

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)
)
Possible Revision or Elimination of Rules) CB Docket No. BO 16-251
Under the Regulatory Flexibility Act, 5 U.S.C. §610)

**COMMENTS OF
WTA – ADVOCATES FOR RURAL BROADBAND**

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Summary

WTA supports the Commission's review of the continuing use and usefulness of various regulations adopted during the 2001-2004 period. Regulatory review and reduction – both the current review of rules adopted within a specific time period as well as more comprehensive reviews of entire areas or parts of the Commission's regulations – constitute a very important way to reduce regulatory costs and to free up limited service provider resources for infrastructure investment and service quality improvements. For WTA members and other RLECs, regulatory review is crucial because it can reduce unneeded reporting and regulatory costs so that these small carriers have more net Universal Service Fund (“USF”) dollars available to deploy, operate and maintain the broadband facilities and services urgently needed by their rural customers.

WTA urges the Commission to take a detailed and careful look at Section 54.313 of the Rules and its associated annual FCC Form 481. Many subsections of the regulation and the form can and should be eliminated because they request information that is not being used and is not needed by the Commission to monitor its USF programs pursuant to Section 254(e) of the Act. In some cases, there is no indication that the requested data has ever been used or useful in monitoring USF programs; in others, the implementation of subsequent rule and program changes such as the Alternative Connect America Cost Model (“ACAM”) and Rate of Return (“RoR”) Paths, build-out requirements, geocoded location reports and budgets have superseded or reduced the need for certain reporting requirements. WTA proposes the elimination of the following subsections of Section 54.313 of the Rules and the associated portions of FCC Form 481: (1) Section 54.313(a)(2) regarding outage reports; (2) Section 54.313(a)(3) regarding

unfilled service requests; (3) Section 54.313(a)(4) regarding numbers of complaints; (4) Section 54.313(a)(6) regarding functioning in emergencies; (5) Section 54.313(a)(7) regarding price offerings; and (6) Section 54.313(f)(2) regarding financial statements of privately-held RoR carriers. WTA also suggests review and revision of the Tribal Government consultation provisions of Section 54.313(a)(9).

WTA proposes the elimination of the Section 54.305 “parent trap” rule. The 1990’s-vintage provision is no longer useful or necessary to control the growth of high-cost support in light of the budget limitations that have been implemented in recent years. Rather, its primary continuing impact is to prevent residents of underserved rural exchanges from receiving high quality voice and broadband services from RLECs that want to acquire their exchanges and improve their service.

WTA wants states and state commissions to play a substantial role in the deployment of the broadband networks that remain critical to their economic development. However, given the increased concentration of federal USF mechanisms on broadband and the regulation of broadband as an interstate service, WTA questions the continuing need for and usefulness of Section 54.314 of the Rules and its requirements for state commission oversight proceedings regarding increasingly predominant broadband facilities and services that the states do not otherwise regulate. WTA suggests that the Commission and state commissions explore whether there are more effective and efficient ways for the states to assist in broadband deployment.

WTA proposes that FCC Form 477 filing requirements be reduced from twice to once a year. These filings are very time consuming and expensive for RLECs and other reporting entities. Now that implementation of CAF Phase II, the ACAM Path and the RoR Path are well

on their way, a single annual FCC Form 477 filing would appear sufficient to meet the Commission's informational and regulatory needs.

Finally, WTA has suggested a way that Part 32 accounts can be consolidated.

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WTA – Advocates for Rural Broadband (“WTA”) submits its comments with respect to the Commission’s Public Notice (*FCC Seeks Comment Regarding Possible Revision or Elimination of Rules Under the Regulatory Flexibility Act, 5 U.S.C. Section 610*), CB Docket No. BO 16-251, DA 16-792, released December 28, 2016.

WTA is a national trade association representing more than 325 rural telecommunications providers offering voice, broadband and video-related services in Rural America. WTA members are generally small rural local exchange carriers (“RLECs”) that serve some of the most rugged, remote and/or sparsely populated areas of the United States. They are providers of last resort to many areas and communities that are both very difficult and very expensive to serve. The typical WTA member has 10-to-20 full-time employees, and serves fewer than 3,500 access lines in the aggregate and fewer than 500 access lines per exchange.

During and after the 2001-to-2004 period when the rules under review were adopted, WTA members and other RLECs have been upgrading their original voice networks to deploy higher and higher bandwidth broadband facilities and services. Given the steep costs of serving most rural areas and their relatively small customer bases, WTA members depend significantly upon federal Universal Service Fund (“USF”) support to obtain and repay the loans for these broadband upgrades, and to operate and maintain their increasingly broadband networks.

At the same time, the small size of the typical WTA member's customer base and staff limits the economies of scale that can be realized, and means that regulatory reporting and compliance costs impose a significantly more onerous burden per customer and per dollar of revenue on these small carriers than upon their large and mid-sized counterparts.

WTA urges the reduction or elimination of regulatory and reporting requirements that are no longer needed – for example, because changing technology and economic circumstances have rendered them obsolete or because the Commission does not make significant use of the associated data. A helpful way of looking at regulations and reporting requirements affecting RLECs is to consider the net amount of federal USF support available to fund broadband deployment, operation and maintenance – that is, the amount of USF over and above the reporting and compliance costs associated with the receipt of such support and related regulatory obligations. To the extent that the Commission reduces or eliminates the reporting and regulatory requirements that it imposes upon RLECs, WTA members will be able to use more of their USF and other revenues to deploy, operate and maintain the broadband facilities and services for which USF support is now predominately intended.

WTA applauds the Commission for conducting this proceeding regarding regulations adopted during the 2001-2004 period. However, WTA suggests that it may also be effective and efficient to conduct comprehensive reviews of all of the regulations in at least certain Parts of the Rules. For example, WTA knows that there are a number of regulations in Part 69 – Access Charges that have become outmoded, and in fact that there are several such rules that were expressly limited to time periods that have ended. However, because there are significant complexities and interconnections among the various Part 69 rules, WTA has decided not to address Part 69 rules in this proceeding for fear that modification or elimination of certain Part

69 rules subject to review herein might have unforeseen or unnoticed consequences upon other Part 69 rules that are not currently under review. Particularly for intricate and intertwined areas like Part 69, an across the board review of the entire Part would appear to be more practicable.

I. Part 54 – Universal Service
Subpart D – Universal Service Support for High Cost Areas

WTA recommends that the Commission take a careful look at the continuing need for, and usefulness of, the annual reporting and certification requirements in Sections 54.313 and 54.314 of the Rules, and the “parent trap rule” in Section 54.305(b) of the Rules.

The Section 54.313 and 54.314 reporting and certification regulations were adopted to generate information for the Commission to use in fulfilling its mandate under Section 254(e) of the Communications Act of 1934, as amended, to ensure that entities receiving federal universal service support “shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.” The utility of the current Section 54.313 and 54.314 regulations has been substantially reduced, if not superseded, by the facts: (a) that build-out obligations and geo-coded location reporting for both the Alternative Connect America Cost Model (“ACAM”) Path and the Rate of Return (“RoR”) Path provide adequate tracking of RLEC advanced network deployment to meet universal service obligations; and (b) that the predominant focus of universal service support has shifted from interstate and intrastate voice services to the deployment of broadband facilities and services that are wholly within the interstate jurisdiction, and not subject to regulation and oversight by state commissions. Given the recent and continuing changes in universal service mechanisms for high cost areas, WTA believes that Sections 54.313 and 54.314 need to be reassessed to determine their continuing relevance and usefulness, and that substantial portions thereof should be revised, reduced or eliminated because the information collected therein does not appear to be used or useful.

The Commission has recognized that RLECs that are deemed to be “fully deployed” (*i.e.*, that have deployed 10 Mbps downstream/1 Mbps upstream facilities to 90 percent or more of their eligible locations in a state) still have substantial continuing needs for USF support – including needs to repay outstanding construction loans for years to come as well as to maintain and operate their networks in high-cost areas. See *In the Matter of Connect America Fund et al.*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90 and 14-58 and CC Docket No. 01-92, 31 FCC Rcd 3087 (2016) (“*Rate-of-Return Reform Order*”) at par. 66.

However, the *Rate-of-Return Reform Order* focused upon broadband build-out obligations as a means for monitoring the use of USF support by both ACAM Path and RoR Path carriers, and for ensuring that RLEC eligible telecommunications carriers (“ETCs”) use their federal USF support “for the provision, maintenance, and upgrading of facilities and services for which the support is intended” pursuant to 47 U.S.C. §254(e). Sections 54.308(a)(1) and 54.311(d) of the rules and the Wireline Competition Bureau’s December 20, 2016 and January 24, 2017 *Public Notices*¹ mandated specific broadband build-out obligations and interim deployment milestones for ACAM Path participants over a ten-year period. Likewise, Section 54.308(a)(2) adopted a procedure for calculating specific broadband build-out obligations for RoR Path participants for an initial five –year period and potential subsequent five-year periods. Section 54.316 of the Rules requires both ACAM Path and RoR Path participants to file geo-coded location data and certifications with the Universal Service Administrative Company

¹ *Public Notice* (Wireline Competition Bureau Authorizes 35 Rate-of-Return Companies to Receive More Than 51 Million Annually in Alternative Connect America Cost Model Support and Announces Offers of Revised A-CAM Support Amounts to 191 Rate-of-Return Companies to Expand Rural Broadband), WC Docket No. 10-90, DA 16-1422, released December 20, 2016; *Public Notice* (Wireline Competition Bureau Authorizes 182 Rate-of-Return Companies to Receive \$454 Million Annually in Alternative Connect America Cost Model Support to Expand Rural Broadband), WC Docket No. 10-90, DA 17-99, released January 24, 2017.

(“USAC”) according to various recurring and annual schedules in order to demonstrate their progress and success in deploying broadband.

WTA believes that the Section 54.308(a) broadband build-out requirements and Section 54.311(d) and 54.316 reporting and certification requirements provide the Commission with the information that it needs to monitor the compliance of its USF mechanisms with Section 254(e) of the Act. These *Rate-of-Return Reform Order* provisions supersede and obviate the need for and utility of much of the information required previously by Sections 54.313 and 54.314.

A. Section 54.313

Section 54.313(a)(2) Outage Reports. WTA does not understand why outage information is required in the annual FCC Form 481 report, or how such information has been, or might be, used by the Commission to monitor or determine appropriate usage of USF support. The Commission’s Part 4 rules contain detailed threshold criteria, notification and reporting requirements for the types of service disruptions that the Commission has determined must be brought to its attention expeditiously by various types of service providers. The types of outages reported annually by high-cost support recipients in FCC Form 481 appear to differ from those required to be reported immediately by wireline carriers under Part 4 [*e.g.*, it is not clear how an outage potentially affecting “at least ten percent of the end users served in a designated service area” (Section 54.313(a)(2)(i)) compares with an outage that “potentially affects at least 900,000 user minutes of either telephony or paging” or that “affects at least 667 OC3 minutes” (Sections 4.9(f)(1) and (2))]. If the Commission’s Part 4 rules bring to its attention outages that require immediate response and oversight, what is the purpose of requiring – often months after the events -- annual reports of outages (whether of a similar or a different nature) from high-cost support recipients? Does the Commission use the FCC Form 481 outage information in any

manner relevant to its USF programs – for example, to determine whether certain carriers should receive additional or lesser amounts of high cost support? How are outages – which are frequently caused by severe weather or by accidental line cuts – relevant to the effectiveness or ineffectiveness, efficiency or inefficiency of an RLEC’s use of its USF support? If the FCC Form 481 outage data have not been, and are not likely to be, used or useful in the Commission’s oversight of its USF mechanisms, Section 54.313(a)(2) and the associated FCC Form 481 section can and should be deleted.

Section 54.313(a)(3) Unfulfilled Service Requests. WTA believes that broadband build-out requirements and plans, as well as geocoded location reporting, have superseded the relevance of unfulfilled service requests. RLECs certainly take customer requests for broadband service into consideration when they plan their broadband deployment projects. However, some service requests may come from areas where construction and/or operating costs are prohibitively high, or from locations that are not situated along construction or upgrade routes that are already approved or under construction. Given that the Commission has developed broadband build-out obligations in terms of numbers of locations rather than specific locations, unfulfilled service requests would appear no longer to have any substantial relevance to Section 254(e) compliance. WTA proposes that Section 54.313(a)(3) and the associated FCC Form 481 section be deleted.

Section 54.313(a)(4) Number of Complaints. The Commission has well-established procedures for accepting, reviewing and acting upon formal and informal customer complaints. (47 C.F.R. §§1.711 through 1.736). Such customer complaints arise for a variety of reasons, including billing and payment questions, and disputes as to whether service quality problems are the result of defects in the customer’s equipment, the RLEC’s network, or the networks of

unrelated toll or middle mile carriers. The Commission's Enforcement Bureau has a complete record of the formal and informal complaints filed against carriers under its jurisdiction, including those receiving high cost support. It is not clear to WTA that this complaint data has any relevance to RLEC use of USF support, or that the Commission has been using it for any USF monitoring purposes. If this is in fact the case, WTA proposes that Section 54.313(a)(4) and the implementing FCC Form 481 section be eliminated.

Section 54.313(a)(6) Functioning in Emergencies. The RLEC industry has an excellent record of serving local communities, and RLECs take great pride in their ability to function to protect their customers – many of whom may be family, friends and neighbors -- in times of emergency. The question here is the nature and extent of the relevance, if any, that RLEC emergency capabilities have with respect to their past and future receipt of USF support. If a rural community is devastated by a tornado, hurricane, earthquake or ice storm, what does the RLEC's ability to function during, or recover from, the event say about its past use of USF support for Section 254(e) compliance purposes? If an RLEC has certified in the past that it was able to function in emergency situations, what relevance do such certifications have to RLEC requests for additional support to recover from emergencies (whether the RLEC was able to maintain full or limited service during the emergency, or whether the emergency was so severe that it disrupted service in all or part of the RLEC's service area)? Unless the Commission actually has been using the subject "ability to function in an emergency" certifications to monitor RLEC usage of USF support or to determine whether additional USF support is needed by certain RLECs to recover from emergencies, Section 54.313(a)(6) and the corresponding FCC Form 481 section should be eliminated.²

² WTA notes that, even if the general Section 54.317(a)(6) reporting requirement is eliminated because the information is not commonly used or useful, the Commission could still require specific emergency damage and

Section 54.313(a)(7) Price Offerings. Sections 54.313(a)(10) and 54.313(a)(12) require certifications that the prices of the applicable voice and broadband services of reporting RLECs comply with the Commission's affordability benchmarks. This information should be sufficient to allow the Commission to monitor the extent to which its USF mechanisms are meeting the goal of reasonably comparable and affordable rates in rural and other high-cost areas. WTA does not see any indications that the additional and substantially more detailed pricing information of Section 54.313(a)(7) is needed to monitor USF programs, or that this extensive pricing data is actually being used by the Commission for that purpose. If this data is not used to monitor USF mechanisms, Section 54.313(a)(7) and the implementing FCC Form 481 section should be eliminated.

Section 54.313(a)(9) Tribal Government consultations. WTA's membership includes Tribal and non-Tribal RLECs, and therefore WTA is strongly aware of, and recognizes, the sovereignty and treaty rights of Tribal governments, and the needs for compliance with Tribal law and for consultation and cooperation with Tribal governments. However, it notes that the current Section 54.313(a)(9) procedures and requirements have not necessarily worked well in a number of instances. According to some WTA members, Tribal governments, in some cases, were not interested or did not have the time to engage in significant discussions with RLECs serving all or parts of Tribal lands; in other cases, RLECs have gotten caught up in related or unrelated disputes between various Tribal factions. WTA recommends that the Commission's Office of Native Affairs and Policy ("ONAP") be authorized to convene a committee or working group of Tribal leaders and ETC executives to discuss whether and how the current Section

emergency response information in cases where a carrier seeks a waiver or other relief in order to obtain additional USF support to recover from emergency damage or to obtain exemptions or postponements due to emergency damage with respect to certain Commission requirements.

54.313(a)(9) provisions could be made more useful, efficient, effective and equitable for the Tribes themselves, and for the Tribal and non-Tribal carriers serving their lands.

Section 54.313(f)(2) Financial Statements of Privately-Held Rate-of-Return Carriers.

Whereas balance sheets, income statements and statements of cash flow can show an RLEC's or RLEC organization's overall financial strength and profitability, they do not generally provide relevant and useful evidence as to whether the company's federal USF support is being used for the provision, maintenance, and upgrading of the facilities and services for which the support was intended. First, federal USF support revenues are frequently aggregated into line items with state USF support and other revenues. More important, there is nothing in most balance sheets, income statements and statements of cash flow to indicate where federal USF revenues are used, or which balance sheet asset categories or income statement expense items were financed by federal USF dollars. Hence, it is not clear whether or how the Commission can use, or is in fact using, the required RLEC financial statements to monitor its high-cost USF programs. WTA realizes that many of its members have to prepare and provide annual financial statements to the U.S. Department of Agriculture's Rural Utilities Service ("RUS") and/or private lenders, and that RLECs can file the same financial statements with the Commission and USAC. However, during past years, many RLECs have incurred significant additional time and expense to comply with the protective order provisions necessary to prevent access by competitors, potential competitors and others to the proprietary and confidential information in the financial statements filed with their FCC Form 481s. Ultimately, unless the Commission can and does actually utilize the subject financial statements to monitor the use of federal USF support by these companies, there is no reason to require privately-held RLECs to continue to submit their

financial statements as part of FCC Form 481 or to retain Section 54.313(f)(2) in the Commission's Rules.³

B. Section 54.314

Whereas many customers still subscribe to Time Division Multiplexed ("TDM") voice service, the predominant focus of the federal high-cost USF programs and build-out obligations has become broadband facilities and services. Moreover, since at least 1999, the Commission has claimed that ISP-bound traffic and other developing broadband services are interstate services for regulatory jurisdictional purposes. See *In the Matter of the Local Competition Provisions of the Telecommunications Act of 1996*, 14 FCC Rcd 3689 (1999).

The increasing broadband focus of high-cost USF support programs raises questions regarding the continuing purpose and utility of the state certification procedures and requirements of Section 54.314 of the Rules. WTA is well aware of the Commission's expressed position that the promotion of universal service remains a federal-state partnership. See *Rate-of-Return Reform Order* at par. 184. WTA is also well aware of the importance of broadband facilities and services to state economic development programs, and of the importance of state universal service mechanisms.

However, in light of the Commission's implementation of broadband build-out requirements and its exercise of exclusive federal jurisdiction over broadband services, there are questions regarding the continuing need for state commission proceedings to determine whether federal USF support has been used for the provision, maintenance and upgrading of the predominately broadband facilities and services for which the support is intended but which the

³ WTA emphasizes that the elimination of Section 54.313(f)(2) and the annual requirement to submit financial statements as part of FCC Form 481 would not in any manner preclude the Commission from requiring individual ETCs to submit particular financial statements in connection with investigations or other proceedings in which they were determined to be directly relevant and necessary.

state commissions lack jurisdiction to regulate. Why require state commissions to conduct, and RLECs to participate in, potentially substantial and expensive proceedings to monitor RLEC investment in, and operation and maintenance of, broadband facilities that the state commissions do not presently regulate and over which the Commission appears to have assumed sole or primary jurisdiction? And why subject an RLEC to potential loss of support if its state commission does not provide the Section 54.314 certification in timely fashion?

WTA agrees that the states should be active partners in broadband deployment and universal service expansion. It is not proposing elimination of Section 54.314 at this time, but rather the re-examination and potential modification of the current certification process in light of the changing nature of technology and the increasingly broadband-oriented nature of federal USF support mechanisms. WTA hopes that the state commissions will assume a greater role in broadband deployment and the expansion of broadband for state and regional economic, educational and health care purposes, but believes that such a state role can differ from the current Section 54.314 task of monitoring the use of federal USF support for increasingly broadband facilities and services that the states do not presently regulate.

C. Section 54.305

The Section 54.305(b) “parent trap” rule was adopted in order to discourage carriers from placing unreasonable reliance upon potential universal service support in deciding whether to purchase exchanges.⁴ As presently constituted, Section 54.305(b) provides that a carrier acquiring exchanges from an unaffiliated carrier will receive high-cost support in an amount based on the lesser of the actual costs of the exchanges or the per-line levels of support to which the acquired exchanges were eligible prior to the transaction. Under certain circumstances, the

⁴ *In the Matter of Connect America Fund et al.*, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90, 07-135, 05-337 and 03-109, CC Docket Nos. 01-92 and 96-45 and GN Docket No. 09-51, FCC 11-13, released February 9, 2011 (“*USF Reform NPRM*”), at par. 225.

acquiring carrier may receive additional “safety valve support” pursuant to Section 54.305(d) of the Rules if it makes substantial post-transaction investments in the acquired exchanges.

During the 1990s, there were substantial sales of underserved rural exchanges by price cap carriers to RLECs and RLEC groups in several states, including Montana, Iowa, Idaho, Missouri, Arizona and Alaska. In most cases, the transferred rural exchanges served high-cost areas but did not qualify for pre-transaction high-cost support because the averaged study area loop costs of the sellers were dominated by their lower-cost urban exchanges. After the transactions, the acquired rural exchanges qualified for high-cost support when their loop costs were calculated on a stand-alone basis or were averaged with those of the acquiring RLECs (which did not serve cities and other substantial low-cost areas). Many of these 1990s era acquisitions were substantially upgraded by their RLEC buyers, such that today the rural residents of these former price cap exchanges generally have voice and broadband services that are far superior to those available to their counterparts in high-cost rural exchanges that remained under large price cap company ownership.

Section 54.305(b) was implemented, in major part, to slow or stop the growth of the USF due to significant increases in the amount of high-cost support received for some rural exchanges after they were sold by price cap carriers to RLECs. However, Section 54.305(b) not only slowed USF growth resulting from the subject exchange sales, but also significantly curbed the acquisition and upgrade of long-neglected and underserved rural exchanges by the nearby RLECs that had the greatest interest in serving them.⁵ By creating “orphan” exchanges that require separate accounting and that incur high costs while receiving little or no USF support due to their prior price cap status, Section 54.305(b) has condemned many rural residents to languish

⁵ For a price cap carrier, a rural exchange is often a high cost, low profit area that requires management time but is not a material element in the company’s financial statements. For an RLEC, the rural price cap exchange is often more densely populated than its original service area, and an opportunity to gain critical size and economies of scale.

in underserved rural exchanges instead of receiving quality voice and high-capacity broadband services from nearby RLECs that would have been delighted to serve them.

The cap on the High Cost Loop Support (“HCLS”) mechanism and the more recent implementation of aggregate budgets for all high-cost and rate-of-return mechanisms should have alleviated the Commission’s concerns regarding USF growth. WTA does not perceive any continuing purpose and benefit of Section 54.305(b). Given that the overall budget for high-cost USF mechanisms will preclude the USF growth that previously concerned the Commission, the Commission should eliminate Section 54.305 and instead encourage exchange sales as a means to increase broadband deployment and service upgrades in long-neglected rural exchanges?

WTA understands that elimination of the Section 54.305(b) parent trap rule undercuts the rationale and viability of the Section 54.305(d) safety valve support mechanism. WTA members have indicated that safety valve support is not a practicable or useful option for most RLECs. In some cases, the increasing National Average Cost Per Loop (“NACPL”) affecting HCLS calculations has precluded RLECs that had invested in newly acquired exchanges from being eligible for, and receiving, safety valve support. Other RLECs were been unable to satisfy the complex timelines and procedures of the safety valve support rules..

WTA proposes that the Section 54.305(b) parent trap rule be eliminated as a disincentive to the acquisition and upgrade of underserved rural exchanges by RLECs, including the deployment of high capacity broadband facilities and services. Henceforth, RoR Path carriers⁶

⁶ It is not clear at this time how the Commission should treat exchanges acquired by ACAM Path carriers from price cap carriers, other ACAM Path carriers and/or RoR Path carriers. However, it is clear that Section 54.305 does not contemplate or address this situation – which comprises another reason for eliminating the “parent trap” rule.

that acquire exchanges and aggregate them into their study areas pursuant to the required waivers should be allowed to receive high-cost support based on the actual costs of the exchanges.⁷

II. Part 43 – Reports of Communication Common Carriers and Certain Affiliates

Section 43.11(a) of the Rules requires all common carriers and their affiliates to “file with the Commission a completed FCC Form 477, in accordance with the Commission’s rules and the instructions to the FCC Form 477.”

Page 32 of the current online FCC Form 477 Instructions indicates that the form must be filed two times each year: (1) on or before March 31 (using data as of December 31 of the previous year); and (2) on or before September 30 (using data as of June 30 of the same year). The amount of data and time required from most carriers is very substantial. The current online FCC Form 477 Instructions state that:

The annual reporting burdens for this collection of data, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the required data and completing and reviewing the collection of information, are estimated to be: 2,002 respondents, 387 hours per response, 2 responses per year, for a total annual burden of 1,549,548 [total hours].

It is WTA’s understanding that the Commission uses FCC Form 477 data for periodic reports to Congress, to determine areas that are unserved and underserved by the applicable level of broadband, and to identify areas that may be served by an unsubsidized competitor.

Given that the major part of the effort in identifying unserved and underserved areas and unsubsidized competitors has been completed for CAF Phase II and ACAM Path service areas, and that the Commission already possesses sufficient FCC Form 477 data to complete the same

⁷ Yet another complication affecting the current version of Section 54.305(b) is the migration of customers away from voice service to broadband-only service, and the recent adoption of the Connect America Fund Broadband Loop Service (“CAF-BLS”) support mechanism to address this situation. To the extent that an RLEC buys an exchange from a price cap carrier and is eligible only for the per-line levels of support (if any) to which the acquired exchange was eligible prior to the transaction, the resulting inequities and discrepancies will be exacerbated to the extent that customers in the acquired exchange drop their voice service and take broadband-only service (while the acquiring RLEC remains stuck with the pre-transaction support received for the now discontinued voice service). This undermining of the new CAF-BLS mechanism is yet another independent reason to eliminate Section 54.305.

determinations in RoR Path service areas, it would appear that a single annual FCC Form 477 would henceforth be wholly adequate and sufficient for the Commission's continuing future informational and regulatory needs. The completion of the FCC Form 477 is a major undertaking for RLECs and other small carriers, typically requiring the effort and expense of hundreds of hours of work by employees and consultants. Reducing FCC Form 477 filings from two to one per year would significantly decrease the regulatory costs of all two thousand or so affected carriers, large and small, and would allow WTA members and others to devote more of their limited financial and other resources to broadband deployment and service.⁸ At the same time, a single FCC Form 477 filing per year should give the Commission all the broadband deployment information it needs to monitor its programs and report to Congress, particularly since many of its unsubsidized competitor and other service determinations will not need to be revisited for several years.

III. Part 32 – Uniform Systems of Accounts for Telecommunications Companies

In the Matter of Comprehensive Review of the Part 32 Uniform System of Accounts, Report and Order, WC Docket No. 14-130 and CC Docket No. 80-286, FCC 17-15, released February 24, 2017, the Commission streamlined its Part 32 Uniform System of Accounts by consolidating its Class A and Class B accounts, and requiring carriers remaining subject to USOA to keep only the streamlined Class B accounts.

Unfortunately, many of the remaining amended Class B accounting rules read like Section 32.2110 Land and Support Accounts, which states “This account shall be used by companies to record the original costs of land and support assets of the type and character detailed in [Class A] Accounts 2111 through 2124.” In other words, it appears that the no longer

⁸ WTA notes that this proposal would also require modification of Section 1.7002 of the Commission's Rules.

applicable Class A account rules are needed to guide accountants and bookkeepers regarding the specific items that need to be placed in the consolidated Class B accounts.

WTA notes that the Commission, if it wishes, can move still-relevant descriptions in the Class A accounts into the applicable consolidated Class B accounts, and then delete the Class A account regulations. Or the Commission can leave the now “eliminated” Class A account regulations in place as guidance for those using the Class B accounts in which they are referenced.

IV. Conclusion

WTA appreciates the opportunity to participate in the Commission’s review of the continuing use and usefulness of various regulations adopted during the 2001-2004 period. For WTA members and other RLECs, this represents a golden opportunity to reduce unneeded reporting and regulatory costs so that they will have more net high-cost support dollars available to deploy, operate and maintain the broadband facilities and services requested by their rural customers.

WTA has focused heavily upon Section 54.313 of the Rules and its associated annual FCC Form 481. Many of the subsections of the regulation and the form can and should be eliminated because they request information that is not used or needed by the Commission to monitor its high-cost support programs pursuant to Section 254(e) of the Act, and/or that has been superseded by technology advances or subsequently adopted rules (for example, the build-out requirements and geocoded location reporting applicable to the ACAM Path and RoR Path).

WTA has also urged elimination of the Section 54.305 “parent trap” rule that is no longer useful or necessary to control the growth of high-cost support in light of the applicable caps and budgets, and which has long prevented the residents of neglected rural exchanges from receiving

high quality voice and broadband services from RLECs that want to acquire their exchanges and improve their service.

WTA wants states and state commissions to play a substantial role in the deployment of the broadband networks that remain critical to their economic development, especially in their rural regions. However, given the increased concentration of federal high-cost support mechanisms on broadband and the regulation of broadband as an interstate service, WTA questions the continuing viability of Section 54.314 of the Rules and its requirements for state commissions and RLECs to participate in state oversight proceedings regarding increasingly predominant broadband facilities and services that the states do not otherwise regulate. WTA suggests that the Commission and state commissions explore whether there are more effective and efficient ways for the states to assist in broadband deployment.

Finally, WTA proposes that FCC Form 477 filing requirements be reduced from twice to once a year, and has suggested a way that Part 32 accounts can be consolidated.

Respectfully submitted,
WTA – Advocates for Rural Broadband

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