that they coincide with the annual interstate access tariff filing dates.

6. In addition to revising the filing deadlines as requested by NECA and USTelecom, we also, on our own motion, make a similar revision to a Connect America Fund ICC support eligibility data filing deadline contained in sections 54.304(c)(1) and (d)(1). These rule sections require price cap and rate-of-return carriers seeking Connect America Fund ICC support pursuant to sections 51.915 and 51.917, respectively, to file data with USAC, the Commission, and relevant state commissions establishing the amount of their Connect America Fund ICC support for the upcoming funding year by no later than March 31 of each year. For the same reasons discussed above,

the March 31 deadline is inconsistent with rules requiring carriers to submit Eligible Recovery calculations and ARC rates in mid-June with their annual access tariff filing. Accordingly, we revise the deadlines contained in sections 54.304(c)(1) and (d)(1) to coincide with the annual interstate access tariff filing dates.

7. The rule revisions adopted herein revise Connect America Fund ICC support eligibility filing requirements so that they coincide with carriers' annual access charge tariff filings. In the event that the rule revisions adopted herein are not effective before March 31, 2013, we find that good cause exists to waive applicable 2013 Part 51 and 54 filing deadlines to the extent described herein to eliminate the administrative burdens that would result from inconsistent reporting deadlines that the rule revisions we adopt are intended to remedy. Accordingly, this limited waiver, if needed, defers price cap and rate-of-return carriers' March 31, 2013 and April 1, 2013 Connect America Fund ICC support eligibility data filing and certification obligations to the date on which the 2013 annual access filings are required.

III. NECA Pooling Switched Access Rate Cap Adjustments

8. *Background.* As part of the transition to bill-and-keep, the rules adopted in the *USF/ICC Transformation Order* capped interstate and certain intrastate switched access rates for rate-of-return carriers at the rates that were in effect on December 29, 2011. This approach removed rate-of-return carriers from rate-of-return cost-based recovery for interstate switched access services. However, to the extent that rate-of-return carriers offer services other than interstate switched access service, such as common line and special access services, carriers remain subject to rate-of-return regulation for those services. Rate-of-return carriers, thus, must continue to establish their revenue requirements and rates for those services remaining under rate-of-return regulation.

9. In the *USF/ICC Transformation Order,* the Commission established a non-revenue neutral recovery mechanism that replaced rate-of-return cost-based recovery for interstate switched access services provided by rate-of-return carriers. The recovery mechanism carefully balanced carrier recovery from end users, other users of the switched access network such as interexchange carriers, and Connect America Fund ICC support. As part of this new recovery mechanism, rate-of-return carriers annually establish, as ''Eligible Recovery,'' an amount they are eligible to recover from end users or Connect America Fund ICC support in each year of the ICC transition. Eligible Recovery is determined in subsequent years by reducing a carrier's Base Period Revenue by an annual adjustment factor and by specified Expected Revenues for the upcoming tariff period. A rate-of-return carrier recovers its Eligible Recovery first from a capped ARC assessed on end users and, if it is eligible, may elect to recover any remaining amounts from Connect America Fund ICC support. The rules also contain a true-up procedure for rate-of-return carriers to correct for variances between actual and projected demand both for access services and the ARC.

10. In the *USF/ICC Transformation Order,* the Commission stated that ''carriers remain free to make elections regarding participation in the NECA pool and tariffing processes during the transition.'' Clearly, the *USF/ICC Transformation Order* contemplated a continuation of the pooling process for switched access services, but it did not provide procedures governing the switched access rate caps when carriers enter or exit the pool. In the *Designation Order,* which identified issues for investigation related to NECA's 2012 annual access tariff filings, the Bureau addressed how NECA should allocate projected switched access revenues among pooling carriers. In lieu of NECA's allocation of projected revenues entirely to the carrier that collected them, which would have effectively ignored the pooling process, the Bureau stated that it would be reasonable for NECA to ''allocate projected revenues for purposes of determining each LEC's projected 2012–13 interstate switched access revenues by allocating the projected pool revenues in relation to each LEC's interstate Base Period Revenue divided by the projected pool Base Period Revenue.'' Subsequently, NECA filed its direct case employing the procedure outlined in the *Designation Order.*

11. Prior to the *USF/ICC Transformation Order,* when carriers entered or exited the NECA pool, the pool switched access rates were adjusted to reflect changes to the pool. The rate caps codified in section 51.909(a), however, do not contain a mechanism for the pool switched access rate caps to increase or decrease when carriers enter or exit the pool. Absent such a mechanism, the pool switched access rates will not realize revenues at the level that would provide pool settlements to the remaining pooling carriers at the level they would have received if carriers had not exited the pool. Furthermore, the Eligible Recovery for the pooling carriers would increase or decrease by the revenue difference between that produced by the preexisting rate caps and the adjusted rate caps reflecting the effects of pool entry or exit. Such funding is outside the scope of contemplated Connect America Fund ICC support, which was intended to help mitigate the effects of ICC reforms, not to offset the revenue effects of changes in NECA pool participation. Thus, without a method for adjustment to reflect pool entry and exit, the section 51.909(a) rate caps result in an unintended shift in recovery between switched access charges and Connect America Fund ICC support.

12. Further, prior to the *USF/ICC Transformation Order,* just as NECA revised its rates when a carrier exited the pool, an exiting carrier was required to establish rates based on its own costs under either section 61.38 or 61.39 of the Commission's rules. The switched access rate caps codified in section 51.909(a) do not, however, detail how an exiting carrier should establish its switched access rate caps. In the *2012 Price Cap Conversion Order,* the Commission determined that each exiting pooling carrier had to adjust the NECA switched access rates it was charging to reflect the extent of its net contribution to the pool and to establish switched access rates that would then become the capped switched access rates for that carrier. These complimentary actions by NECA and an exiting carrier together further the policies of the *USF/ICC Transformation Order* and *2012 Price Cap Conversion Order.*

13. *Discussion.* We find that providing a method for adjusting NECA pool switched access rate caps to reflect pool entry and exit corrects an omission in the rate cap rules. Therefore, we amend section 51.909(a) to address this omission, and to avoid creating unintended burdens on Connect America Fund ICC support.

14. Specifically, as set forth in the Appendix, we revise the Commission's rules to require NECA, when a carrier enters the NECA pool, to adjust its switched access rate caps to account for the difference between the entering carrier's revenues for the preceding calendar year based on the entering carrier's switched access rates and what the entering carrier's revenues for the preceding calendar year would have been if calculated using NECA switched access rates. Additionally, we revise the Commission's rate cap rules to include a methodology that NECA must use to adjust its switched access rate caps

when carriers exit the NECA pool. Finally, we revise the Commission's rules to clarify how exiting rate-of-return carriers will establish their switched access rate caps to reflect the amount by which the exiting carrier was a NECA pool net contributor or net recipient. These rule revisions effectuate the Commission's intent that NECA pooling remain available during the transition, consistent with its historical operation, and ensure that the balance between interstate switched access revenues and Connect America Fund ICC support is maintained and does not affect a rate-of-return carrier's decision to enter or exit the NECA pool. These rule revisions also ensure that no party entering or exiting the NECA pool will receive a windfall as a result of its election, which advances the Commission's pooling neutral policies.

15. Effects of Changes to Interstate Switched Access Rates on Intrastate Rates. We also amend the Commission's rules as set forth in the Appendix to clarify the flow-through effects that interstate switched access rate cap adjustments resulting from NECA pool entry or exit will have on intrastate switched access rates. An underlying objective of the *USF/ICC Transformation Order* was to create a uniform, national framework for the ICC transition. The *USF/ICC Transformation Order* adopted rules that establish maximum intrastate switched access rate levels based on their relationship to interstate rate levels. In a subsequent order, the Bureau clarified the treatment of intrastate switched access rates that are below interstate levels when the intrastate composite switched access rate was higher than the composite interstate switched access rate. Because the Commission's rules require intrastate switched access rate levels to be set based on interstate rate levels, we clarify that if NECA's interstate switched access rates decrease, pooling carriers must also reduce their intrastate rates, consistent with the framework established in the *USF/ICC Transformation Order.* Similarly, we clarify that if NECA's switched access rates increase, pooling carriers whose intrastate rates would have been at parity with interstate rates in 2013 or that already were at parity with interstate rates are required to increase their intrastate rates.

16. We further clarify that carriers exiting the NECA traffic-sensitive pool must reduce any intrastate switched access rates that are higher than their interstate switched access rates to the levels established in connection with exiting the pool pursuant to the rate cap revisions adopted in this Order. In all cases, these new or revised rates will become the capped switched access rates set pursuant to 51.909(a)(1) for purposes of applying other rules relying on such rates or rate caps. In addition, the revised rate caps will be used to establish a carrier's Eligible Recovery going forward. Finally, we clarify that, if a switched access rate is revised as a result of the NECA pool entry and exit process, any competitive local exchange carrier (CLEC) benchmarking to that rate must benchmark to the revised rate.

IV. NECA Petition for Clarification of Pooling Issues

17. *Background.* On December 27, 2012, NECA filed a petition seeking clarification of several NECA pooling-related issues flowing from the *2012 Price Cap Conversion Order.* In that order, the Commission granted a waiver to allow Consolidated Communications, Inc., Frontier Communications Corporation and Windstream Corporation to convert their respective average schedule study areas from rate-of-return regulation to the regulatory requirements applicable to price cap carriers. The Commission also granted a waiver of section 51.909 to the extent necessary to allow NECA to increase its switched access rates to reflect the lost contributions to the switched access portion of the NECA pool.

18. *Discussion.* NECA first asks the Commission to clarify that NECA pooling carriers do not need to change their ''Step 1'' intrastate rates to account for interstate rate adjustments related to the converting carriers' exit from the NECA pool. The Step 1 intrastate rate reductions required carriers to reduce their intrastate access rates, effective on July 3, 2012, based on one-half of the difference between the revenue they would have received from transitional intrastate access service if it had been priced at the capped interstate access rates and the revenue received from intrastate access rates. NECA notes that if the Step 1 fifty-percent requirement were ongoing, the increase in interstate access rates on January 1, 2013 would have similarly required an increase in intrastate rates on January 1, 2013. If intrastate rates were adjusted in early 2013 to reflect the *2012 Price Cap Conversion Order,* these adjustments would only be effective until carriers made their 2013 annual access tariff filings, which, under the ICC transition rules, require intrastate switched access rates subject to the ICC transition to be no higher than the corresponding interstate rates as of July 1, 2013. We believe that adjusting intrastate rates in this manner would have presented an unnecessary administrative burden with little, if any, offsetting benefit. If the Commission had intended to require such adjustments, carriers would have been precluded from doing so without further Commission action due to the prohibition on rate increases. Therefore, we clarify that the Step 1 reduction was a one-time calculation that occurred on July 3, 2012 with no ongoing intrastate ratemaking obligation as a result of the waiver. Thus, carriers were not required to recalculate and re-file intrastate rates as of January 1, 2013.

19. NECA also requests confirmation that NECA pooling carriers are not required to impute differences between the current intrastate rates and what the intrastate rates would be if adjusted to correspond with the increase in interstate rates required by the *2012 Price Cap Conversion Order.* NECA notes that the Commission has required carriers to use the ''maximum assessable rate'' in projecting 2012–13 intrastate revenues for purposes of calculating Eligible Recovery. As we clarified above, no increase in intrastate rates is required in this context. Thus, there is no higher rate to impute, and rate-of-return carriers must use the highest intrastate switched access rates they could have charged in calculating true-ups to their 2012–13 tariff year Eligible Recovery.

20. Finally, NECA asks the Commission to clarify whether, when calculating ''Step 2'' transitional intrastate switched access rates, NECA pooling carriers whose interstate switched access rates rose as of January 1, 2013 as a result of the *2012 Price Cap Conversion Order* should raise their intrastate switched access rates to match their interstate rate levels by July 1, 2013. The rules we clarify in Section III above, which maintain interstate and intrastate switched access rate parity when a rate-of-return carrier enters or exits the NECA pool, address this request by clarifying that NECA pooling carriers must, in the circumstances described in the NECA Petition, raise their intrastate switched access rates to match interstate switched access rate levels on July 1, 2013, subject to the same rate structure and all subsequent rate and rate structure modifications. A carrier that does not raise its intrastate rates would be required to impute the higher rates in projecting its switched access revenues for the 2013–14 tariff period when calculating its Eligible Recovery.

V. ''STEP 2'' Transitional Intrastate Access Service Rates

21. *Background.* The *USF/ICC Transformation Order,* among other things, adopted rules setting forth a

transition path to bill-and-keep for certain terminating switched end office and transport rates, certain originating and terminating dedicated transport rates, and certain legacy reciprocal compensation rates. As part of the ''Step 1'' transition, beginning July 1, 2012, price cap and rate-of-return carriers were required to reduce intrastate terminating switched end office and transport rates, originating and terminating dedicated transport rates, and reciprocal compensation rates by fifty percent of the difference between such rates and each carrier's interstate access rates as of December 29, 2011. As part of the ''Step 2'' transition, beginning July 1, 2013, price cap and rate-of-return carriers are required to reduce their intrastate switched access rates, including originating and terminating dedicated transport switched access service rates, to parity with interstate switched access rates. However, the rules adopted in the *USF/ICC Transformation Order* to implement Step 2 of the transition inadvertently omitted originating and terminating dedicated transport switched access service rates from the list of rate-of-return carrier rate elements subject to the Step 2 reductions that must be reduced to the interstate level by July 1, 2013.

22. *Discussion.* We correct this omission in the Commission's rules by amending the rules governing rate-of-return carriers' transitional intrastate access rates. We revise the transitional intrastate access service rate schedule in section 51.909(c)(1) to include originating and terminating dedicated transport switched access services rates within the intrastate rate elements that must be reduced to parity with interstate switched access rates beginning July 1, 2013.

VI. Treatment of Local Switching Support in Part 69 Calculations

23. *Background.* In the *USF/ICC Transformation Order,* the Commission eliminated Local Switching Support (LSS) as a separate universal service support mechanism for rate-of-return carriers beginning July 1, 2012. However, the amount that was previously recovered through LSS is now accounted for in a rate-of-return carrier's Eligible Recovery. Further, LSS continues to be listed as a factor in making certain access charge calculations pursuant to Part 69 of the Commission's rules. Treating LSS as zero in these circumstances could, absent clarification, enable rate-of-return carriers to claim duplicative recovery for a portion of the amount previously recovered through LSS, which is contrary to the intent of rules adopted in the *USF/ICC Transformation Order.* Accordingly, we revise and clarify the Commission's rules to resolve a potential conflict that exists between the calculation of Eligible Recovery under section 51.917(d) and a potential reading of sections 69.306(d)(2) and 69.415(c).

24. Section 51.917(d) provides the method for calculating a rate-of-return carrier's Eligible Recovery throughout the ICC reform transition period. Section 51.917(d)(1) states that ''[n]otwithstanding any other provision of the Commission's rules, a Rate-of-Return Carrier may recover the amounts specified in this paragraph [paragraph (d)] through the mechanisms described in paragraphs (e) and (f) of this section.'' We read ''notwithstanding'' in this context to mean that other rules that are inconsistent with the requirements of paragraph (d), or that would produce a result inconsistent with the policies of the *USF/ICC Transformation Order,* must be interpreted consistent with section 51.917. Broadly speaking, section 51.917 establishes a rate-of-return carrier's Base Period Revenue. A rate-of-return carrier's Base Period Revenue includes, among other things, its projected 2011 Interstate Switched Access Revenue Requirement. A rate-of-return carrier's projected 2011 Interstate Switched Access Revenue Requirement, in turn, includes the revenue requirement that the rate-of-return carrier projected to recover through LSS in the 2011–12 tariff period. Accordingly, the amount previously recovered through LSS has been moved into a rate-of-return carrier's revenue requirement, and is accounted for in the calculation of a rate-of-return carrier's Eligible Recovery.

25. *Section 69.306(d)(2) Line-Side Port Costs Calculations.* Some parties have questioned whether the elimination of LSS as a separate universal service support mechanism could be interpreted as altering the section 69.306(d)(2) access charge calculation that shifts line-side port costs to the Common Line category. Section 69.306(d)(2) provides that ''line-side port costs shall be assigned to the Common Line category. Such amount shall be determined after any Local Switching support has been removed from the interstate Local Switching revenue requirement.'' One possible interpretation of this provision is that because LSS has been eliminated, there is no amount by which to reduce the Local Switching revenue requirement for purposes of determining the line-side port costs to shift to the Common Line category. Absent clarification, rate-of-return carriers might apply the section 69.306(d)(2) thirty percent default factor for calculating line-side port costs to the entire, unreduced, Local Switching revenue requirement in order to determine the amount to be shifted to the Common Line category.

26. We clarify that reading section 69.306(d)(2) to allow rate-of-return carriers to apply the thirty percent default factor to the entire Local Switching revenue requirement would conflict with section 51.917 because the revenue recovery provided for what was formerly LSS is already accounted for in a rate-of-return carrier's Base Period Revenue. In essence, such an interpretation would allow a carrier to recover thirty percent of its former LSS amount through higher Subscriber Line Charges, or, more likely, through higher Interstate Common Line Support (ICLS), without reducing the amount of Eligible Recovery it would be entitled to receive under section 51.917(d). Such a result, where rate-of-return carriers recover thirty percent of what was formerly LSS through a multi-million dollar line-port cost shift to the Common Line category, was not anticipated by the *USF/ICC Transformation Order.*

27. Furthermore, duplicative recovery is inconsistent with the policy goals of the *USF/ICC Transformation Order.* Specifically, section 51.917(d)(1)(vii) provides that ''[i]f 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.'' To avoid the potential for duplicative recovery and the need to adjust future Eligible Recovery calculations to account for such duplicative recovery, we revise section 69.306(d). Specifically, we clarify that a rate-of-return carrier shall assign line-side port costs to the Common Line category equal to the line-side port costs it shifted in its 2011 Interstate Switched Access Revenue Requirement calculation. The Bureau found this approach reasonable in the development of the average schedule formulas. This approach is consistent with capping switched access rates and avoids requiring carriers to make unnecessary calculations in the cost allocation process.

28. *Section 69.415 Transport Interconnection Charge Calculations.* Similar to section 69.306(d)(2), section 69.415 includes LSS in calculations to

determine the allocation of the Transport Interconnection Charge (TIC) among the various access charge expense categories. The potential for including a LSS value of zero in the calculation specified in section 69.415 could affect the calculation of Eligible Recovery in a manner contrary to the Commission's intent and similar to that described in the preceding paragraph. Therefore, we revise section 69.415 to clarify that the amount of a rate-of-return carrier's TIC costs to be reallocated to each category must equal the amount of TIC costs the carrier shifted to each category in its 2011 Interstate Switched Access Revenue Requirement calculation. The Bureau found this approach reasonable in the development of the average schedule formulas, and we likewise utilize it here.

VII. Corporate Operations Expense Limit and Monthly $250 per Line Cap

29. *Background.* In the *USF/ICC Transformation Order,* the Commission adopted limits on the recovery of certain costs through universal service mechanisms. Specifically, the rules adopted in the *USF/ICC Transformation Order* limited the amount of corporate operations expenses that a rate-of-return carrier could recover through ICLS in section 54.901(c). The Commission also adopted a presumptive monthly $250 per-line cap on the amount of total high-cost universal service support, which would reduce the amount of ICLS received by certain carriers. Several parties have questioned the extent to which disallowed expenses or reduced ICLS may be recovered through the NECA pooling processes.

30. Discussion. In this Order, we clarify that the recovery limitations for corporate operations expenses adopted in the *USF/ICC Transformation Order* shall operate as limits on a rate-of-return carrier's ability to recover the disallowed amounts through the NECA pooling processes. Permitting carriers to receive increased pool settlements to offset such reductions to ICLS would effectively create an implicit support flow to replace the disallowed explicit support. This treatment is also comparable to the effect that a non-pooling rate-of-return carrier would experience because it cannot look to other carriers to recover amounts it does not receive as a result of the recovery limitations. Therefore, it is appropriate for NECA to modify its procedures such that the effect of the corporate operations expense limit and the monthly $250 per-line cap are not shifted to common line NECA pooling carriers. In addition to clarifying the scope of the limitations, we revise section 54.901(c) to clarify operation of the limitations discussed above as they relate to interstate corporate operations expenses allocated to the Common Line category, consistent with the *USF/ICC Transformation Order.*

VIII. True-Up Adjustment Mechanisms

31. *Background.* In the *USF/ICC Transformation Order,* the Commission required rate-of-return carriers to project ICC revenues for use in determining Eligible Recovery. Because projected demand, an input needed in order to project ICC revenues, likely differs from actual demand, the Commission adopted a true-up procedure for rate-of-return carriers to adjust their Eligible Recovery to account for any difference between projected and actual switched access revenues resulting from demand variations. The Commission also adopted true-up procedures for price cap and rate-of-return carriers to adjust their Eligible Recovery to account for any difference between projected and actual ARC revenues resulting from ARC demand variations. Under these true-up procedures, a carrier's Eligible Recovery for the period reflecting the true-up would be reduced if the carrier's actual demand exceeded projected demand; likewise a carrier's Eligible Recovery would be increased if the carrier's actual demand was less than projected demand.

32. *Discussion.* The rules implementing the true-up adjustments do not properly calculate the difference between projected and actual revenues resulting from the difference in projected and actual demand consistent with the *USF/ICC Transformation Order.* By not correctly accounting for actual revenues, true-up revenue is incorrectly calculated and is, therefore, not correctly reflected in the steps for calculating Eligible Recovery each year as intended by the *USF/ICC Transformation Order.* Revising the rules is necessary in order for price cap and rate-of-return carriers to correctly implement the true-up procedures adopted in the *USF/ICC Transformation Order.* Therefore, we amend sections 51.915 and 51.917 so that they correctly set out the method for determining the amount of any true-up consistent with the *USF/ICC Transformation Order.*

IX. Procedural Matters

A. Paperwork Reduction Act

33. This document does not contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA). Therefore, the Order does not contain any new or modified information collection burdens for small businesses with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002.

B. Final Regulatory Flexibility Act Certification

34. The Regulatory Flexibility Act of 1980, as amended (RFA), requires agencies to prepare a regulatory flexibility analysis for rulemaking proceedings, unless the agency certifies that ''the rule will not have a significant economic impact on a substantial number of small entities.'' The RFA generally defines ''small entity'' as having the same meaning as the terms ''small business,'' ''small organization,'' and ''small governmental jurisdiction.'' In addition, the term ''small business'' has the same meaning as the term ''small business concern'' under the Small Business Act. A small business concern is one which: (1) Is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).

35. We hereby certify that the rule revisions adopted in this Order will not have a significant economic impact on a substantial number of small entities. This Order amends rules adopted in the *USF/ICC Transformation Order* by correcting conflicts between the new or revised rules and existing rules, as well as addressing omissions or oversights. These revisions do not create any burdens, benefits, or requirements that were not addressed by the Final Regulatory Flexibility Analysis attached to the *USF/ICC Transformation Order.* The Commission will send a copy of this Order, including a copy of this final certification, to the Chief Counsel for Advocacy of the Small Business Administration. In addition, the Order (or a summary thereof) and certification will be published in the **Federal Register**.

C. Congressional Review Act

36. The Commission will send a copy of this Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act.

X. Ordering Clauses

37. Accordingly, *it is ordered,* pursuant to the authority contained in sections 1, 2, 4(i), 201–203, 220, 251, 252, 254, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i), 201–203, 220, 251, 254, 252, 303(r), and 403, and pursuant to sections 0.91,

0.201(d), 0.291, 1.3, and 1.427 of the Commission's rules, 47 CFR 0.91, 0.201(d), 0.291, 1.3, and 1.427 and pursuant to the delegation of authority in paragraph 1404 of 26 FCC Rcd 17663 (2011), that this Order *is adopted,* effective thirty (30) days after publication of the text or summary thereof in the **Federal Register**.

38. *It is further ordered* that Parts 51, 54 and 69 of the Commission's rules, 47 CFR 51.909, 51.915, 51.917, 54.304, 69.306, and 69.415 are *amended* as set forth in the Appendix, and such rule amendments shall be effective 30 days after the date of publication of the rule amendments in the **Federal Register**.

39. *It is further ordered* that, pursuant to section 1.3 of the Commission's rules, 47 CFR 1.3, and pursuant to the authority delegated in sections 0.91 and 0.291 of the Commission's rules, 47 CFR 0.91, 0.291, sections 51.915(f)(6), 51.917(f)(3), 54.304(c)(1), (d)(1), 47 CFR 51.915(f)(6), 51.917(f)(3), 54.304(c)(1), and (d)(1), *are waived* effective upon release of this Order for the limited purpose specified in paragraph 7, *supra,* of this Order.

40. *It is further ordered,* pursuant to the authority contained in sections 1–4 of the Communications Act of 1934, as amended, 47 U.S.C. 151–154, and the authority delegated in sections 0.91 and 0.291 of the Commission's rules, 47 CFR 0.91 and 0.291, that the National Exchange Carrier Association, Inc. Petition for Clarification or Waiver, WC Docket No. 12–63, Transmittal Nos. 41, 28, 57 (filed Dec. 27, 2012) is *granted* to the extent provided herein and *dismissed as moot* to the extent provided herein.

41. *It is further ordered* that the Commission *shall send* a copy of this Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act.

42. *It is further ordered* that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, *shall send* a copy of this Order, including the Final Regulatory Flexibility Certification, to the Chief Counsel for Advocacy of the Small Business Administration.

List of Subjects in 47 CFR Parts 51, 54, and 69

Communications common carriers, Reporting and recordkeeping requirements, Telecommunications, Telephone.

Federal Communications Commission.

Deena Shetler,

Associate Bureau Chief, Wireline Competition Bureau.

Final Rule

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR parts 51, 54 and 69 as follows:

PART 51—INTERCONNECTION

■ 1. The authority citation for part 51 continues to read as follows:

Authority: Sections 1–5, 7, 201–05, 207–09, 218, 220, 225–27, 251–54, 256, 271, 303(r), 332, 706 of the Telecommunication Act of 1996, 48 Stat. 1070, as amended, 1077; 47 U.S.C. 151–55, 157, 201–05, 207–09, 218, 220, 225–27, 251–54, 256, 271, 303(r), 332, 1302, 47 U.S.C. 157 *note,* unless otherwise noted.

■ 2. Amend § 51.909 by adding paragraphs (a)(4) through (6) and revising paragraphs (a)(3) and (c)(1) to read as follows:

§ 51.909 Transition of rate-of-return carrier access charges.

(a) * * *

(3) Except as provided in paragraphs (a)(6) and (b)(4) of this section, nothing in this section obligates or allows a Rate-of-Return Carrier that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions raising such rates.

(4) Notwithstanding the requirements of paragraph (a)(1) of this section, if a Rate-of-Return Carrier enters or exits the National Exchange Carrier Association (Association), as defined in § 69.2(d) of this chapter, traffic-sensitive tariff pursuant to the provisions of § 69.3(e)(6) of this chapter, the Association shall adjust its switched access rate caps referenced in paragraph (a)(1) of this section.

(i) For each entering Rate-of-Return Carrier, the Association shall:

(A) Determine each entering Rate-of-Return Carrier's interstate switched access revenues for the preceding calendar year;

(B) Determine the revenues that would have been realized by the entering Rate-of-Return Carrier in the preceding calendar year if it had used the Association's switched access rates (employing the rates for the appropriate bands) as of December 31 of the preceding year and the entering Rate-of-Return Carrier's switched access demand used to determine switched access revenues under paragraph (a)(4)(i)(A) of this section; and

(C) Subtract the sum of the revenues determined pursuant to paragraph (a)(4)(i)(B) of this section from the sum of the revenues determined pursuant to paragraph (a)(4)(i)(A) of this section.

(ii) The Association shall determine the amount by which each exiting Rate-of-Return Carrier is a net contributor or net recipient to or from the switched access segment of the Association pool as follows:

(A) The Association shall calculate the difference between each exiting Rate-of-Return Carrier's 2011–2012 tariff year projected interstate switched access revenues excluding Local Switching Support and the Rate-of-Return Carrier's projected switched access pool settlements excluding Local Switching Support for the same period with a net contribution amount being treated as a positive amount and a net recipient amount being treated as a negative amount. The Association shall divide the calculated difference by the Rate-of-Return Carrier's 2011–2012 tariff year projected interstate switched access revenues excluding Local Switching Support to produce a percent net contribution or net receipt factor.

(B) The Association shall multiply the factor calculated in paragraph (a)(4)(ii)(A) of this section by the Rate-of-Return Carrier's switched access revenues for the preceding calendar year to yield the amount of the Rate-of-Return Carrier's net contribution or net receipts for the calendar year.

(iii) To determine the Association's adjusted switched access rate caps, the Association shall:

(A) Add the amounts calculated under paragraphs (a)(4)(i) and (a)(4)(ii) of this section;

(B) Divide the amount determined in paragraph (a)(4)(iii)(A) of this section by the preceding year's switched access revenues of the Rate-of-Return Carriers that will participate in the Association traffic-sensitive tariff for the next annual tariff period;

(C) The Association shall proportionately adjust its June 30 switched access rate caps by the percentage amount determined in paragraph (a)(4)(iii)(B) of this section.

(iv) The interstate switched access rate caps determined pursuant to paragraph (a)(4)(iii)(C) of this section shall be the new capped interstate switched access rates for purposes of § 51.909(a). The Association shall provide support in its annual access tariff filing to justify the revised interstate switched access rate caps, the Access Recovery Charges that will be assessed, and the amount of Connect America Fund ICC support each carrier will be eligible to receive.

(5) A Rate-of-Return Carrier exiting the Association traffic-sensitive tariff

pursuant to § 69.3(e)(6) of this chapter must establish new switched access rate caps as follows:

(i) The Rate-of-Return Carrier shall multiply the factor determined in paragraph (a)(4)(ii)(A) of this section by negative one and then proportionately adjust the Association's capped switched access rates as of the date preceding the effective date of the exiting Rate-of-Return Carrier's next annual tariff filing by this percentage. A Rate-of-Return Carrier that was a net contributor to the pool will have rate caps that are lower than the Association's switched access rate caps, while a net recipient will have switched access rate caps that are higher than the Association's switched access rate caps;

(ii) The interstate switched access rate caps determined pursuant to paragraph (a)(5)(i) of this section shall be the new capped interstate switched access rates of the exiting Rate-of-Return Carrier for purposes of § 51.909(a). An exiting Rate-of-Return Carrier shall provide support in its annual access tariff filing to justify the revised interstate switched access rate caps, the Access Recovery Charges that will be assessed, and the amount of Connect America Fund ICC support the carrier will be eligible to receive.

(6) If the Association revises its interstate switched access rate caps pursuant to paragraph (a)(4) of this section, each Rate-of-Return Carrier participating in the upcoming annual Association traffic-sensitive tariff shall:

(i) Revise any of its intrastate switched access rates that would have reached parity with its interstate switched access rates in 2013 to parity with the revised interstate switched access rate levels;

(ii) The Association shall provide Rate-of-Return Carriers that are participating in the Association traffic-sensitive pool with notice of any revisions the Association proposes under paragraph (a)(4) of this section no later than May 1.

* * * * *

(c) * * *

(1) Transitional Intrastate Access Service rates shall be no higher than the Rate-of-Return Carrier's interstate Terminating End Office Access Service, Terminating Tandem-Switched Transport Access Service, and Originating and Terminating Dedicated Transport Access Service rates and subject to the same rate structure and all subsequent rate and rate structure modifications. Except as provided in paragraph (c)(2) of this section, nothing in this section obligates or allows a Rate-of-Return Carrier that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions to increase such rates.

* * * * *

■ 3. Amend § 51.915 by revising paragraphs (b)(13), (d)(1)(iii)(F), (d)(1)(iv)(F), (d)(1)(v)(F), (d)(1)(vi)(G), (d)(1)(vii)(H), (d)(1)(viii) and (f)(6) to read as follows:

§ 51.915 Recovery mechanism for price cap carriers.

* * * * *

(b) * * *

(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.

* * * * *

(d) * * *

(1) * * *

(iii) * * *

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

(iv) * * *

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

(v) * * *

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

(vi) * * *

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

(vii) * * *

(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.

* * * * *

(f) * * *

(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.

■ 4. Amend § 51.917 by revising paragraphs (b)(5), (b)(6), (d)(1)(iii)(D) and (f)(3) to read as follows:

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

* * * * *

(b) * * *

(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.

* * * * *

(d) * * *

(1) * * *

(iii) * * *

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

* * * * *

(f) * * *

(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.

* * * * *

PART 54—UNIVERSAL SERVICE

■ 5. The authority citation for part 54 continues to read as follows:

Authority: Secs. 5, 48 Stat. 1068, as amended; 47 U.S.C. 155.

■ 6. Amend § 54.304 by revising paragraphs (c)(1) and (d)(1) to read as follows:

§ 54.304 Administration of Connect America Fund Intercarrier Compensation Replacement.

* * * * *

(c) * * *

(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.

* * * * *

(d) * * *

(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.

* * * * *

■ 7. Amend § 54.901 by revising paragraphs (c) introductory text and (c)(2) to read as follows:

§ 54.901 Calculation of Interstate Common Line Support.

* * * * *

(c) Beginning January 1, 2012, for purposes of calculating the amount of Interstate Common Line Support determined pursuant to paragraph (a) of this section that a non-price cap carrier may receive, the corporate operations expense allocated to the Common Line Revenue Requirement, pursuant to § 69.409 of this chapter, shall be limited to the lesser of:

* * * * *

(2) The portion of the monthly per-loop amount computed pursuant to § 36.621(a)(4)(iii) of this chapter that would be allocated to the interstate Common Line Revenue Requirement pursuant to § 69.409 of this chapter.

* * * * *

PART 69—ACCESS CHARGES

■ 8. The authority citation for part 69 continues to read as follows:

Authority: 47 U.S.C. 154, 201, 202, 203, 205, 218, 220, 254, 403.

■ 9. Amend § 69.306 by revising paragraph (d)(2) and adding paragraph (d)(3) to read as follows:

§ 69.306 Central office equipment (COE).

* * * * *

(d) * * *

(2) Until June 30, 2012, for non-price cap local exchange carriers, line-side port costs shall be assigned to the Common Line rate element. Such amount shall be determined after any local switching support has been removed from the interstate Local Switching revenue requirement. Non-price cap local exchange carriers may use thirty percent of the interstate Local Switching revenue requirement, minus any local switching support, as a proxy for allocating line port costs to the Common Line category.

(3) Beginning July 1, 2012, a non-price cap local exchange carrier shall assign line-side port costs to the Common Line rate element equal to the amount of line-side port costs it shifted in its 2011 projected Interstate Switched Access Revenue Requirement.

* * * * *

■ 10. Amend § 69.415 by revising paragraphs (b) and (c) introductory text and adding paragraph (d) to read as follows:

§ 69.415 Reallocation of certain transport expenses.

* * * * *

(b) Until June 30, 2012, the amount to be reallocated is limited to the total revenues recovered through the interconnection charge assessed pursuant to § 69.124 for the 12–month period ending June 30, 2001.

(c) Until June 30, 2012, the reallocation of the amount in paragraph (b) of this section shall be based on each access element's projected revenue requirement divided by the total revenue requirement of all the access elements, provided that:

* * * * *

(d) Beginning July 1, 2012, the amount of the Transport Interconnection Charges to be reallocated to each category shall be equal to the amount of Transport Interconnection Charge costs the non-price cap local exchange carrier was projected to shift to each category in projecting its 2011 Interstate Switched Access Revenue Requirement.

* * * * *

[FR Doc. 2013–10562 Filed 5–3–13; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket Nos. 10–90, 05–337; DA 13–807]

Connect America Fund; High-Cost Universal Service Support

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: In this document, the Federal Communications Commission (Commission) primarily addresses the model platform, which is the basic framework for the model consisting of key assumptions about the design of the network and network engineering. The Commission also addresses certain framework issues relating to inputs.

DATES: Effective June 5, 2013.

FOR FURTHER INFORMATION CONTACT: Katie King, Wireline Competition Bureau, (202) 418–7491 or TTY: (202) 418–0484.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Report and Order in WC Docket Nos. 10–90, 05–337; DA 13–807, adopted on April 22, 2013 and released on April 22, 2013. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY–A257, 445 12th Street SW., Washington, DC 20554. Or at the following Internet address: *http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-13-807A1.pdf.*

I. Introduction

1. In the *USF/ICC Transformation Order,* 76 FR 73830, November 29, 2011, the Commission comprehensively reformed and modernized the universal service and intercarrier compensation systems to maintain voice service and extend broadband-capable infrastructure. As part of the reform, the Commission adopted a framework for providing support to areas served by price cap carriers known as Phase II of the Connect America Fund. An estimated eighty-five percent of the approximately 6.3 million locations in the nation that lack access today to terrestrial fixed broadband at or above the Commission's broadband speed benchmark live in areas served by price cap carriers. The Connect America Fund will maintain voice service and expand broadband availability to millions of unserved Americans living in these areas within the next five years, and aims to close this gap entirely within a decade. Through Phase II, the