

price cap tariff filing following completion of the base period in which they are introduced. To the extent that such new services are permitted or required to be included in new or existing service categories within the assigned basket, they shall be so included at the first annual price cap tariff filing following completion of the base period in which they are introduced.

[54 FR 19842, May 8, 1989, as amended at 55 FR 42382, Oct. 19, 1990; 55 FR 50558, Dec. 7, 1990; 56 FR 5956, Feb. 14, 1991; 56 FR 55239, Oct. 25, 1991; 57 FR 54718, Nov. 20, 1992; 58 FR 7868, Feb. 10, 1993; 58 FR 29552, May 21, 1993; 58 FR 31914, June 7, 1993; 58 FR 36145, July 6, 1993; 59 FR 10301, Mar. 4, 1994; 59 FR 32930, June 27, 1994; 60 FR 4569, Jan. 24, 1995; 60 FR 13639, Mar. 14, 1995; 60 FR 52346, Oct. 6, 1995; 62 FR 31930, June 11, 1997]

EFFECTIVE DATE NOTE: At 62 FR 31930, June 11, 1997, § 61.42 was amended by revising paragraphs (d)(1), (d)(2), and (d)(3), adding paragraph (d)(6), and revising paragraphs (e)(1) and (e)(2)(vi), effective Jan. 1, 1998. For the convenience of the user, the superseded text is set forth as follows:

**§ 61.42 Price cap baskets and service categories.**

\* \* \* \* \*

(d) \* \* \*

(1) A basket for the common line interstate access elements as described in §§ 69.103, 69.104, 69.105, and 69.115 of this chapter;

(2) A basket for traffic sensitive switched interstate access elements;

(3) A basket for trunkin services as described in §§ 69.110, 69.111, 69.112, 69.114, 69.124, and 69.125 of this chapter;

\* \* \* \* \*

(e)(1) The traffic sensitive switched interstate access basket shall contain such services as the Commission shall require, including the following service categories:

\* \* \* \* \*

(vi) Interconnection charge, as described in § 69.124 of this chapter.

\* \* \* \* \*

**§ 61.43 Annual price cap filings required.**

Carriers subject to price cap regulation shall submit annual price cap tariff filings that propose rates for the upcoming year, that make appropriate

adjustments to their PCI, API, and SBI values pursuant to §§ 61.44 through 61.47, and that incorporate the costs and rates of new services into the PCI, API, or SBI calculations pursuant to §§ 61.44(g), 61.45(g), 61.46(b), and 61.47 (b) and (c). Carriers may propose rate or other tariff changes more often than annually, consistent with the requirements of § 61.59.

[54 FR 19842, May 8, 1989, as amended at 55 FR 42383, Oct. 19, 1990]

**§ 61.44 Adjustments to the PCI for Dominant Interexchange Carriers.**

(a) Dominant interexchange carriers subject to price cap regulation shall file adjustments to the PCI for each basket as part of the annual price cap tariff filing, and shall maintain updated PCIs to reflect the effect of mid-year access and exogenous cost changes.

(b) Subject to paragraph (d) of this section, adjustments to each PCI of dominant interexchange carriers subject to price cap regulation shall be made pursuant to the following formula:

$$PCI_t = PCI_{t-1} [1 + w(GNP-PI - X) + \Delta Y/R + \Delta Z/R]$$

where

GNP-PI = the percentage change in the GNP-PI between the quarter ending six months prior to the effective date of the new annual tariff and the corresponding quarter of the previous year,

X = productivity factor of 3.0%,

$\Delta Y$  = (new access rate - access rate at the time the PCI was updated to  $PCI_{t-1}$ )  $\times$  (base period demand),

$\Delta Z$  = the dollar effect of current regulatory changes when compared to the regulations in effect at the time the PCI was updated to  $PCI_{t-1}$ , measured at base period level of operations,

R = base period quantities for each rate element "i", multiplied by the price for each rate element "i" at the time the PCI was updated to  $PCI_{t-1}$ ,

w = R - (access rate in effect at the time the PCI was updated to  $PCI_{t-1}$   $\times$  base period demand) +  $\Delta Z$ , all divided by R,

$PCI_t$  = the new PCI value, and

$PCI_{t-1}$  = the immediately preceding PCI value.

(c) The exogenous cost changes represented by the term " $\Delta Z$ " in the formula detailed in paragraph (b) of this section, shall be limited to those cost