

FCC FACT SHEET^{*}
Connect American Fund
Report and Order – WC Docket No. 10-90

Background: In 2011, the Commission adopted a rule aimed at limiting universal service support received by rural carriers whose voice telephone rates are below a set minimum rate, known as the “rate floor.” The upshot of this rule is that many rural subscribers, who are often older Americans on fixed incomes, lower-income Americans, and individuals living on Tribal lands, pay higher rates. These Americans are some of those least able to afford the needless rate increases caused by the rate floor. The rate floor also creates costly and time-consuming reporting and notification requirements for carriers. In 2017, after several years of experience with it, the Commission froze further increases to the rate floor for two years to give it an opportunity to revisit the policy. Absent Commission action, the rate floor will increase by nearly 50% on July 1. The *Report and Order* eliminates the rate floor and its accompanying reporting obligations. Doing so will eliminate a de facto government mandate that increases rates paid by rural Americans.

What the Order Would Do:

- Eliminate the rate floor, ending the de facto federal mandate to needlessly increase telephone service rates for many rural Americans above those the market would otherwise produce and avoiding a nearly 50% increase in many rural Americans’ telephone rates from taking place on July 1, 2019.
- Eliminate burdensome reporting and customer notification requirements imposed on carriers in order to comply with the rate floor rule.
- Ensure that rural consumers receive quality services at just, reasonable, and affordable rates, while also ensuring that rural carriers continue to receive the predictable and sufficient universal service support needed to serve high-cost areas.

* This document is being released as part of a “permit-but-disclose” proceeding. Any presentations or views on the subject expressed to the Commission or to its staff, including by email, must be filed in WC Docket No. 10-90 which may be accessed via the Electronic Comment Filing System (<https://www.fcc.gov/ecfs/>). Before filing, participants should familiarize themselves with the Commission’s ex parte rules, including the general prohibition on presentations (written and oral) on matters listed on the Sunshine Agenda, which is typically released a week prior to the Commission’s meeting. *See* 47 CFR § 1.1200 et seq

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
Connect America Fund
WC Docket No. 10-90

REPORT AND ORDER*

Adopted: []

Released: []

By the Commission:

I. INTRODUCTION

1. In 2011, the Commission adopted a rule aimed at limiting universal service support received by rural carriers whose rates are below a set minimum rate. This requirement is known as the "rate floor." If a carrier chooses to charge its customers less than the rate floor amount for voice service, the difference between the amount charged and the rate floor is deducted from the amount of support that carrier receives through the Universal Service Fund (Fund). The practical effect of this rule is to increase the telephone rates of rural subscribers, who are often older Americans on fixed incomes, lower-income Americans, and individuals living on Tribal lands. These Americans are some of those least able to afford the needless rate increases caused by the rate floor. In 2017, after several years of experience with it, we froze increases in the rate floor for two years to give us an opportunity to "revisit it to ensure our policies continue to further our statutory obligation to ensure [q]uality services . . . available at just, reasonable, and affordable rates."

2. After a thorough review of the record evidence, we now eliminate the rate floor and its accompanying reporting obligations. Doing so ends the de facto federal mandate to needlessly increase telephone service rates for many rural Americans above those the market would otherwise produce, and

* This document has been circulated for tentative consideration by the Commission at its April 12, 2019 open meeting. The issues referenced in this document and the Commission's ultimate resolution of those issues remain under consideration and subject to change. This document does not constitute any official action by the Commission. However, the Chairman has determined that, in the interest of promoting the public's ability to understand the nature and scope of issues under consideration, the public interest would be served by making this document publicly available. The FCC's ex parte rules apply and presentations are subject to "permit-but-disclose" ex parte rules. See, e.g., 47 C.F.R. §§ 1.1206, 1.1200(a). Participants in this proceeding should familiarize themselves with the Commission's ex parte rules, including the general prohibition on presentations (written and oral) on matters listed on the Sunshine Agenda, which is typically released a week prior to the Commission's meeting. See 47 CFR §§ 1.1200(a), 1.1203.

1 See Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17749-56, paras. 234-47 (2011) (USF/ICC Transformation Order), aff'd sub nom In re FCC 11-161, 753 F.3d 1015 (10th Cir. 2014).

2 The rate floor is the national average of local rates plus state regulated fees. See id. at 17751, para. 238. As noted below, the Commission adopted a phased-in approach to implement the increase in the rate at which carriers lose universal service support. For convenience, we refer to both the rate floor and the phased-in increases as the "rate floor," herein.

3 47 CFR § 54.318(b).

4 See Connect America Fund, WC Docket No. 10-90, Notice of Proposed Rulemaking and Order, 32 FCC Rcd 4509, 4509, para. 1 (2017) (Rate Floor NPRM/Rate Floor Order) (quoting 47 U.S.C. § 254(b)(1)).

avoids a further increase from \$18 to \$26.98 on July 1, 2019—an increase that would have reduced the affordability of telephone service for rural Americans, including the elderly, low-income individuals, veterans, and their families. As a result, we ensure that rural consumers continue to receive quality services at just, reasonable, and affordable rates, while also ensuring that rural carriers continue to receive the predictable and sufficient universal service support needed to serve high-cost areas.

II. BACKGROUND

3. The Communications Act directs the Commission to base policies for the preservation and advancement of universal service on several principles, including that “[q]uality services shall be available at just, reasonable, and affordable rates”; that “[a]ccess to advanced telecommunications and information services should be provided in all regions of the Nation”; and that “[c]onsumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services . . . that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.”⁵ As part of fulfilling the universal service mandate, the high-cost program provides support to carriers that offer voice and broadband services in unserved and underserved areas of the country.⁶

4. In 2011, the Commission adopted the *USF/ICC Transformation Order* with the goal of comprehensively reforming and modernizing the high cost support program to maintain voice service and to extend high cost support to the provision of broadband-capable infrastructure.⁷ The Commission determined that its focus should be on “costly-to-serve communities where even with our actions to lower barriers to investment nationwide, private sector economics still do not add up.”⁸ Pointing to section 254(b) of the Communications Act, the Commission considered whether consumers in rural areas paid reasonably comparable rates to those in urban areas and found that some incumbent local exchange carriers (LECs) receiving high cost support were providing lower cost voice services to their customers—but did not attempt to reconcile how differing state laws and policies affected these local rates.⁹ In response to this observation, the Commission adopted a national rate floor for carriers receiving high cost support.¹⁰

5. The rate floor requires that any incumbent LEC recipient of high-cost loop support whose rate for local service plus state regulated fees is below the rate floor will have its “high-cost support reduced by an amount equal to the extent to which its rates for residential local service plus state regulated fees are below the local urban rate floor, multiplied by the number of lines for which it is receiving support.”¹¹ The Commission concluded that the rate floor would be phased in over several years: \$10 beginning July 1, 2012, \$14 beginning July 1, 2013, and then the average urban rate, as

⁵ 47 U.S.C. § 254(b).

⁶ 47 CFR Part 54, subpart M.

⁷ *USF/ICC Transformation Order*, 26 FCC Rcd at 17667, para. 1.

⁸ *Id.* at 17668, para. 5.

⁹ *Id.* at 17750, para. 235.

¹⁰ *Id.* at 17751, paras. 237-38.

¹¹ 47 CFR § 54.318(b). Support reductions based on the rate floor offset high-cost loop support as well as Connect America Phase I frozen support to the extent that the recipient’s Phase I frozen support replaced high-cost loop support and high-cost model support. *See Connect America Fund*, WC Docket No. 10-90 *et al.*, Order, 27 FCC Rcd 605, 606, para. 3 (WCB & WTB 2012). Connect America Phase I frozen support is in the process of being phased down. *See Connect America Fund*, WC Docket No. 10-90, Report and Order, FCC 19-8, para. 12 (Feb. 15, 2019). Once frozen support is eliminated, only rate-of-return carriers receiving legacy support carriers will be subject to the rate floor.

determined from data in the urban rates survey, beginning July 1, 2014.¹²

6. The Commission delegated authority to the Wireline Competition Bureau (WCB) and the Wireless Telecommunications Bureau to determine the rate floor by conducting an annual survey for voice services in urban areas.¹³ On March 20, 2014, WCB announced the results of the first voice rate survey, which showed that the average local end-user rate plus state regulated fees of the surveyed incumbent LECs in urban areas was \$20.46.¹⁴ Soon thereafter, the Commission waived the rule in order to adopt a phased-in approach to raising the rate floor by \$2/month increments every year until the phase-in rate reached the figure calculated by the urban rate survey.¹⁵ In 2017, the Commission further froze the rate floor at \$18 for two years, until July 1, 2019.¹⁶

7. The Commission also sought comment in 2017 on whether it should eliminate the rate floor (and accompanying reporting obligations) or change its methodology.¹⁷ Recognizing that the rate floor may have outlived its usefulness, the Commission asked for comments on the costs and benefits of the rule and whether it was continuing to meet its intended purpose.¹⁸

8. In December 2018, WCB announced that the rate floor calculated using its current methodology would be \$26.98 for 2019.¹⁹ Accordingly, unless the Commission takes action prior to July 1, 2019, carriers subject to the rate floor must increase the monthly rates they charge rural Americans to at least \$26.98—a nearly \$9 or 49.9% increase—or risk losing the universal service support they depend on to deploy broadband infrastructure in the farthest reaches of our country.

III. DISCUSSION

9. We find that the rate floor, which leverages our universal service support to mandate higher—rather than lower—prices for rural Americans who may least be able to afford such increases makes no sense as a matter of policy. And to the extent the rate floor ever served a public purpose, we find that purpose long since been carried out. We agree with the diverse coalition including stakeholders like the AARP, the National Consumer Law Center, the National Tribal Telecommunications Association, and small, medium, and large rural telephone companies that the rate floor is fundamentally inconsistent with the direction of the Communications Act to advance universal service while ensuring that rates are just, reasonable, and affordable.²⁰ Accordingly, and based on an extensive and near-

¹² *USF/ICC Transformation Order*, 26 FCC Rcd at 17751, para. 239.

¹³ *Id.* at 17694, 17755, paras. 85, 246.

¹⁴ *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply with New Rate Floor*, WC Docket No. 10-90, Public Notice, 29 FCC Rcd 2967 (WCB 2014).

¹⁵ *See Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, 29 FCC Rcd 7051, 29 FCC Rcd at 7078-79, paras. 79-80 (2014).

¹⁶ Specifically, the Commission froze the rate at which carriers lose universal service support at \$18. *Rate Floor Order*, 32 FCC Rcd at 4514-15, para. 14-16.

¹⁷ *Rate Floor NPRM*, 32 FCC Rcd at 4511-14, paras. 6-11.

¹⁸ *Id.* at 4513, 4514, paras. 11, 13.

¹⁹ *Wireline Competition Bureau Announces Results of 2019 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for Eligible Telecommunications Carriers*, WC Docket No. 10-90, Public Notice, DA 18-1280 (WCB 2018).

²⁰ *See, e.g.*, Comments of the Concerned Rural ILECs, WC Docket No. 10-90, et al., at 14 (Aug. 8, 2014) (Concerned Rural ILECs Comments); Letter from Jodie Griffin, Public Knowledge, Olivia Wein, National Consumer Law Center, Amalia Deloney, Center for Media Justice, Todd O'Boyle, Common Cause, Edyael

(continued....)

unanimous record, we eliminate the rate floor and its accompanying reporting obligations.²¹

10. *First*, we find that the rate floor creates a perverse incentive for carriers to raise local rates, harming consumers in rural areas and making telephone service less affordable. No one disputes that the rate floor has increased rates for voice service in rural areas, despite the Commission’s goal to “preserve and advance universal availability of voice service.”²² These price increases negatively affect rural consumers and “could lead to some customers losing affordable access to basic service entirely.”²³ We find the rate floor raises rates for—and has a particularly deleterious effect on—older Americans on fixed incomes,²⁴ subscribers in Tribal areas,²⁵ low-income consumers, and seasonal customers making traditional voice service less affordable,²⁶ often for consumers who need the service most.²⁷ Indeed, the record suggests that low rates often served “legitimate purposes [with] substantial public interest and safety benefits” at stake, for example, emergency phones, seasonal lines, or basic service for elderly or low-income consumers.²⁸ Low rates for such service ensure that phone service and access to 911 service is available in the event of an emergency for customers that may not be able to afford telephone service at higher rates. There may be other reasons that market rates in rural areas could be below the national average urban rate. For example, prices may be higher for local urban rates because “urban customers have access to much more populous local calling areas than rural customers.”²⁹ In addition, local urban rates are not uniform, and so many urban consumers are paying rates below the national urban rate

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Casaperalta, Center for Rural Strategies, and the Rural Broadband Policy Group, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 et al., at 1 (Apr. 15, 2014) (Public Knowledge, et al. Letter); Letter from David Certner, Legislative Counsel and Legislative Policy Director, AARP, to Marlene H. Dortch, Secretary, FCC, at 2 (Apr. 15, 2014) (AARP Letter); Comments of the National Tribal Telecommunications Association, GN Docket No. 14-25, at 6 (Mar. 31, 2014) (NTTA Comments); Reply Comments by NTCA – The Rural Broadband Association, et al., WC Docket No. 10-90, at 7 (Mar. 31, 2014) (NTCA Reply Comments); Letter From David Dengel, CEO, Copper Valley Telephone Cooperative, Inc., to Marlene Dortch, Secretary, FCC, WC Docket Nos. 10-90, 05-337, at 1 (Apr. 16, 2016) (Copper Valley Letter); Reply Comments of Frontier Communications, WC Docket No. 10-90, at 3 (Mar. 31, 2014) (Frontier Reply Comments); Reply Comments of ITTA and USTelecom, WC Docket No. 10-90, at 5-6 (Mar. 31, 2014) (ITTA and USTelecom Reply Comments).

²¹ See Comments of WTA – Advocates for Rural Broadband, WC Docket No. 10-90, at 3-7 (July 10, 2017) (WTA Comments); Comments of NTCA–The Rural Broadband Association, WC Docket No. 10-90, at 2-5 (July 10, 2017) (NTCA Comments); Comments of USTelecom, WC Docket No. 10-90, at 4 (July 10, 2017) (USTelecom Comments); Comments of the Pennsylvania Public Utility Commission, WC Docket No. 10-90, at 5 (July 10, 2017) (Pa PUC Comments); Comments of Gila River Telecommunications, Inc., WC Docket No. 10-90, at 3 (July 10, 2017) (GRTI Comments); Comments of Oregon Telecommunications Association and the Washington Independent Telecommunications Association, WC Docket No. 10-90, at 2-7 (July 10, 2017) (OTA and WITA Comments); Comments of the State Independent Telephone Association of Kansas, WC Docket No. 10-90, at 4-5 (July 10, 2017) (SITA of Kansas Comments).

²² *USF/ICC Transformation Order*, 26 FCC Rcd at 17680, para. 17.

²³ Public Knowledge, et al. Letter at 1; *see also* Concerned Rural ILECs Comments at 14 (“regular annual increases will continue to have negative impacts on rural consumers, many of which already struggle with the cost of basic local phone service”).

²⁴ AARP Letter at 2.

²⁵ NTTA Comments at 6.

²⁶ GRTI Comments at 1; OTA and WITA Comments at 5.

²⁷ WTA Comments at 6.

²⁸ *Id.* at 4.

²⁹ *Id.* at 8; *see also* Pa PUC Comments at 8; USTelecom Comments at 2.

average.³⁰

11. *Second*, we find that the rate floor places unnecessary regulatory burdens on state commissions and rural telephone companies.³¹ For example, rural carriers must “expend limited internal resources to notify customers of impending rate increases and . . . seek permission from their state commission for such increases.”³² Moreover, a rate floor requires burdensome proceedings for rural incumbent LECs and state commissions related to rate increases and other compliance measures such as customer notifications and reporting obligations.³³ The record reflects that rate increases caused by the rate floor burden both carriers and state commissions “where rate cases or other notices or applications are required to be prepared, filed and litigated,” often on an expedited basis “where urban rate survey completion and results are delayed”³⁴ In other words, the rate floor creates needless state and federal regulatory compliance costs—wasting resources that could be better put to improving quality of service and closing the digital divide.

12. *Third*, we find that the rate floor is a particularly ineffective means of conserving scarce federal funds. Unlike other mechanisms to control expenditures, such as the cost model for A-CAM carriers (which targets higher spending to higher-cost areas and limits spending available in lower cost areas) or the budget control mechanism for rate-of-return carriers (which limits total spending and creates incentives for carriers to control costs),³⁵ the rate floor neither targets spending in an efficient manner nor creates incentives for carriers to control costs. Instead, it simply rewards carriers that artificially inflate prices, regardless of whether they invest efficiently or control their costs. And any purported savings from the rate floor have dissipated in recent years with the advent of the rate-of-return budget control mechanism—that’s because savings from the rate floor is redistributed to other rate-of-return carriers through increased headroom in the budget, with no overall savings to the Fund.³⁶

13. *Fourth*, to the extent that the rate floor was trying to solve the problem of “artificially low” rates, we find that it has outlived its usefulness. As a preliminary matter, the record does not support the notion that rates for voice service are artificially low, nor that they ever were.³⁷ But in any case, as a result of the rate floor, the monthly recurring rate has risen and is now \$18 in many rural areas,³⁸ and “ultra-low voice service rates are becoming relatively rare.”³⁹ What is more, these rates are substantially higher than the Commission expected in 2011. At the time, the Commission anticipated that by July 2014 the rate floor would be “close to the sum of \$15.62 plus state regulated fees”—or \$16.80 in inflation

³⁰ NTCA Comments at 6.

³¹ See USTelecom Comments at 5.

³² NTCA Comments at 4.

³³ See NTCA Comments at 4-5; WTA Comments at 6; Pa PUC Comments at 9; USTelecom Comments at 5.

³⁴ WTA Comments at 6; see also Pa PUC Comments at 8 (“[R]ural LECs would, of course, still be required to file and seek Pa. PUC approval for any local rate changes under” state law).

³⁵ See *Connect America Fund, ETC Annual Reports and Certifications, Developing a Unified Intercarrier Compensation Regime*, WC Docket No. 10-90, et al., Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3096-3117, 3144-45, paras. 20-794, 150-153 (2016) (*2016 Rate-of-Return Reform Order*).

³⁶ See *2016 Rate-of-Return Reform Order*, 31 FCC Rcd 3094-3117, paras. 17-19; *Rate Floor NPRM*, 32 FCC Rcd at 4513, para. 12.

³⁷ See WTA Comments at 4.

³⁸ OTA and WITA Comments at 3-4.

³⁹ WTA Comments at 4.

adjusted terms.⁴⁰

14. *Fifth*, changes to the Fund's support mechanisms for rural carriers since the rate floor's adoption have largely eliminated any potential impact rates would have on the universal service support mechanisms. For example, the Commission has imposed concrete broadband buildout obligations on all legacy carriers,⁴¹ eliminated the support disparity between voice-only and broadband-only lines,⁴² and created incentives for legacy carriers to move from rate-of-return regulation to incentive regulation.⁴³ Each of these changes reorients our high-cost system from one tied to carriers' historic costs and revenues from telephone services toward one where funding is tied to the fulfillment of certain broadband deployment obligations. And it is accordingly no surprise that the number of carriers potentially subject to the rate floor has rapidly diminished: Of the 940 study areas that were once potentially subject to the rate floor, only 654 are still subject to it.⁴⁴

15. In short, we find that the costs of either increased rates or reduced support (and therefore reduced deployment) ultimately borne by rural consumers outweigh any putative benefits to the Fund. The record in this proceeding overwhelmingly supports elimination of the rate floor rule;⁴⁵ commenters agree that the rule imposes significant costs with little benefit.⁴⁶ And we agree with one commenter that, in essence, "the rate floor penalizes rural customers without any real benefit to the overall size of the fund."⁴⁷ Accordingly, we eliminate the rate floor rule and its accompanying reporting obligation.

16. We disagree with the only commenter that supports maintaining the rate floor.⁴⁸ Although NCTA argues that eliminating the rate floor would skew competition and increase subsidies at

⁴⁰ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17753, para. 243.

⁴¹ See *Connect America Fund, ETC Annual Reports and Certifications, Developing a Unified Intercarrier Compensation Regime*, WC Docket No. 10-90, et al., Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, FCC 18-176, paras. 31-69, 101-112 (Dec. 13, 2018) (*December 2018 Rate-of-Return Reform Order*).

⁴² *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3119, para. 86.

⁴³ See *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3094-3117, paras. 17-19; *December 2018 Rate-of-Return Reform Order*, FCC 18-176, at paras. 31-69, 101-112. In the *2016 Rate-of-Return Reform Order*, the Commission exempted those legacy carriers who were 80% or more deployed with 10/1 Mbps from defined deployment obligations. *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3152, para. 173.

⁴⁴ See HC01- High Cost Support Projected by State by Study Area - 2Q2019.xlsx XLSX, <https://www.usac.org/about/tools/fcc/filings/2019/q2.aspx> (last visited Mar. 20, 2019).

⁴⁵ See WTA Comments at 3-7; NTCA Comments at 2-5; USTelecom Comments at 4; Pa PUC Comments at 5; GRTI Comments at 3; OTA and WITA Comments at 2-7; SITA of Kansas Comments at 4-5.

⁴⁶ See, e.g., WTA Comments at 3-4; USTelecom Comments at 4.

⁴⁷ See USTelecom Comments at 4; see also WTA Comments at 1, 6. We note that the Commission also sought comment on whether it should modify the rate floor methodology and/or make it administratively less burdensome. *Rate Floor NPRM*, 32 FCC Rcd at 4513, 5414, paras. 10, 13; see also ITTA Comments at 2-3 (suggesting the Commission consider disaggregation of single national rate floor and supporting a rate floor one standard deviation below the average urban rate.); WTA Comments at 2, 7-8 (if the rate floor is maintained, it should be a single nationwide rate computed at two standard deviations below the national average); NTCA Comments at 2, 7 (if the rate floor is maintained, it should be set at two standard deviations below the national urban average); SITA of Kansas Comments at 5 (if the rate floor is maintained, it should be set at two standard deviations below the national urban average). Because we determine that the rule is unnecessary and its administrative costs outweigh any benefits, we find that any modification to the rate floor is not in the public interest.

⁴⁸ See Comments of NCTA – The Internet & Television Association, WC Docket No. 10-90, at 3 (July 10, 2017) (NCTA Comments).

the expense of consumers,⁴⁹ we find the opposite to be true. Rural carriers receiving high-cost loop support can only recover their operating costs and investments where they face high per-line costs of providing service.⁵⁰ Commission rules already require carriers to use subsidies to offset demonstrated high costs—not to subsidize below-market rates. Rather, the rate floor itself skews competition by artificially inflating the prices that certain carriers may charge—requiring a carrier to charge above-market rates in a town, for example, for fear of losing its support in the surrounding countryside.⁵¹ Without the rate floor, prices in competitive areas can freely adjust to competitive levels. And the rate floor is a double penalty for consumers since carriers can maintain their subsidies so long as they also charge consumers higher rates.⁵²

IV. PROCEDURAL MATTERS

17. *Regulatory Flexibility Act.*—The Regulatory Flexibility Act of 1980 (RFA) requires that an agency prepare a regulatory flexibility analysis for notice and comment rulemakings, unless the agency certifies that “the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.” In the Report and Order, we are eliminating a rule and its accompanying reporting obligation. Accordingly, we certify that the rule changes adopted herein will not a significant economic impact on a substantial number of small entities. The Commission will send a copy of the Report and Order in a report to be sent to Congress and the Government Accountability Office pursuant to the Small Business Regulatory Enforcement Fairness Act of 1996.⁵³ In addition, the Commission will send a copy of the Report and Order to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the Report and Order (or summaries thereof) will also be published in the Federal Register.⁵⁴

18. *Paperwork Reduction Act.*—This document eliminates a reporting require and contains no new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. 3506(c)(4), we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees. The document by eliminating a reporting requirement reduces any burden on small entities.

19. *Congressional Review Act.*—The Commission will send a copy of this Report and Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. 801(a)(1)(A).

V. ORDERING CLAUSES

20. Accordingly, IT IS ORDERED, pursuant to the authority contained in sections 201, 219, 220 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 201, 219, 220, 254, this

⁴⁹ *Id.*

⁵⁰ *See December 2018 Rate-of-Return Reform Order*, FCC 18-176, at para. 9.

⁵¹ Any price reductions because the rate floor has been eliminated will result in additional funds for consumers so there will be no net loss.

⁵² NCTA asks that we consider “phasing out support for wireline voice services in some areas.” *See* NCTA Comments at 5. We note that this issue is unrelated to the rate floor and was not raised in the *Rate Floor NPRM*. In the *December 2018 Rate-of-Return Reform Order*, the Commission adopted of competitive auctions in legacy areas nearly entirely overlapped by unsubsidized competitors. *See December 2018 Rate-of-Return Reform Order* at paras. 136-46.

⁵³ 5 U.S.C. § 801(a)(1)(A).

⁵⁴ *See id.* § 604(b).

Report and Order IS ADOPTED.

21. IT IS FURTHER ORDERED that Part 54, of the Commission's rules, 47 CFR Parts 54, IS AMENDED as set forth in Appendix A.

22. IT IS FURTHER ORDERED that the rules adopted herein WILL BECOME EFFECTIVE 30 days after the date of publication in the *Federal Register*.

23. IT IS FURTHER ORDERED that the Commission SHALL SEND a copy of this Report and Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. § 801(a)(1)(A).

24. IT IS FURTHER ORDERED that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this Report and Order to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

APPENDIX A**Final Rules**

For the reasons discussed in the preamble, the Federal Communications Commission amends Part 54 of Title 47 of the Code of Federal Regulations as follows:

PART 54—UNIVERSAL SERVICE

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

Authority: 47 U.S.C. 151, 154(i), 155, 201, 205, 214, 219, 220, 254, 303(r), 403, and 1302, unless otherwise noted.

2. Section 54.313 is amended by removing and reserving paragraph (h).
3. Section 54.318 is removed and reserved.