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February 27, 2017 HIGHLIGHTS

- The FCC [adopted](#) a Report and Order and Order on Reconsideration at its February Open Meeting setting rules for the CAF Phase II reverse auction that will provide nearly \$2 billion for rural deployment over the next decade.
- The FCC [adopted](#) a Report and Order and FNPRM, which will provide \$453 million in annual USF support through the Mobility Fund Phase II for a period of 10 years for 4G LTE deployment.
- The FCC released the [Report and Order](#) that was [adopted](#) at its February Open Meeting, streamlining various Part 32 accounting requirements for all carriers and eliminating certain accounting requirements for large carriers.
- The Wireline Bureau issued an [Order](#) granting Petitions filed by [NTCA](#) and [WTA](#) that sought a waiver of the March 1, 2017 deadline for certain CAF recipients to report their first set of geo-located broadband information and related certifications through USAC's portal. The Order also provided clarification on the obligation of A-CAM recipients to file pre-existing broadband information.
- The FCC issued a [Public Notice](#), extending the March 1, 2017 filing deadline for the submission of Form 477 data as of December 31, 2016. A new due date has not been set.
- NTCA [discussed](#) the need for a technical correction to, or clarification of, the Capital Investment Allowance adopted in the RoR Reform Order and the application of the local service rate floor policy.
- The FCC [adopted](#) an Order at its February Open Meeting, relieving small broadband providers with 250,000 or fewer connections from the enhanced reporting requirements contained in the 2015 Title II Open Internet [Order](#) for five years.
- Commissioner Clyburn and FTC Commissioner Terrell McSweeney issued a [Joint Statement](#) on [Chairman Pai's decision](#) to act on a [Petition for Stay](#) of the broadband privacy rules.
- Commissioner O'Rielly [detailed in a blog post](#) his revised delegated authority proposal.
- Verizon [suggested](#) two clarifications to the rural call completion safe harbor, and recommended the Commission analyze the data it will receive through the first quarter of 2017 to determine if it is producing the intended benefit, and if not, then the FCC should eliminate the reporting requirement.
- The Senate Committee on Commerce, Science, and Transportation will hold a [hearing](#) on March 1, 2017, on improving access to infrastructure. It will also hold a [hearing](#) on March 8, 2017, on FCC oversight.

Other Key Upcoming Dates

- Feb. 27 - Replies due on whether to expand the A-CAM budget for RoR carriers to provide additional funding with an associated increase in broadband deployment obligations. [FR Notice](#)
- Feb. 27 - Replies [due](#) on SIC's [Petition for Reconsideration](#) of the [Order](#) that found SIC improperly received payments in the amount of \$27,270,390 from the federal high-cost support mechanisms from 2002 to June 2015.
- Mar. 6 - Oppositions due to [Petitions for Reconsideration](#) of the Broadband Privacy [Report and Order](#). Replies are due March 16. [FR, PN](#)

USF Reform

- The FCC [adopted](#) a Report and Order and Order on Reconsideration at its February 23, 2017 Open Meeting, setting rules for the CAF Phase II reverse auction that will provide nearly \$2 billion for rural deployment over the next decade. The Order established bidding weights to compare bids across performance tiers [set in 2016](#), explaining these weights account for the value of higher speeds, higher usage allowances, and low latency. The FCC said the formula used to rank bidders balances these performance goals with the need to reach as many consumers as possible within the FCC's budget for rural universal service support. The FCC said the next steps for the Phase II auction are seeking comment on auction mechanics, voting on final auction details, and setting specific deadlines and dates. The Report and Order and Order on Reconsideration is not yet released. [Chairman Pai and Commissioners Clyburn and O'Rielly issued statements](#).
- The FCC [adopted](#) a Report and Order and FNPRM at its February 23, 2017 Open Meeting, which will provide \$453 million in annual USF support through the Mobility Fund Phase II for a period of 10 years. The FCC said eligible areas will be identified using Form 477 data, include any portion of a census block not fully covered by unsubsidized 4G LTE, and legacy CETC support will be phased out. The FCC set service requirements and median data speeds of 10/1 Mbps, latency of less than 100 milliseconds, and rates that are reasonably comparable to urban rates. The Order reserves up to \$34 million a year of the total for 4G LTE on eligible tribal lands. The Report and Order/FNPRM is not yet released. [Chairman Pai and Commissioners Clyburn and O'Rielly issued statements](#).
- The Wireline Competition Bureau issued an [Order](#) on February 24, 2017, granting Petitions filed by [NTCA](#) and [WTA](#) that sought a short term waiver of the March 1, 2017 deadline for certain CAF recipients to report their first set of geo-located broadband information and related certifications through USAC's new High Cost Universal Service Broadband Portal. The Bureau stipulated that, subject to PRA approval by OMB of the information collection at issue, the first set of broadband information is not due until July 1, 2017, and CAF-BLS recipients with a defined deployment obligation must submit their first set of broadband information no later than March 1, 2018. The Order also provided further clarification regarding the obligation of A-CAM recipients to file pre-existing broadband information.
- NTCA [spoke with](#) Commissioner Clyburn's Legal Advisor on February 21, 2017, to express urgency for Commission action on two key outstanding USF reform issues; the need for a technical correction to, or clarification of, the Capital Investment Allowance adopted in the RoR Reform Order and the application of the local service rate floor policy. NTCA noted each issue is the subject of a pending petition for reconsideration, and argued the Commission could therefore act immediately with respect to each of them. NTCA also [spoke with](#) Chairman Pai's Legal Advisor on February 17, 2017, to discuss the same issues.
- Allband, JSI, and Fred Williamson & Associates [spoke with](#) Wireline Competition Bureau staff on February 23, 2017, to discuss Allband's [Emergency Petition](#) for interim partial waiver of the FCC's per-line high-cost support cap and for increased per-line support. They indicated the Bureau staff informed them that by the end of the month, USAC is expected to submit its report to the Bureau. They discussed possible timetables after the USAC report has been submitted for both interim and long-term relief, assuming that USAC releases a favorable report, and discussed coordination with RUS regarding its loan and whether Bureau staff need any additional information.
- An AT&T [public policy blog](#), posted February 21, 2017, by Joan Marsh, Senior Vice President of Federal Regulatory, said AT&T's preliminary budget estimate shows the available Mobility Fund II dollars will support an LTE build to only 70-80% of the aggregate geography of the program's eligible areas, while the current proposed framework would require winning providers to cover an average of 90% of the geography the provider wins in a state, with no individual census tract falling below 75% coverage. AT&T asserted such a coverage requirement will likely push bidders away from census tracts with extremely sparse populations or tough topography. AT&T also claimed setting CAF Phase II bidding weights that favor 1 Gig deployments will leave more than half of eligible consumers untouched by CAF II support, and suggested a weight range such as [USTelecom's 0/5/15/20](#). AT&T

encouraged the FCC to make economic cuts in a way designed to achieve the goal of funding broadband service to as many of the eligible areas as possible.

- Puerto Rico Telephone filed a [Petition for Declaratory Ruling](#) on February 22, 2017, seeking clarification that, upon notification that an ETC receiving CAF Phase I Round 2 funding has not met a final build-out milestone, the ETC will receive the same grace period for buildout as CAF Phase II recipients. PRTC argued the Commission amended its rules in its [December 2014 CAF Phase II Order](#) to allow recipients of CAF funding an additional twelve months to meet their final build-out milestone deadlines in certain cases, but it did not specifically state in the Order whether section 54.320(d)(2) was intended to apply to recipients of CAF Phase I Round 2 funding in addition to Phase II funding recipients. PRTC asked the Commission to issue a declaratory ruling clarifying that section 54.320(d)(2) applies to recipients of CAF Phase I Round 2 funding.
- ViaSat filed [a letter](#) on February 21, 2017, to respond to ACA's February 17, 2017 [letter](#), which discussed the weighting of bids in the CAF Phase II auction. ViaSat said contrary to ACA's assertion, ViaSat is already providing satellite broadband service at 25/3 Mbps with a 150 GB monthly data allowance. ViaSat claimed ACA misrepresented the costs of providing satellite broadband service under CAF II, and claimed ACA's comparison of the results of different weighting methodologies is designed to ensure that fiber and cable technologies win, and satellite providers lose. ViaSat attached two Exhibits that present the results of its analysis of the likely impact of adopting different weightings, and urged the Commission to adopt auction weights and methodologies consistent with this submission and its February 16, 2017 submission.

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Open Internet

- The FCC [adopted](#) an Order at its February 23, 2017 Open Meeting, relieving small broadband providers with 250,000 or fewer connections from the enhanced reporting requirements contained in the 2015 Title II Open Internet [Order](#) for five years. The FCC said these providers would be disproportionately impacted if required to comply immediately with the 2015 enhanced reporting requirements and mirrors the bipartisan compromise reflected in the pending [Small Business Broadband Deployment Act of 2017](#). The Order applies retroactively and prospectively to cover the period beginning on the date the enhanced reporting requirements became effective, January 17, 2017, and ending five years after the date the Order was adopted. The Order is not yet released. [Chairman Pai and Commissioners Clyburn and O'Rielly issued statements.](#)

Broadband

- The FCC issued a [Public Notice](#) on February 24, 2017, to extend the March 1, 2017 filing deadline for the submission of Form 477 data as of December 31, 2016, indicating it will announce the new filing deadline by Public Notice once technical difficulties in the filing interface are resolved.
- Commissioner Clyburn and FTC Commissioner Terrell McSweeney issued a [Joint Statement](#) on February 24, 2017, on Chairman Pai's decision to act on a [Petition for Stay](#) filed by nine associations of the broadband privacy rules. Clyburn stated "Chairman Pai has created an unfortunate dilemma: accept a Bureau-level action that indefinitely unwinds key consumer privacy protections established by the FCC last year, or accept four business days (rather than the usual three weeks) to evaluate and vote on a decision that has massive ramifications for the security of private information held by broadband providers." FTC Commissioner McSweeney said "[t]he rules the FCC adopted conform to long standing FTC practice and provide clear rules on how broadband companies should protect their customers' personal information. This action weakens the security requirement guarding every consumers' most personal data and should be reconsidered."
- Office of Media Relations Acting Director Mark Wigfield issued a [statement](#) on February 24, 2017, on Chairman Pai's decision to act on a [Petition for Stay](#) filed by nine associations of the broadband

privacy rules. He said “Chairman Pai is seeking to act on a request to stay this rule before it takes effect on March 2. If Commissioners are willing to cast their votes by March 2, then the full Commission will decide the stay request. If not, then the Wireline Competition Bureau will stay that one element of the privacy rules pending a full Commission vote on the pending petitions for reconsideration consistent with past practice.”

- The Senate Committee on Commerce, Science, and Transportation will hold a [hearing](#) on March 1, 2017, entitled *Connecting America: Improving Access to Infrastructure for Communities Across the Country*. The hearing will examine the challenge of connecting Americans, particularly in rural communities, to transportation and information networks. Witnesses include: Dennis Daugaard, Governor of South Dakota; Carlos Braceras, Executive Director, Utah Department of Transportation; and Shirley Bloomfield, Chief Executive Officer, NTCA.
- The FCC issued a [Public Notice](#) on February 21, 2017, announcing the February 17, 2017 Federal Register [Notice](#) erroneously listed the due date for replies to oppositions to [Petitions for Reconsideration](#) of the Broadband Privacy [Report and Order](#) as March 14, 2017. The FCC said the correct date for replies is March 16, 2017. Oppositions are due March 6, 2017; replies are due March 16, 2017.
- WTA [met with](#) Wireline Competition Bureau staff on February 22, 2017, to urge the Bureau to expeditiously grant the Joint [Petition](#) it filed with eight other associations for a stay of the [broadband privacy rules](#), while the FCC addresses [petitions for reconsideration](#). WTA claimed enforcement of existing state and federal laws, in addition to the voluntary industry principles, ensure that granting the Joint Petition’s request would merely preserve the status quo while avoiding incremental and unnecessary regulatory burdens for carriers, including carriers with the smallest budgets and regulatory compliance teams. WTA urged the FCC to retain the steps taken in the Broadband Privacy Order to update and streamline existing voice CPNI rules, including elimination of certain recordkeeping and annual CPNI certification requirements.

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Call Completion

- Verizon [met with](#) Wireline Competition Bureau staff on February 21, 2017, to suggest two clarifications to the rural call completion safe harbor. Verizon said the Commission should clarify that incidental or *de minimis* use of a third intermediate provider during network congestion or outages is not in conflict with the required certification. It also said the Commission should clarify that the certification applies to traffic destined for the rural ILECs that are the subject of record retention and reporting obligations. It also recommended the Commission analyze the data it will receive through the first quarter of 2017 to determine if it is producing the intended benefit, and if not, then the FCC should eliminate the reporting requirement.

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USF

- Sandwich Isles Communications filed a [request](#) on February 23, 2017, seeking an extension of time, until March 10, 2017, to file reply comments on the Department of Hawaiian Home Lands’ [request](#) for guidance on whether terms of the exclusive license it provided “in perpetuity” to Waimana Enterprises, the parent company of Sandwich Isles, and a subsequent, partial assignment of that license directly to Sandwich Isles to provide telecommunications services to the Hawaiian home lands conflicts with section 253(a). Replies are currently due February 27. [Public Notice](#)

- Forty entities sent a [letter](#) to Chairman Pai and Commissioners Clyburn and O’Rielly on February 23, 2017, urging the FCC to rescind the [Order on Reconsideration](#) that revoked the Order that previously granted Lifeline Broadband Provider ETC status to nine carriers. They also asked the Commission to swiftly implement the 2016 Lifeline Reform [Order](#).
- Spot On Networks filed an [Application for Review](#) on February 24, 2017, of the [Order on Reconsideration](#) that revoked its Lifeline Broadband Provider ETC designation. Spot On claimed the decisions to set aside the Order, revoke its LBP ETC designation, return its petition for LBP designation to a pending status, and remove the petition from streamlined treatment should be reversed, arguing they are in conflict with the Communications Act, the APA, and Commission rules.
- Telrite [met with](#) Legal Advisors to Chairman Pai and Commissioners O’Rielly and Clyburn on February 23 and 24, 2017, to discuss the provision of broadband service to Lifeline customers. Telrite said consumers receiving mobile BIAS offerings should have devices capable of handling such service, and said its plans provide a variety of products that meet or exceed the Lifeline [Order’s](#) minimum standards. Telrite also responded to letters filed by [TracFone](#) and [Sprint](#), arguing the Commission should decline any requests for clarification that would rewrite Lifeline rules.
- North American Local filed a [Petition](#) on February 23, 2017, seeking designation as a Lifeline Broadband Provider ETC to provide BIAS services in Alabama, Connecticut, Delaware, Florida, Maine, New Hampshire, North Carolina, New York, Tennessee, Texas, the Commonwealth of Virginia, and the District of Columbia, including Tribal areas.
- O1 Communications and its affiliate, Inter Vista Networking, filed a [Petition](#) on February 21, 2017, seeking designation as a Lifeline Broadband Provider ETC in California for the purpose of receiving Lifeline support for the provision of BIAS.

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State Actions

- The California Cable and Telecommunications Association, et al. filed a [motion](#) with the California PUC seeking a stay of the California PUC’s rural call completion [decision](#). They previously filed an [application for rehearing](#) of the same decision. They claimed the application demonstrates the Coalition is likely to prevail on the merits of its legal challenge and if a stay is not granted, Coalition members will be exposed to irreparable harm. They asserted in the absence of a stay, the Coalition Members will be subject to the potential release of confidential information without protection, and a requirement to operate under rules that are unlawful and fundamentally vague.

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Misc.

- The Commission issued the [Part 32 Order](#) on February 24, 2017, that it adopted at its February 23, 2017 Open Meeting. The Order amends Parts 1, 32, and 65 rules effective January 1, 2018, for all carriers, which included consolidation Class A and Class B accounts and the alignment of the USA’s asset accounting rules, its AFUDC rules, and its materiality rules with GAAP. The Order allows price cap carriers to elect to use GAAP for all regulatory accounting purposes so long as they comply with targeted accounting rules. The Commission referred to the Federal-State Joint Board the issue of examining the Part 36 jurisdictional separations rules in light of these reforms and requested the Joint Board prepare a recommended decision within nine months of publication in the Federal Register. [News Release](#). [Chairman Pai and Commissioners Clyburn and O’Rielly issued statements](#).

- Commissioner O’Rielly wrote a [blog post](#) on February 22, 2017, detailing his revised delegated authority proposal. He suggested that except for the most routine matters, Commissioners should be provided no less than 48 hours to review an item that is to be decided by Bureau staff under delegated authority, and suggested the threshold to bring an item up to the floor for a vote should be set at two Commissioners. He also suggested any item that is removed from delegated authority under these procedures must be voted by the full Commission within seven calendar days or five business days, and said when a requesting office does not vote by the deadline, the item would be – at the Chairman’s prerogative – either released as approved by the full Commission (assuming the other offices voted to approve) or sent back to the Bureau for immediate issuance on delegated authority.
- The Senate Committee on Commerce, Science, and Transportation will hold a [hearing](#) on March 8, 2017, on FCC oversight. Chairman Pai and Commissioners Clyburn and O’Rielly will be witnesses.
- The FCC issued a [News Release](#) on February 21, 2017, reminding small entities that the Office of the National Ombudsman within the U.S. Small Business Administration is available to assist small entities with federal agency enforcement and compliance matters. The FCC noted small businesses may submit to the Ombudsman’s Office any comments concerning a federal agency’s enforcement action, and may request expedited treatment of an enforcement action against them when they believe that delay may threaten the economic viability of the business.
- To date, no comments were filed on Panhandle Telephone Cooperative’s December 8, 2016 [Petition](#) for extraordinary retirement of its fixed wireless loop network. [Public Notice](#)
- The Wireline Competition Bureau issued a [Public Notice](#) on February 22, 2017, seeking comment on VoIPStreet’s [application](#) for authorization to obtain NANP telephone numbers directly from the Numbering Administrators for its iVoIP service. Comments are due March 9, 2017.

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Upcoming Filing Dates

- Feb. 27 - PRA comments due on a revision to a currently approved information collection associated with Form 481 and its instructions to provide clarification for some reporting items and to reflect certain updates. [Notice](#)
- Feb. 27 - Replies due on whether to expand the A-CAM budget for rate-of-return carriers to provide additional funding with an associated increase in broadband deployment obligations, pursuant to the December 20, 2016 [FNPRM](#). [FR Notice](#)
- Feb. 27 - Replies due to oppositions to Sandwich Isles Communications filed a [Petition for Reconsideration](#) of the [Order](#) that found SIC improperly received payments in the amount of \$27,270,390 from the federal high-cost support mechanisms from 2002 to June 2015. [FR](#)
- Feb. 27 - Replies due on the Department of Hawaiian Home Lands’ [request](#) for guidance on whether terms of the exclusive license it provided “in perpetuity” to Waimana Enterprises, the parent company of Sandwich Isles, and a subsequent, partial assignment of that license directly to Sandwich Isles to provide telecommunications services to the Hawaiian home lands conflicts with section 253(a). [Public Notice](#)
- Mar. 2 - Comments due on TracFone Wireless’ [request](#) for clarification of the Lifeline minimum service standards established in the 2016 Lifeline Modernization Order. Replies due March 9. [Public Notice](#)
- Mar. 6 - Oppositions due to [Petitions for Reconsideration](#) of the Broadband Privacy [Report and Order](#). Replies are due March 16. [FR](#), [PN](#)

- Mar. 6 - Comments due on the [Public Notice](#) seeking comment on whether certain docketed proceedings listed in the attachment to the Public Notice should be terminated as dormant. Replies are due March 20. [FR](#)
- Mar. 6 - Oppositions due to Adak Eagle Enterprise's [Petition for Reconsideration](#) of the FCC's decision to deny Adak Eagle a second offer of A-CAM support. Replies are due March 14. [Notice](#)
- Mar. 9 - Comments due on Neustar's request to approve its new owner, Aerial Investors LLC, formed by Golden Gate Private Equity. Replies due March 24. [Public Notice](#)
- Mar. 9 - Replies due on TracFone Wireless' [request](#) for clarification of the Lifeline minimum service standards established in the 2016 Lifeline Modernization Order. [Public Notice](#)
- Mar. 9 - Comments due on VoIPStreet's [application](#) for authorization to obtain NANP telephone numbers directly from the Numbering Administrators for its iVoIP service. [Public Notice](#)
- Mar. 13 - PRA comments due on a new information collection on data breach reporting, as required by the October 2016 Broadband Privacy [Order](#). [Notice](#)
- Mar. 13 - Comments due on NECA's December 22, 2016 proposed [modification](#) of average schedule formulas. The revisions are proposed to become effective for a one-year period beginning on July 1, 2017. Replies due March 28. [Public Notice](#)
- Mar. 14 - Replies due to oppositions to Adak Eagle Enterprise's [Petition for Reconsideration](#) of the FCC's decision to deny Adak Eagle a second offer of A-CAM support. [Notice](#)
- Mar. 16 - Comments due on why the FCC should not initiate proceedings to revoke the Commission authorizations granted to Sandwich Isles Communications. Replies due March 31. [Public Notice](#)
- Mar. 16 - Replies due to oppositions to [Petitions for Reconsideration](#) of the Broadband Privacy [Report and Order](#). [FR](#), [PN](#)
- Mar. 20 - Replies due on the [Public Notice](#) seeking comment on whether certain docketed proceedings listed in the attachment to the Public Notice should be terminated as dormant. [FR](#)
- Mar. 24 - Replies due on Neustar's request to approve its new owner, Aerial Investors LLC, formed by Golden Gate Private Equity. [Public Notice](#)
- Mar. 28 - Replies due on NECA's December 22, 2016 proposed [modification](#) of average schedule formulas. The revisions are proposed to become effective for a one-year period beginning on July 1, 2017. [Public Notice](#)
- Mar. 31 - Replies due on why the Commission should not initiate proceedings to revoke the Commission authorizations granted to Sandwich Isles Communications. [Public Notice](#)
- Apr. 17 - PRA comments due on an extension of a currently approved information collection covering the conditional forbearance relief granted by the Commission from Cost Assignment Rules, Property Record Rules, ARMIS Report 43-01, and the Structural Separation Requirement for price cap LECs in the May 17, 2013. [Notice](#)
- May 4 - Comments due on the [Public Notice](#) seeking comment on whether the rules adopted in 2001 – 2004 should be continued without change or should be amended or rescinded, consistent with the stated objective of section 610 of the Regulatory Flexibility Act. [FR](#)

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Editor: [Teresa Evert](#) | Assistant Editor: [Shawn O'Brien](#)