ORDER

Adopted: March 5, 2013
Released: March 5, 2013

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, the Wireline Competition Bureau (Bureau) addresses a petition for clarification and reconsideration, or in the alternative waiver, filed by the United States Telecom Association (USTelecom) and CTIA – The Wireless Association (CTIA) (collectively, Petitioners). The Bureau clarifies and waives certain aspects of the reporting requirements adopted in the USF/ICC Transformation Order for eligible telecommunications carriers (ETCs) relating to five-year build-out plans and broadband network testing. We also clarify and revise section 54.313(a) of the Commission’s rules accordingly.  

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2 47 C.F.R. § 54.313.
2. In the *USF/ICC Transformation Order*, the Commission adopted several reforms to harmonize and update annual ETC reporting requirements. The Commission extended reporting requirements for voice service to all ETCs and adopted new reporting requirements to reflect new broadband obligations. Shortly after the *USF/ICC Transformation Order* was released, USTelecom filed a Petition for Reconsideration seeking reconsideration of, among other things, various of these reporting requirements. Specifically, USTelecom argued that the new ETC reporting requirements implemented in the *USF/ICC Transformation Order* were unduly burdensome and unnecessary, that they should be applied prospectively, and that the effective date of the reporting obligations should be delayed. In the *Third Reconsideration Order*, the Commission granted in part and denied in part aspects of the USTelecom Petition for Reconsideration. The Commission granted USTelecom’s request to revise the filing deadline for section 54.313 annual reports from April 1 to July 1. The Commission denied USTelecom’s request to clarify that the Commission intended to preempt state reporting requirements pursuant to 54.313, and the Commission also denied USTelecom’s request to exempt state-designated ETCs from the requirements in the *USF/ICC Transformation Order*. The Commission did not address other aspects of USTelecom’s initial Petition for Reconsideration in the *Third Reconsideration Order*.

II. DISCUSSION

3. In the *USF/ICC Transformation Order*, the Commission delegated to the Bureau the authority to revise and clarify rules as necessary to ensure that the reforms adopted in the *USF/ICC Transformation Order* are properly reflected in the rules. In this Order, the Bureau acts pursuant to this delegated authority to revise and clarify certain rules, and acts pursuant to authority delegated to the Bureau generally to clarify and waive certain rules relating to five-year plans and broadband performance testing.

A. Five-Year Build-Out Plans

4. Background. In the *USF/ICC Transformation Order*, the Commission recognized that existing five-year build-out plans may need to change to account for new broadband obligations being imposed on carriers. Therefore, the Commission mandated that all ETCs file a new five-year build-out

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4 Id.
6 Id. at 15.
8 Id. at 5625-26, paras. 9-10.
9 Id. at 5624, paras. 4-6.
10 See *USF/ICC Transformation Order*, 26 FCC Rcd at 18149, para. 1404.
11 See 47 C.F.R. §§ 0.91 (describing the functions of the Bureau), 0.201(d) (“The Commission . . . may delegate its functions . . .”), 0.291 (delegating authority to the Bureau chief). In the instant petition, USTelecom also asks the Commission to eliminate the requirement that a recipient of frozen high-cost support certify that the amount it would have received from Interstate Access Support was used for the building and operation of broadband-capable networks. CTIA/USTelecom Petition at 18. This issue will be addressed in a future order. CTIA expressed no opinion on this issue because its members are not subject to section 54.313(c). Id. at 19 n.18.
plan in a manner consistent with section 54.202(a)(1)(ii) in 2013, and annual progress reports thereafter. The Commission also stated “[c]ompetitive ETCs whose support is being phased down will not be required to submit any of the new information . . . related solely to the new broadband public interest obligations, but must continue to submit information or certifications with respect to their provision of voice service.” In the Third Reconsideration Order, the Commission restated that competitive ETCs must comply with annual reporting obligations related to their provision of voice service during their phase-down, because the Commission has an obligation to ensure these ETCs, who will continue to receive support until the completion of the phase down, are using that support for its intended purpose.

5. In their petition, CTIA and USTelecom argue that the Commission should limit the obligation to file a five-year build-out plan and related progress reports to those ETCs receiving Connect America Phase II support. Petitioners assert that it would be difficult for a price cap ETC to develop a five-year plan before it decides whether it would be making a state-level commitment under Connect America Phase II. They also argue competitive ETCs cannot complete a five-year plan not knowing whether they will receive support under the Mobility Fund Phase II. Petitioners further ask the Commission to clarify that the reporting requirements in section 54.313(a)(1) do not apply to recipients of Phase II Mobility Fund support.

6. Discussion. First, the Bureau clarifies that competitive ETCs whose support is being phased down do not have to file new five-year plans. The Commission required ETCs to file new five-year plans to account for new broadband obligations in a manner consistent with section 54.202(a)(1)(ii). But the Commission also exempted from new broadband obligations those competitive ETCs whose support is being phased down. Because the five-year plans are intended to reflect new broadband obligations, those competitive ETCs do not have to file such plans.

7. We underscore that competitive ETCs must continue to file annual updates on any five-year plan already filed with the Commission, and that competitive ETCs should comply with any other relevant state requirements, as stipulated in the Third Reconsideration Order. In the USF/ICC Transformation Order, the Commission found it “necessary and appropriate” to continue to receive annual reports from ETCs that have already filed five-year plans in order to “ensure the continued availability of high-quality voice services.” While competitive ETCs may have their support phased

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13 Id. Subsequently, the Commission changed the filing deadline to July 1 of each year. See Third Reconsideration Order, 27 FCC Rcd at 5626, para. 10. Once the Commission receives approval of the rules pursuant to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13, ETCs subject to the five-year plan requirement, as clarified in this Order, must file a plan with the Commission, USAC, and the relevant state commission, authority in a U.S. Territory, or Tribal government, as appropriate.

14 USF/ICC Transformation Order, 26 FCC Rcd at 17853, para. 583.

15 Third Reconsideration Order, 27 FCC Rcd at 5625, para. 8.

16 CTIA/USTelecom Petition at 13.

17 Id. at 14.

18 Id.

19 Id. at 18.

20 USF/ICC Transformation Order, 26 FCC Rcd at 17854, para. 587.

21 Id. at 17853, para. 583.

22 Third Reconsideration Order, 27 FCC Rcd at 5623-24, paras. 3-6. The annual reporting requirements in section 54.313 do not apply to ETCs that solely receive support from Mobility Fund Phase I. Recipients of Mobility Fund Phase I support are required to submit the annual report required in section 54.1009 of the Commission’s rules. 47 C.F.R. § 54.1009.

down, and aspects of their original five-year plans may change because of the reduction in support, there is significant value in those ETCs continuing to file annual updates to their respective five-year plans. Indeed, it would be appropriate for those ETCs to reflect any adjustments to their original five-year plans in the annual updates. These annual updates will assist the Commission in monitoring the impact of its universal service reforms on competitive ETCs’ provision of voice service, consistent with the requirements in the Third Reconsideration Order.24

8. Second, the Bureau waives the requirement that price cap recipients of frozen support or incremental support file five-year plans by July 1, 2013.25 The Bureau finds that it is in the public interest to grant a limited waiver, at this time, of this aspect of the 2013 annual report for price cap recipients of frozen support or incremental support, so that carriers do not begin the process now of developing such plans without knowing which areas they will be serving in the future.26 Instead, price cap carriers that accept the offer of support will be required to file five-year plans in the 2014 annual report. When the Commission adopted the requirement that price cap ETCs file new five-year plans in 2013, it anticipated that the Bureau would adopt a forward-looking cost model by the end of 2012 for purposes of offering support to price cap carriers beginning January 1, 2013.27 In order for those carriers to develop a five-year plan, they first need to make the threshold decision of whether to make a state-level commitment.28 While the Bureau has made significant progress on the forward-looking cost model in recent months and expects that work in the months ahead,29 until the cost model is adopted and incumbents have

24 Third Reconsideration Order, 27 FCC Rcd at 5625, para. 8.


26 Generally, the Commission’s rules may be waived if good cause is shown. 47 C.F.R. § 1.3. The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. Northeast Cellular Telephone Co. v. FCC, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (Northeast Cellular). In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis. WAIT Radio v. FCC, 418 F.2d 1153, 1159 (D.C. Cir. 1969); Northeast Cellular, 897 F.2d at 1166. Waiver of the Commission’s rules is appropriate if special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest. NetworkIP, LLC v. FCC, 548 F.3d 116, 125-28 (D.C. Cir. 2008); Northeast Cellular, 897 F.2d at 1166.

27 See USF/ICC Transformation Order, 26 FCC Rcd at 17729, para. 171.

28 See id. As Petitioners noted in their petition, the question of what reporting requirements should apply to Mobility Fund Phase II support is an issue explicitly raised in the Further Notice of Proposed Rulemaking that accompanied the USF/ICC Transformation Order. See USF/ICC Transformation Order, 26 FCC Rcd at 18068-69, paras. 1117-18.

the opportunity to accept a state-level commitment, it does not serve the public interest to require the filing of five-year plans for this group of ETCs. The Bureau therefore grants a limited waiver from filing five-year plans to price cap recipients of frozen support or incremental support.

9. Finally, the Bureau affirms that rate-of-return carriers must file five-year plans in 2013. Unlike price cap carriers that may potentially decline to make a state-wide commitment in Phase II and will lose support once an area is auctioned to another provider, the existing support mechanisms will continue to provide funding to rate-of-return carriers. The filing of five-year plans by rate-of-return carriers this year will provide valuable information that will assist the Commission in monitoring the impact of its universal service reforms. In order to monitor progress towards achievement of the Commission’s broadband objectives, it is important to develop a baseline understanding of the current state. The five-year plans should describe the carrier’s network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories.

10. The Commission adopted a more flexible approach for this group of ETCs, allowing them to provide broadband “upon reasonable request.” Rate-of-return carriers must certify that they are taking reasonable steps to offer broadband service in their service area, and that requests for broadband service are met within a reasonable amount of time. We encourage rate-of-return carriers to explain in their five-year plans what criteria the carrier will use to determine whether a request for broadband is reasonable and how the carrier will decide which areas are feasible to extend terrestrial broadband service to, and which areas are not feasible to serve with terrestrial technologies, given current funding levels.

11. The Bureau does not expect a rate-of-return carrier to plan to build out terrestrial wireline broadband service to all locations within its study area. The Commission has recognized that there are some areas of the country where it is cost prohibitive to extend broadband using terrestrial wireline technology, and that in some areas satellite or fixed wireless technologies may be more cost-effective options to extend service. Indeed, we are aware anecdotally that rate-of-return carriers today use a mix of technologies to serve their customers. For that reason, we expect rate-of-return carriers to develop plans that reflect the cost characteristics of their service territories and current funding levels, setting forth what sort of broadband service build-out is reasonable over the five-year time period.

B. Network Performance Testing and Reporting Requirements

12. Background. In the USF/ICC Transformation Order, the Commission adopted network testing and reporting requirements, and it directed the Wireline Competition Bureau, Wireless

(Continued from previous page)
Telecommunications Bureau, and Office of Engineering and Technology (Bureaus) to refine the methodology for such testing. In the Third Reconsideration Order, the Commission changed the reporting deadline from April 1 to July 1, and revised section 54.313(a)(11) of the Commission’s rules to read:

(11) Beginning July 1, 2013. The results of network performance tests pursuant to the methodology and in the format determined by the Wireline Competition Bureau, Wireless Telecommunications Bureau, and Office of Engineering and Technology and the information and data required by this paragraphs (a)(1) through (7) of this section separately broken out for both voice and broadband service.

13. In their petition, CTIA and USTelecom argue that the Commission should reconsider the imposition of any new broadband testing reporting requirements on competitive ETCs whose support is being eliminated. In addition, Petitioners argue that section 54.313(a)(11) is unclear and confusing on its face. Petitioners ask the Commission to clarify the language in 54.313(a)(11) so the section 54.313(a)(1)-(7) requirements are not extended to broadband. Petitioners also argue that even if the Bureau construes section 54.313(a)(11) to require broadband performance data reporting, it is impossible for ETCs to meet the July 1, 2013 reporting deadline adopted in the Third Reconsideration Order. Petitioners further ask the Commission not to impose broadband reporting requirements on recipients of Connect America Phase I frozen or incremental support.

14. Discussion. First, the Bureau, pursuant to its delegated authority, revises section 54.313(a)(11). The Bureau agrees with Petitioners that the wording of section 54.313(a)(11) should be modified to more clearly reflect the USF/ICC Transformation Order. Therefore, we delete the final phrase from section 54.313(a)(11), “and the information and data required by this paragraphs (a)(1) through (7) of this section separately broken out for both voice and broadband service.” Consequently, revised section 54.313(a)(11) will state: “The results of network performance tests pursuant to the methodology and in the format determined by the Wireline Competition Bureau, Wireless Telecommunications Bureau, and Office of Engineering and Technology.” We move the deleted phrase to paragraph (a) in section 54.313, which will now state: “(a) Any recipient of high-cost support shall provide the following, with the information and data required by paragraphs (a)(1) through (7) of this section separately broken out for both voice service and broadband service.” As the Commission stated in the USF/ICC Transformation Order, collecting this information from ETCs “ensure[s] the continued availability of high-quality voice services and monitor[s] progress in achieving our broadband goals.”

37 Id. at 17708, para. 112.
38 47 C.F.R. § 54.313(a)(11).
39 CTIA/USTelecom Petition at 4.
40 Id. at 4-5.
41 Id. at 5.
42 Id. at 7.
43 Id. at 8-9.
44 See Appendix.
45 The Bureau previously clarified that such information must be separately broken out for both voice and broadband service. See Connect America Fund et al., WC Docket No. 10-90 et al., Order, 27 FCC Rcd 605, 608, para. 10 (Wireline Comp. Bur. 2012).
46 USF/ICC Transformation Order, 26 FCC Rcd at 17852, para. 580. The Bureau is not seeking PRA approval at this time for the collection of outages of broadband service pursuant to section 54.313(a)(2). See The Proposed Extension of Part 4 of the Commission’s Rules Regarding Outage Reporting to Interconnected Voice Over Internet Protocol Service Providers and Broadband Internet Service Providers, PS Docket No. 11-82, Report and Order, 27 (continued...)
15. Second, the Bureau clarifies that section 54.313(a)(11), as revised, does not apply to competitive ETCs whose support is being phased down, consistent with the language in the USF/ICC Transformation Order. The Commission stated that “[c]ompetitive ETCs whose support is being phased down will not be required to submit any of the new information or certifications … related solely to the new broadband public interest obligations.”

16. Finally, the Bureau clarifies that no ETCs will be required to begin testing the performance of their broadband networks until after the Bureaus, pursuant to the Commission’s direction, have specified the format and methodology for such testing, and PRA approval for this data collection has been obtained. Because this has not yet occurred, no ETCs will be required to file network performance results with their 2013 annual reports.

17. We decline at this time to address Petitioners’ argument that the Commission should not impose any broadband data reporting requirements under section 54.313(a)(11) on ETCs that are receiving CAF I incremental support or frozen high-cost support. The Bureau will be in a better position to assess the merits of that argument once it has taken further action to define the scope of the requirement.

III. PROCEDURAL MATTERS

A. Paperwork Reduction Act

18. Although this document clarifies several existing information collection requirements, it does not contain new or modified information collection requirements subject to the PRA. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198.

B. Final Regulatory Flexibility Certification

19. The Regulatory Flexibility Act of 1980, as amended (RFA), requires that a regulatory flexibility analysis be prepared 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 (Continued from previous page)
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).  

20. This Order clarifies, but does not otherwise modify, the USF/ICC Transformation Order. These clarifications do not create any burdens, benefits, or requirements that were not addressed by the Final Regulatory Flexibility Analysis attached to USF/ICC Transformation Order. Therefore, we certify that the requirements of this Order will not have a significant economic impact on a substantial number of small entities. The Commission will send a copy of the Order, including a copy of this final certification, in a report to Congress pursuant to the SBREFA. In addition, the Order and this certification will be sent to the Chief Counsel for Advocacy of the Small Business Administration, and will be published in the Federal Register.

C. Congressional Review Act

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

IV. ORDERING CLAUSES

22. Accordingly, IT IS ORDERED, pursuant to the authority contained in sections 1, 2, 4(i), 201-206, 214, 218-220, 251, 252, 254, 256, 303(r), 332, and 403 of the Communications Act of 1934, as amended, and section 706 of the Telecommunications Act of 1996, 47 U.S.C. §§ 151, 152, 154(i), 201-206, 214, 218-220, 251, 252, 254, 256, 303(r), 332, 403, 1302, pursuant to sections 0.91, 0.201(d), 0.291, 1.3, and 1.427 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.201(d), 0.291, 1.3, 1.427 and pursuant to the delegation of authority in paragraph 1404 of FCC 11-161, that this Order IS ADOPTED, effective thirty (30) days after publication of the text or summary thereof in the Federal Register, except for those rules and requirements involving Paperwork Reduction Act burdens, which shall become effective immediately upon announcement in the Federal Register of OMB approval.

23. IT IS FURTHER ORDERED that, pursuant to the authority contained in sections 0.91, 0.201(d), 0.291, 1.3, 1.427 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.201(d), 0.291, 1.3, 1.427 and pursuant to the delegations of authority in paragraphs 584 and 1404 of FCC 11-161, the petition for clarification and reconsideration or, in the alternative, for waiver, of CTIA – The Wireless Association and the United States Telecom Association, IS GRANTED IN PART, to the extent described herein, and DENIED IN PART, to the extent described herein.

(Continued from previous page) for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.”


56 See 5 U.S.C. § 605(b).

24. IT IS FURTHER ORDERED that Part 54 of the Commission’s rules, 47 C.F.R. Part 54, is AMENDED as set forth in the Appendix, and such rule amendment shall be effective 30 days after the date of publication of the rule amendment in the Federal Register, except for those rules and requirements involving Paperwork Reduction Act burdens, which shall become effective immediately upon announcement in the Federal Register of OMB approval.

FEDERAL COMMUNICATIONS COMMISSION

Julie A. Veach
Chief, Wireline Competition Bureau
APPENDIX

Final Rules

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR part 54 to read as follows:

PART 54—UNIVERSAL SERVICE

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

Authority: 47 U.S.C. 151, 154(i), 201, 205, 214, 219, 220, 254, 303(r), 403, and 1302 unless otherwise noted.

2. Amend § 54.313 to read as follows:

Subpart D—Universal Service Support for High Cost Areas

§ 54.313 Annual reporting requirements for high-cost recipients.

(a) Any recipient of high-cost support shall provide the following, with the information and data required by paragraphs (a)(1) through (7) of this section separately broken out for both voice service and broadband service:

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(11) Beginning July 1, 2013. The results of network performance tests pursuant to the methodology and in the format determined by the Wireline Competition Bureau, Wireless Telecommunications Bureau, and Office of Engineering and Technology.

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