February 1, 2016 HIGHLIGHTS

- The FCC issued a tentative agenda for its February 18, 2016 Open Meeting, and will consider a Notice of Inquiry on the current state of programming diversity and a NPRM on a framework for providing innovators, device manufacturers, and app developers the information they need to develop new technologies to access video content.

- The FCC released the 2016 Broadband Progress Report, finding broadband is not being deployed to all Americans in a reasonable and timely fashion, and that a digital divide has left 40 percent of the people living in rural areas and on Tribal Lands without access to broadband service at the FCC’s speed benchmark. The International Bureau issued its fifth International Broadband Data Report.

- The Sixth Circuit announced oral argument will be March 17, 2016, in the appeal of the March 2015 Order that preempted certain state laws restricting municipal provision of broadband service.

- GCI filed a Petition for Reconsideration of the FCC’s decision in the December 28, 2015 USTelecom Forbearance Order to forbear from application to ILECs of all remaining equal access and dialing parity requirements for interexchange services. It requested the Commission reconsider its decision to forbear from equal access requirements in rural areas of Alaska.

- The Senate Subcommittee on Communications, Technology, Innovation, and the Internet will hold a hearing on future funding for rural communications on February 4, 2016, and will examine the FCC’s Mobility Fund and Connect America Fund.

- NTCA discussed the need to ensure that any limits on costs recoverable through the USF are carefully designed and subject to reasonable transitions and that sunk costs associated with prior investments should remain eligible for recovery under the rules that were in place at the time such investments were made. NTCA also discussed cost-based recovery for the delivery of standalone broadband services.

- Vantage Point Solutions discussed the method used by the Capital Budget Mechanism to calculate the Total Allowed Loop Expenditure for the potential RLEC USF reform plan.

- Hargray Communications discussed its modeling of theoretical companies and how their high-cost support might change due to the presence of an unsubsidized competitor if both costs and customers were removed from support calculations. Hargray also discussed the timing of a potential Order on USF reform for high-cost RLECs, and suggested the industry would be able to propose a consensus proposal sooner rather than later.

- Comments were filed on Section IV.B of the Special Access FNPRM. Replies are due February 19. Order

Other Key Upcoming Dates

- Feb. 3 - Replies due on FairPoint’s Petition for Declaratory Ruling on ICC eligible recovery calculations.
- Feb. 5 - Replies due on CenturyLink’s Petition for Waiver of sections 51.907 and 51.915 to facilitate an internal restructuring plan.
- Feb. 5 - Oppositions to direct cases due in the investigation of tariffed special access service pricing plans of AT&T, CenturyLink, Frontier, and Verizon. Rebuttals due February 26.
- Feb. 22 - Comments due to refresh the record on USTelecom’s 2012 Petition for Declaratory Ruling that ILECs are “no longer presumptively dominant when providing interstate mass market and enterprise switched access services.” Replies due March 7.

Editor: Teresa Evert | Assistant Editor: Shawn O'Brien
USF/ICC Transformation Order

- Senator Roger Wicker (R-Miss.), Chair of the Senate Subcommittee on Communications, Technology, Innovation, and the Internet, announced the Subcommittee will hold a hearing on future funding for rural communications on Thursday, February 4, 2016. The hearing will examine the FCC’s Mobility Fund and Connect America Fund, with particular emphasis on which entities and technologies should be eligible to receive support. Witnesses include: Darrington Seward, Managing Partner, Seward and Son Planting Company; Steven K. Berry, President & CEO, Competitive Carriers Association; Jimmy Carr, CEO, All Points Broadband, testifying on behalf of WISPA; and Michael Rapelyea, Vice President for Government Affairs, ViaSat.

- NTCA spoke via telephone with Commissioner Rosenworcel’s Legal Advisor on January 21, 2016, to discuss the need to ensure that any limits on costs recoverable through the USF are carefully designed and subject to reasonable transitions, and that sunk costs associated with prior investments should remain eligible for recovery under the rules that were in place at the time such investments were made. NTCA also spoke via telephone with Wireline Competition Bureau staff on January 25, 2016, to urge the Commission to make USF reforms that enable cost-based recovery for the delivery of standalone broadband services where consumers demand such services, while also avoiding disruption with respect to the recovery of prior investments in accordance with rules and expectations in place at the time those investments were made.

- Vantage Point Solutions had a telephone call with Joseph Sorresso of the Wireline Competition Bureau on January 26, 2016, to discuss the method used by the Capital Budget Mechanism to calculate the Total Allowed Loop Expenditure for the potential RLEC USF reform plan. VPS recommended using the Employment Cost index, rather than the Chain-Weighted Consumer Price Index, or another labor-heavy index for the calculation of the TALE. VPS also suggested the FCC make available a simple, streamlined waiver process for instances where a RLEC can show the TALE does not accurately represent the cost to provide broadband to all customers in a study area or to replace very old depreciated plant.

- Hargray Communications had a phone conversation with Wireline Competition Bureau staff on January 25, 2016, to discuss modeling it has been doing of theoretical companies and how their high-cost support might change due to the presence of an unsubsidized competitor if both costs and customers were removed from support calculations. It asserted while cost characteristics could vary between different carriers, lower cost companies would actually receive additional support as competitive lines are removed from support calculations. Hargray also noted a correlation between square miles covered and support, saying the curve typically called for higher levels of support for removing the most densely populated square miles, but with increasing levels of competition, it reaches a point at which support should equal exactly what the carrier is receiving today. After that point, it said support continues to decline and eventually goes to zero at 100% competitive coverage.

- Hargray Communications spoke via telephone with Suzanne Yelen of the Wireline Competition Bureau on January 22, 2016, to discuss the timing of a potential Order on USF reform for high-cost RLECs, and noted its belief that the industry would be able to propose a consensus proposal sooner rather than later. Hargray reiterated the importance of retaining recovery mechanisms for prior investments under essentially the same rules as were in place at the time those investment decisions were made.

- New Lisbon Telephone filed a letter on January 19, 2016, to notify the FCC that it will be making changes to its Form 477 to correct data identifying numerous census blocks in its study area as having fiber-to-the-home broadband service. New Lisbon said it is aware of other RLECs who are undertaking a similar exercise to ensure that the A-CAM includes the most accurate data possible, and said any ILEC who realizes its own broadband deployment inaccuracies in Form 477 should have a chance to correct the errors before the final version of the A-CAM is adopted. New Lisbon requested that the Commission incorporate its forthcoming, modified Form 477 in the A-CAM. Reservation Telephone Company and Dickey Rural Telephone Cooperative filed similar letters on January 18 and 25, 2016, to request that the Commission incorporate their modified Form 477 in the A-CAM.
To date, no comments were filed on Brantley Telephone, Pembroke Telephone, et al.'s Petition for Limited Waiver of 51.917(b)(7)(ii) in order to include amounts owed by Halo Wireless in their Fiscal Year 2011 Base Period ICC Revenues. Replies due February 8. Public Notice

No comments were filed on CenturyLink’s Petition for Waiver of sections 51.907 and 51.915 of the Commission’s rules to facilitate an internal restructuring plan whereby CenturyLink will merge some or all of its ILECs in states in which it has multiple ILECs to reduce the number of study areas in the state. Replies due Feb. 5. Public Notice

Broadband

The FCC released the 2016 Broadband Progress Report on January 29, 2016, finding broadband is not being deployed to all Americans in a reasonable and timely fashion. The Report concluded that a persistent digital divide has left approximately 40 percent of the people living in rural areas and on Tribal Lands without access to broadband service at the FCC's speed benchmark, and found that many schools, particularly those in rural areas, continue to lack access to advanced telecommunications capabilities necessary to meet the goals the FCC established for the E-rate program. The FCC retained its existing speed benchmark of 25 Mbps/3 Mbps for fixed services, but found that the current record is insufficient to set an appropriate speed benchmark for mobile service. News Release

The Sixth Circuit Court issued a Notice on January 28, 2016, announcing oral argument will be March 17, 2016, for the case reviewing the State of North Carolina’s and the State of Tennessee’s Petitions for Review of the FCC’s March 12, 2015 Order that preempted certain state laws restricting municipal provision of broadband service. The time allotted for oral argument is 15 minutes to be shared by petitioners & intervenors, and 15 minutes to be shared by respondents & intervenors.

Chairman Wheeler sent letters to Senators Deb Fischer (R- Neb.), Ron Johnson (R- Wis.), Marco Rubio (R-Fla.), and John Cornyn (R-Texas) responding to their letter regarding the February 2015 FCC Order that preempted Tennessee and North Carolina state laws regulating government-owned broadband networks. In response to their questions on whether the FCC intends to extend its February 2015 decision to additional states, Chairman Wheeler said the 2015 decision was in response to specific petitions filed with the Commission, and said there are no such petitions pending before the Commission.

The International Bureau issued its fifth International Broadband Data Report on January 29, 2016, finding that although the United States may be among the leaders for developed countries with regard to some broadband metrics, it lags in some other metrics. The report also found, among other things, the gap between rural and non-rural high-speed fixed broadband coverage is smaller in the United States than it is in Europe and the absolute level of coverage of high-speed broadband is higher in the United States in both rural and non-rural areas. The FCC said data also show that the United States has been making faster progress in closing the urban-rural gap for high-speed broadband.

CTIA met with Commissioners Rosenworcel, O'Rielly, Pai, and Clyburn, their Legal Advisors, and Chairman Wheeler's Legal Advisor on January 20-21, 2016, to discuss the FCC’s Eleventh Broadband Progress Report and CAF Phase II, Mobility Fund Phase II, and Lifeline. CTIA expressed disappointment that the FCC’s forthcoming 706 Broadband Progress Report may not affirmatively conclude that mobile wireless broadband deployment is occurring on a reasonable and timely basis. CTIA also said the Commission should ensure that rural and low-income consumers can choose mobile wireless services through USF programs.
Open Internet

- Barbara van Schewick, Professor of Law at Stanford University, filed a letter on January 29, 2016, attaching a report on the net neutrality implications of T-Mobile’s “Binge On” program, which allows its customers on qualifying plans to stream video without counting it against their data caps. She asserted “Binge On” violates key net neutrality principles necessary to preserve Internet openness because it limits user choice, harms innovation, distorts competition, and stifles free speech online.

State Actions

- The NY PSC issued an Order on January 22, 2016, approving basic local rate increases and state USF disbursements pursuant to its October 2014 Order, which required a two-step phase-down of intrastate originating access rates to interstate levels by January 1, 2016. The Order approved tariff filings made by ten carriers seeking to recover their estimated shortfall in originating access charge revenue, six carriers to recover their estimated originating access charge revenue losses from the state USF fund, and four carriers to increase their basic residential and business rates to offset their revenue losses.

USF

- The Wireline Competition Bureau released a Public Notice on January 29, 2016, granting, denying, and dismissing various petitions related to actions taken by USAC on E-rate. Petitions for reconsideration or applications for review of these decisions must be filed within 30 days of the Public Notice.

- Sprint met with Wireline Competition Bureau staff on January 20, 2016, to express concern with AT&T’s proposals to adopt a Lifeline voucher system and to limit eligibility to participation in the SNAP program, asserting that direct transfers of Lifeline benefits to consumers would unnecessarily shift substantial administrative burdens from providers to Lifeline consumers. Sprint also encouraged WCB staff to adopt a timeframe for any transition to a third party verifier that includes ample time for testing before final implementation, and urged against adoption of minimum service standards.

- The Lifeline Connects Coalition met with Wireline Competition Bureau and Office of Media Relations staff on January 22, 2016, to discuss Lifeline issues. The Coalition emphasized the importance of retaining fully subsidized “free” service plan options, and said, in its modernization efforts, the Commission should neither directly nor indirectly impose a minimum charge through a quantitative minimum service standard which would effectively require ETCs to impose a charge on consumers. The Coalition also discussed preserving consumers’ ability to select voice-only service options, retention of current qualifying programs for Lifeline, and adding broadband to the program. The Coalition also met with Commissioner Rosenworcel’s Legal Advisor to discuss the same issues.

- Voxiva met with Consumer and Governmental Affairs and Wireline Competition Bureau staff on January 20, 2016, to recommend that if the Commission establishes a third party Lifeline eligibility verifier, the entity(ies) responsible for developing and administering the verifier develop models and work with partners to ensure that Lifeline can be leveraged to support the programmatic goals of the qualifying programs. Voxiva also said the eligibility processes should allow the qualifying programs the flexibility to promote Lifeline services to their beneficiaries as a part of their broader beneficiary outreach and engagement efforts. Voxiva also spoke with the Connect2Health Task Force to discuss the same issues.

- The National Consumer Law Center, Common Sense Kids Action, the United Church of Christ, the National Hispanic Media Coalition, Public Knowledge, the Raben Group, Digital Inclusion Alliance, and the SHLB Coalition met with Wireline Competition Bureau staff on January 19, 2016, to express support for moving quickly to modernize Lifeline to include broadband. They discussed minimum
standards that focus on functionality, concerns over a budget that results in waiting lists, program eligibility criteria and inclusion of programs reaching low-income veterans, the need for robust outreach and education, and continued support for standalone voice.

- The California Emerging Technology Fund, the Chicana Latina Foundation, Los Angeles Unified School District, and the County of Los Angeles met with members of Chairman Wheeler’s staff on January 19, 2016, to discuss issues relating to modernizing and restructuring the Lifeline program. They recommended that all low-income households be included in any Broadband Lifeline program and urged that both a telephone Lifeline and a broadband Lifeline subsidy be provided. They also met with Commissioners Rosenworcel, Clyburn, Pai and O’Rielly to discuss the same issues.

- MTA Communications met separately with Wireline Competition Bureau staff and Legal Advisors to Commissioners Pai and Rosenworcel on January 19 and 20, 2016, to discuss its recent Petition for Reconsideration of the Wireline Competition Bureau’s decision denying its request for waiver of line count filing deadlines. MTAC urged the Bureau to reconsider its denial of its Petition for Waiver, and said the withheld ICLS support of $425,000 curtailed MTAC’s ability to invest in its network and support the existing infrastructure.

- Replies were due January 29, 2016, on a Petition filed by the Schools, Health & Libraries Broadband Coalition, California Telehealth Network, et al. on changes to the Part 54 rural healthcare rules. Public Notice

Misc.

- The FCC issued a tentative agenda for its February 18, 2016 Open Meeting. The FCC will consider a Notice of Inquiry on the current state of programming diversity and a NPRM on a framework for providing innovators, device manufacturers, and app developers the information they need to develop new technologies to access video content.

- At its January 28, 2016 Open Meeting, the FCC adopted a Report and Order that modernizes the public inspection file rules and an NPRM to strengthen the Emergency Alert System. The FCC deleted from the agenda the consent agenda items on requests for inspection of records, and adopted before the meeting the items on media and closed captioning requirements.

- GCI filed a Petition for Reconsideration on January 27, 2016, of the Commission’s decision in the December 28, 2015 USTelecom Forbearance Order to forbear from application to ILECs of all remaining equal access and dialing parity requirements for interexchange services, including those under sections 251(g) and 251(b)(3) of the Act. GCI asserted the relief granted was overbroad, claiming such complete forbearance from these requirements, “without regard to the level of competition for local services or the status of equal access deployment, threatens to send or suspend consumers in some of the most remote areas of the country into a 1980s time warp for their long distance services.” GCI requested the Commission reconsider its decision to forbear from equal access requirements in rural areas of Alaska.

- Comments were filed on January 22, 2016, on Section IV.B of the Special Access FNPRM. Verizon asserted the record shows competition for high-capacity services is thriving in areas where there is concentrated high-capacity demand, and claimed there is no evidence supporting a finding that ILEC rates for traditional TDM-based special access services are unjust and unreasonable. CenturyLink asserted the Commission should reject calls for expansive reregulation of DSn- or higher-capacity facilities, and should begin to put in place a framework that will continue to promote infrastructure investment and deployment in a manner consistent with law, policy, and sound economic principles. AT&T claimed that the data confirms there is no basis to revisit any grant of Phase II relief, and claimed there are a number of Phase I and price cap MSAs in which competitors have deployed extensive facilities-based networks on par with the extensive deployment observed in Phase II MSAs.
USTelecom asserted the current state of competition in the business broadband market cannot be adequately assessed by looking only at the 2013 data collection, and said Commission policies on business broadband should be focused on ensuring that all providers are incented to invest in the modern fiber and IP networks that businesses need. TDS Metrocom asserted the FCC should establish a benchmark that wholesale rates should not exceed retail less avoided costs, and retail rates should be published to enable competitors and the FCC to detect and prevent unlawful discrimination. Sprint asserted the Commission should adopt immediate interim measures, such as returning services subject to Phase II pricing flexibility to the price cap regime and including Ethernet services under the price cap regime, and quickly implement long-term repairs to the special access regulatory system. Public Knowledge said the Commission should act to stop what it says is the persistence of unreasonable rates and practices in the special access market. CCIA urged the FCC to foster competition in the special access market, which it said will speed deployment of next generation networks and drive down costs for consumers and businesses that utilize high-capacity broadband lines. Birch Communications et al. said the FCC should conduct a comprehensive market power analysis of dedicated services and examine the structure of the market by defining the relevant product and geographic markets for dedicated services, identifying the participants in these markets, and evaluating the existing and potential competition in these markets. NASUCA and the Maryland Office of People’s Counsel said they are troubled by the preliminary evidence showing that prices in markets for which ILECs have been granted pricing flexibility, and for services offered over deregulated technology platforms, are higher than where price cap regulation remains in effect. INCOMPAS said the Commission should adopt appropriate remedies to prevent the exercise of market power in the special access market. Replies are due February 19.

• USTelecom issued a press release on January 25, 2016, announcing it is launching a business broadband campaign to urge the FCC to recognize the business broadband marketplace has changed and to modernize its policy and regulation. USTelecom asserted newly released 2013 data collected by the FCC show a multitude of providers compete for business customers in a thriving marketplace, and it said new competition from cable and other providers isn’t captured in the FCC’s 2013 data. USTelecom claims as a result of this competition, there is no longer a predominant provider of business broadband services as there was when the Telecom Act was developed.

• AT&T met with Wireline Competition Bureau staff on January 19, 2016, to discuss the impact of replacing Part 32 rules with Generally Accepted Accounting Principles on materiality and pole attachment costs. AT&T asserted materiality under GAAP will not lessen the Commission’s ability to review and analyze financial data in the performance of its regulatory duties, and materiality under GAAP would be assessed on a legal entity basis, rather than at the holding company level. AT&T also said it would be able to continue to provide the same level of data for the pole attachment rate calculation based on GAAP rather than Part 32 rules.

• Verizon met with Wireline Competition Bureau staff on January 19, 2016, to discuss the various sources that are used to calculate pole attachment rates. Verizon provided a chart showing each input to the pole attachment rate calculation using existing sources, including Part 32, and said that similar information is available in GAAP accounting ledgers and could be used to calculate pole attachment rates if the Commission were to eliminate Part 32 requirements. Verizon also discussed the role of the materiality concept in making accounting decisions, and said it makes every reasonable effort to comply with GAAP and records all transactions, regardless of materiality.

• Level 3 filed a Petition on January 27, 2016, seeking a temporary waiver of the requirement to classify NANP telephone numbers that Level 3 has provided to interconnected VoIP providers or other non-carrier entities, but that have not necessarily been assigned to an end-user or customer by the receiving non-carrier entity, as “intermediate” instead of “assigned.” Level 3 said a waiver is necessary because it is technically infeasible for Level 3 to upgrade the information technology for its Local Inbound product, inventory the telephone numbers held by Level 3’s non-carrier LI customers, and modify its contractual relationships with its non-carrier LI customers in time for the utilization report due on February 1, 2016. Level 3 anticipates it will complete the necessary upgrades in time for the reports due August 1, 2016.
The FCC issued a Public Notice on January 27, 2016, announcing that due to the numerous closings and disruptions caused by the weather in the Washington, D.C., area, all paper and electronic filings that were due on January 22 through January 27, 2016, will now be due on Thursday, January 28, 2016, with the exception of Network Outage Reporting System notifications and reports and filings that are subject to statutory deadlines. A separate Public Notice has announced revised filing window dates for the incentive auction forward auction application, FCC Form 175.

The FCC issued a News Release on January 29, 2016, announcing Chairman Wheeler intends to name Jon Wilkins, currently the Commission’s Managing Director, as the next Chief of the Wireless Telecommunications Bureau, after Roger C. Sherman departs at the end of February. The Chairman also intends to name Mark Stephens as acting Managing Director.

Upcoming Filing Dates

- Feb. 1 - Replies due on the FNPRM proposing to modify in part the four-year compensation rate plan for Video Relay Service adopted in 2013. FR
- Feb. 3 - Replies due on FairPoint’s Petition for Declaratory Ruling, which seeks a ruling that NECA is not properly compensating FairPoint in accordance with section 51.917 of the Commission’s rules for ICC Eligible Recovery. Public Notice
- Feb. 5 - Replies due on CenturyLink’s Petition for Waiver of sections 51.907 and 51.915 of the Commission’s rules to facilitate an internal restructuring plan whereby CenturyLink will merge some or all of its ILECs in states in which it has multiple ILECs to reduce the number of study areas in the state. Public Notice
- Feb. 5 - Oppositions to direct cases due in the investigation of tariffed special access service pricing plans of AT&T, CenturyLink, Frontier, and Verizon. ILEC rebuttals due February 26. Order
- Feb. 5 - PRA comments due on a revision to a currently approved information collection associated with reporting, recordkeeping and/or third party disclosure requirements under section 251(c)(5), which the FCC changed in the August 2015 Report and Order and applies to notices of planned copper retirements. Notice
- Feb. 8 - Replies due on Brantley Telephone, Pembroke Telephone, et al.’s Petition for Limited Waiver of 51.917(b)(7)(ii) in order to include amounts owed by Halo Wireless in their Fiscal Year 2011 Base Period ICC Revenues. Public Notice
- Feb. 8 - PRA comments due on an extension of a currently approved information collection associated with the proposal in the August 2000 Second FNPRM that ILECs provide requesting carriers with demographic and other information on particular remote terminals similar to the information available regarding ILEC central offices. Notice
- Feb. 19 - Replies due on Section IV.B of the Special Access FNPRM. Order
- Feb. 22 - PRA comments due on an extension of a currently approved collection associated with FCC Forms 492 and 492-A, Rate-of-Return Monitoring Reports. Notice
- Feb. 22 - Comments due on refreshing the record on USTelecom’s December 19, 2012 Petition for Declaratory Ruling that ILECs are “no longer presumptively dominant when providing interstate mass market and enterprise switched access services.” Replies due March 7. Public Notice
• Feb. 22 - Comments due on NECA’s 2016 Modification of Average Schedules that contains proposed revisions to formulas used for average schedule interstate settlement disbursements. Replies due March 8. Public Notice

• Feb. 26 - ILEC rebuttals due to oppositions to direct cases in the investigation of tariffed special access service pricing plans of AT&T, CenturyLink, Frontier, and Verizon. Order

• Mar. 7 - PRA comments due on an extension of a currently approved information collection associated with pole attachment complaint procedures. Notice

• Mar. 7 - Replies due on refreshing the record on USTelecom’s December 19, 2012 Petition for Declaratory Ruling that ILECs are “no longer presumptively dominant when providing interstate mass market and enterprise switched access services.” Public Notice

• Mar. 7 - Replies due on NECA’s 2016 Modification of Average Schedules that contains proposed revisions to formulas used for average schedule interstate settlement disbursements. Public Notice

• Mar. 8 - Replies due on the FCC’s Seventh Annual Report to Congress on State Collection and Distribution of 911 and Enhanced 911 Fees and Charges. Public Notice

• Mar. 21 - PRA comments due on FCC Form 690, the Annual Report for Mobility Fund Phase I Support, and the record retention requirements, which were revised in the May 14, 2012 Third Order on Reconsideration of the USF/ICC Transformation Order. Notice