June 13, 2016 HIGHLIGHTS

- The Wireline Competition Bureau issued a Second Erratum to the RoR USF Reform Order, making one amendment to Appendix B. The Erratum changed paragraph (2) of section 54.901(c), replacing “§54.1308(a)(4)(iii)” with “§54.1308(a)(4)(ii)”.

- Two CAF items reportedly relating to Alaska are currently on FCC circulation.

- NTCA and member company representatives discussed concerns regarding the sequencing of events and steps necessary for RLECs to make informed decisions with respect to voluntary elections for model-based or non-model universal service support.

- Valley Telephone and Copper Valley Telephone asked that their correct June 2015 Form 477 data be used in the final version of the A-CAM.

- AT&T expressed concerns with the wireless component of Alaska Telephone Association’s on March 21, 2016 proposal to address high-cost universal service support in remote areas of Alaska.

- The National Congress of American Indians filed a letter in support of tribal-specific reforms to the OpEx limitations recently adopted by the Commission and a Tribal Broadband Factor for the CAF.

- Emery Telcom discussed its Petition for Waiver of section 51.917(c) (ii) to permit it to include in its 2011 Base Period Revenues amounts received after March 31, 2012, for Transitional Intrastate Access Service.

- The House Subcommittee on Communications and Technology will hold a hearing on June 14, 2016, entitled “FCC Overreach: Examining the Proposed Privacy Rules.” Sen. Jeff Flake (R- Ariz.) expressed opposition to the NPRM on establishing privacy regulations for broadband ISPs.

- The Senate Committee on Commerce, Science, and Transportation will hold an executive session on June 15, 2016, to consider a number of legislation measures, including S. 2283, which would exempt small ISPs from the transparency requirements adopted in the Open Internet Order.

- The House Appropriations Committee approved the fiscal year 2017 Appropriations bill, which provides annual funding for the FCC and other agencies, and prohibits the FCC from implementing the Open Internet Order until certain court cases are resolved, and prohibits the FCC from regulating broadband rates, among other things. Bill summary

- Chairman Wheeler and USAC sent letters to Sens. John Thune (R-S.D.) and Cory Gardner (R-Colo.), responding to their letter on costs to RHC and E-rate applicants of hiring consultants to assist with paperwork. Chairman Wheeler sent a letter to Sen. Ron Johnson (R-Wis.), responding to his letter expressing concern with the potential disruption in funding to Wisconsin's schools and libraries for broadband as a result of E-rate IT system changes.

- Commissioner Pai sent a letter to USAC seeking further information on how wireless resellers have used the National Lifeline Accountability Database.

Other Key Upcoming Dates
- June 13 - Replies due on the FNPRM attached to the Rate-of-Return USF Reform Order.
- June 27 - Replies due on the NPRM on establishing privacy regulations for broadband ISPs.

Editor: Teresa Evert | Assistant Editor: Shawn O'Brien
USF Reform

- The Wireline Competition Bureau issued a Second Erratum to the RoR USF Reform Order, making one amendment to Appendix B. The Erratum changed paragraph (2) of Section 54.901(c), replacing “§54.1308(a)(4)(iii)” with “§54.1308(a)(4)(ii)”.

- Two CAF items reportedly relating to Alaska are currently on FCC circulation, as of June 9, 2016.

- NTCA and member company representatives met with Wireline Competition Bureau staff on June 8, 2016, to discuss questions and concerns regarding the sequencing of events and steps necessary for RLECs to make informed decisions with respect to voluntary elections for model-based or non-model universal service support. NTCA urged the FCC and the Bureau to proceed as promptly as possible to address reform implementation questions and requests for clarification, and to provide clarity specifically regarding: the universe of data that will form the baseline for purposes of determining competitive overlap for non-model support; and the projected effects of new budget controls, operating expense limits, and capital expense constraints on non-model RLEC support.

- Valley Telephone Cooperative and Copper Valley Telephone spoke with Wireline Competition Bureau staff on June 7, 2016, to request that their correct June 2015 FCC Form 477 data be used in the final version of the A-CAM in order to give them the option of choosing to accept the FCC’s upcoming offer of model-based support. They explained if their correct June 2015 Form 477 data is not used in the final version of the A-CAM neither will have the option of choosing to accept the FCC’s forthcoming offer of model-based support. They said granting their request will enable them to extend broadband service to rural and remote customers within their study areas.

- AT&T filed a letter on June 10, 2016, to express concerns with the wireless component of Alaska Telephone Association’s on March 21, 2016 proposal to address high-cost universal service support in remote areas of Alaska. AT&T claimed ATA has not explained why competitive ETCs like AT&T Mobility should be subject to an Alaska-specific expedited phase down, and asserted ATA’s proposal identifies particular carriers for different treatment and proposes to codify that treatment in the FCC’s rules. AT&T said it takes no position on the provisions of ATA’s proposal applicable to rate-of-return carriers.

- Alaska Communications filed a letter on June 8, 2016, providing supplemental information related to its CAF Phase II broadband deployment proposal, at the request of Wireline Competition Bureau staff.

- The National Congress of American Indians filed a letter on June 8, 2016, in support of tribal-specific reforms to the OpEx limitations recently adopted by the Commission and a Tribal Broadband Factor for the CAF. NCAI supports: NTTA and Gila River’s proposed modification to the OpEx limitation of 2.5 standard deviations, as opposed to 1.5; Sacred Wind’s proposal that certain expenses should qualify and be covered under OpEx permitted expenses; and modification of the OpEx limitations to address the costs associated with other tribal-specific costs as outlined in comments filed by GRTI. NCAI expressed support for the TBF proposals put forward by NTTA to address any capital costs that are not within the limits adopted by the Commission. NCAI also recommended the Commission adopt an Alaska specific proposal for rate-of-return support since the TBF was developed by the NTTA and focused on providing support to tribes in the contiguous 48 states.

- Chugachmiut, a non-profit health and social services organization that utilizes broadband to deliver health and other vital services in rural Alaska, sent a letter to Senator Murkowski (R–Alaska), Senator Sullivan (R-Alaska), and Congressman Young (R–Alaska) on June 2, 2016, to ask them to urge the FCC to direct a substantial portion of the public monies intended for Alaska be spent to link the off-road communities to urban Alaska with adequate, affordable, competitive high-speed broadband capability. It said but for the Rural Health Care Program subsidy, it could not afford internet connectivity in the rural Community Health Aide clinics it operates. It also said rural Alaskans are entitled to internet access similar in type and price to urban Alaskans and Americans, and said the FCC must be urged to
attach conditions for the receipt of public monies, as a safeguard, to assure that money is spent for the purposes rural Alaska needs most.

Back to Highlights

ICC

- Emery Telcom met with Legal Advisors to Commissioners Rosenworcel, O'Rielly and Pai on June 7 and 9, 2016, to discuss its Petition for Waiver of section 51.917(c) (ii) to permit Emery to include in its 2011 Base Period Revenues amounts received after March 31, 2012, for Transitional Intrastate Access Service.

Broadband

- The House Subcommittee on Communications and Technology issued a notice on June 7, 2016, announcing it will hold a hearing on June 14, 2016, entitled “FCC Overreach: Examining the Proposed Privacy Rules.” Witnesses will be announced and are by invitation only. The hearing webcast will be available at http://energycommerce.house.gov/

- Sen. Jeff Flake (R- Ariz.) filed a letter on June 7, 2016, to express opposition to the NPRM on establishing privacy regulations for broadband ISPs. He asserted the proposed rule is flawed as a matter of law and policy, is unnecessary, and its existence only made defensible by the FCC’s reclassification of broadband ISPs under Title II. He attached his comments on the NPRM and said the proposed rule's opt-in requirement for ISP use of so-called customer proprietary information appears to be an unconstitutional restriction on commercial speech.

- In addition to comments listed in a previous edition of REGScan, TechNet filed comments on June 10, 2016, on the NPRM on establishing privacy regulations for broadband ISPs to implement section 222 of the Communications Act. TechNet endorsed the FCC’s stated goals of transparency, choice, and security; however, it said the details of the FCC's proposal may be counterproductive in achieving these goals, while also hindering innovation. It encouraged the FCC to create rules that provide a consistent consumer experience, and the FCC to work together with the FTC to achieve these goals. Link to all comments available to date. Replies are due June 27. News Release

Open Internet

- The Senate Committee on Commerce, Science, and Transportation will hold an executive session on June 15, 2016, to consider a number of legislation measures and pending nominations, including S. 2283, the Small Business Broadband Deployment Act of 2015. This bill would exempt small ISPs from the transparency requirements adopted in the Open Internet Order.

- The House Appropriations Committee approved the fiscal year 2017 Financial Services and General Government Appropriations bill. The bill provides annual funding for the Treasury Department, the Judiciary, and other related agencies. The bill contains $315 million for the FCC, and prohibits the FCC from implementing the Open Internet Order until certain court cases are resolved, and prohibits the FCC from regulating broadband rates, among other things. Bill summary

IP Transition

- Public Knowledge met with Wireline Competition Bureau staff on June 1, 2016, to discuss the IP transition and CTIA’s Petition for Reconsideration of the declarations in the Lifeline Order on
Reconsideration on CPNI and data security. PK said the ILECs will face significant burdens in transitioning the telephone system and all elements of government must work together to ensure that the transition is affordable. It suggested an undertaking of this scope cannot be the responsibility of a single company or the responsibility of the private sector. PK claimed CTIA’s Petition is now moot because the recent Lifeline Order created a third-party verification scheme, eliminating the need for carriers participating in Lifeline to hold and store in electronic form the information needed to verify eligibility.

State Actions

- The Ninth Circuit issued an Opinion on May 31, 2016, affirming two district court summary judgments in favor of Qwest and the Arizona and Oregon state commissions to arbitrate interconnection agreements between North County Communications and Qwest. North County challenged Qwest’s authority to compel arbitration of new interconnection agreements and the state commissions’ authority to approve the agreements. The court said the state commissions had authority to arbitrate the ICAs and that none of the provisions subject to the court’s review violates the Telecommunications Act or its implementing regulations. The court rejected North County’s challenges to provisions on: the requirement North County interconnect with Qwest directly rather than through a third-party tandem provider; the requirement that North County use digital signaling technology if and when it originates calls to Qwest; the requirement that North County pay Qwest for certain call detail records; and the agreements’ failure to allow North County to interconnect using VoIP.

USF

- Chairman Wheeler and Chris Henderson, CEO of USAC, sent letters to Sens. John Thune (R-S.D.) and Cory Gardner (R-Colo.) on May 26, 2016, responding to their letter expressing concern with the cost to RHC and E-rate applicants of hiring consultants to assist with paperwork and compliance with the other requirements of the two programs. They said neither the statute, nor the FCC’s rules for the RHC and E-rate programs permit the expenditure of USF funds on consulting fees or similar expenses, and USAC may only approve and obligate funding commitments for eligible broadband and telecommunications services, equipment and/or network construction.

- Chairman Wheeler sent a letter to Sen. Ron Johnson (R-Wis.) on June 3, 2016, responding to his letter expressing concern on the potential disruption in funding to Wisconsin's schools and libraries for broadband as a result of recent technical changes made to USAC’s management portal for funding E-rate applications. Chairman Wheeler said many stakeholders have found the transition to the new E-rate system challenging, but have overcome the challenges, and said he is confident that the new IT system will help speed the pace of review.

- Commissioner Pai sent a letter to USAC on June 8, 2016, in response to USAC’s May 25 letter on how wireless resellers have used the National Lifeline Accountability Database. He expressed concern that the latest data USAC provided reveals carriers enrolled almost 4.3 million subscribers between October 2014 and April 2016 using the independent economic household override process. He said that is more than 35.3 percent of all subscribers enrolled in NLAD-participating states during that period, which cost taxpayers $476 million. Commissioner Pai asked USAC for further information on subscribers enrolled using the IEH override, how USAC established the override process, and steps USAC has taken to verify the integrity of the IEH override process.

- The Wireline Competition Bureau released a Public Notice on June 8, 2016, announcing that in light of the current E-rate funding cap of $3.939 billion and available carry-forward funding of $1.9 billion, there is sufficient funding to fully fund all category one and category two funding requests. The Bureau directed USAC to fully fund these requests, using $1.9 billion in E-rate funds unused from previous years and any additional funds needed under the current cap to fully meet demand for such services.
• The Wireline Competition Bureau sent a letter to USAC on June 9, 2016, notifying it that the Bureau has approved the Schools and Libraries Funding Year 2016 Program Integrity Assurance FCC Form 471 Review Procedures, subject to further modifications and/or instruction from the Commission.

• USAC filed a revised Federal Universal Service Support Mechanisms Quarterly Contribution Base for the Third Quarter 2016 on June 8, 2016. USAC said the amount for the total projected collected interstate and international end-user revenue base to be used in determining the contribution factor for the third quarter of 2016 should have been reported as $14,555,854,986, rather than $14,556,193,831 (a difference of $338,845).

• The FCC released a Memorandum Opinion and Order on June 8, 2016, denying an Application for Review of a decision by the Wireline Competition Bureau denying U.S. Cellular’s request for waiver of USF high-cost support filing deadlines required by sections 54.809(c) and 54.904(d). The FCC said U.S. Cellular has failed to establish any grounds to overturn the Bureau’s decision.

• American Teleconferencing Services filed a letter on June 10, 2016, providing further information in support of its Application for Review of an Order which denied its request for a waiver of the one-year downward revision deadline for FCC Forms 499-A. ATS provided additional information to demonstrate the timing of the availability of the new capabilities and information that led to the ministerial error on ATS’s Revised 2012 Form 499-A were out of its control and the circumstances leading to the error represent a wholly unique and one-time issue that is highly unlikely to recur.

• Delta Wave Communications filed a letter on June 10, 2016, requesting review of a USAC dismissal of its appeal relating to its Form 499A filings for the years 2014 and 2015. Delta Wave said it corrected its filings, and its revised 2015 filing was accepted, but USAC denied its revised 2014 filing based on a timing technicality. Delta Wave said it does not have the funds to cover the 2014 error, and asked the Commission to grant its request for review.

Back to Highlights

Misc.

• The FCC issued a Public Notice on June 7, 2016, announcing it will transition to its new Electronic Comment Filing System on June 20, 2016. Public, web-based tutorials are scheduled for June 7, 9, 14, and 16. The FCC will take down the legacy ECFS application starting at 11:59 p.m. ET on Friday, June 17, 2016, and the system will be unavailable through the weekend. The FCC plans for the new system to be available and fully operational by 8 a.m. ET on Monday, June 20, 2016. The FCC said the legacy system will no longer be available after the transition, and all documents in the legacy system will be accessible in the new system and saved links to documents and proceedings should not need to be adjusted.

• The Wireline Competition Bureau released an Order on June 8, 2016, denying NCTA’s motion for an extension of time to file comments on the Business Data Services FNPRM. The Bureau said the state of competition in the BDS market has been under consideration and evolving within this proceeding since 2005, and neither the issues being long-considered, nor those more recently raised, warrant an exception to granting an extension of time.

• The Wireline Competition Bureau issued a Public Notice on June 10, 2016, listing Acknowledgements of Confidentiality filed by parties seeking access to confidential information filed in the special access data collection proceeding since the June 3, 2016 Public Notice. Parties that submitted confidential information in response to the collection have until June 17, 2016, to object to the disclosure of their data and information to any of the parties listed in the attachment to this Public Notice.

• Windstream and CostQuest Associates met separately with Wireline Competition Bureau and General Counsel staff on June 1-2, 2016, to provide an overview of a cost-based approach to developing
June 13, 2016 • Page 6

wholesale last-mile input price benchmarks for packet-based business data services in non-competitive product and/or geographic markets. Windstream asserted this cost-based approach enables rational comprehensive pricing reform that targets the broken components of the BDS markets, while continuing to motivate incumbent and competitive investments in all areas where fiber deployment is economically feasible. It said the proposal is designed to be technology-neutral, and the benchmarks can apply to the market leader regardless of whether it is an incumbent, competitive local exchange carrier, or a cable company.

- Sprint spoke with Wireline Competition Bureau and General Counsel staff on June 1, 2016, to discuss the Ethernet Pricing Model described in its May 26, 2016 letter. Sprint also asserted in addition to the model’s utility in the business acquisition process, the pricing data summarized in the letter should inform the Commission’s analysis of final rules to reform the BDS marketplace. Sprint also discussed how the difficulties it encountered in its attempts to spur competition reinforce the conclusion that the marketplace for high-capacity BDS is not generally competitive.

- Sen. Charles E. Schumer (D-N.Y.) issued a Press Release on June 6, 2016, announcing he will introduce the “Repeated Objectionable Bothering of Consumers on Phones Act (ROBOCOP), a companion bill to the ROBOCOP Act introduced by Rep. Jackie Speier (D-Calif.) in the House of Representatives. The bill directs the FCC to require providers of telecommunications services or IP-enabled voice services, for no additional charge, to enable robocall blocking technology with exceptions for calls made by a public safety entity or where the recipient provides prior consent to receive the call. The bill also subjects to civil forfeiture penalties, criminal fines, or state actions persons who intentionally cause call-blocking technology. The bill also directs the FCC to require telephone companies to label and block calls with fraudulent caller ID.

- The Wireline Competition Bureau issued a Public Notice on June 8, 2016, announcing upcoming LNP Administrator transition outreach and education events to be held by PricewaterhouseCoopers, the Transition Oversight Manager. The TOM will be at the Marriott Indianapolis Downtown hotel on June 13 and 14, 2016, to give stakeholders the opportunity to share perspectives and ask questions about the LNPA Transition. The WCB also announced the sixth LNPA Transition Outreach and Education Plan webcast, also hosted by the TOM, will be June 21, 2016. Interested parties may register for the webcast by visiting: https://event.webcasts.com/starthere.jsp?ei=1106539.

- iconectiv filed an Opposition on June 10, 2016, to Neustar’s motion for an order to show cause why iconectiv should not be disqualified from serving as the LNP Administrator. iconectiv asserted issues raised in Neustar’s motion have already been addressed in contract negotiations and in discussions with the NAPM and in contract and transition-related discussions with the Bureaus’ staffs, and said they are now moot.

- FISPA filed a letter on June 8, 2016, urging the FCC to examine closely the iconectiv MSA before final approval to ensure that the interests of small and mid-sized providers are represented and that the IP transition is fully integrated into the LNP Administrator transition. FISPA said the FCC cannot limit its review of the MSA and the LNPA transition process to neutrality and security issues alone, suggesting the FCC review every aspect of the LNPA transition. FISPA said the FCC should also require the Transition Oversight Manager and the NAPM to conduct public workshops to develop a plan to integrate the IP transition into the LNPA transition.

- The Wireless Future Program at New America’s Open Technology Institute and the LNP Alliance met with Chairman Wheeler’s Special Counsel and Wireline Competition Bureau staff on June 2, 2016, to discuss their concerns with the LNP Administrator transition. They said the FCC’s authority to review the iconectiv Master Service Agreement is not limited to reviewing issues of neutrality and national security, claiming the March 2015 Selection Order grants the FCC broad authority to supervise the negotiation of the MSA and to review every aspect of the MSA. They also suggested the FCC make a strong statement in support of a neutral, independent, and mandatory NPAC for the routing and porting of telecommunications services, and attached a recent ATIS draft report they claimed provides evidence there are efforts to replace the statutorily mandated neutral NPAC with private registries. They also met with Commissioner O’Rielly and his Legal Advisor to discuss similar issues.
The LNP Alliance filed a letter on June 9, 2016, to respond to the June 2, 2016, NAPM ex parte on the Master Services Agreement between the NAPM and iconectiv on the LNP Administrator transition. The LNP Alliance said the FCC has full authority to require revisions to the MSA and should exercise that authority now to make noncontroversial and necessary corrections to the MSA. The LNP Alliance also attached a recent ATIS draft report it claimed provides evidence there are efforts to replace the statutorily mandated neutral NPAC with third party ENUM registries and other private third party intermediaries.

The Wireline Competition Bureau issued a Public Notice on June 6, 2016, announcing it has granted MIX Networks’ Application to obtain telephone numbers directly from the North American Numbering Plan Administrator and the Pooling Administrator. This proceeding will be terminated, and the docket will be closed, 60 days from the date of this Public Notice if there are no further filings in this proceeding.

Chairman Wheeler announced the appointment of Katja Seim as Chief Economist for the FCC, effective July 1, 2016. Dr. Seim currently serves as an associate professor of business economics and public policy at the Wharton School in Philadelphia, Pa. The FCC chief economist advises the Chairman on economic issues and is part of the Office of Strategic Planning and Policy Analysis.

Upcoming Filing Dates

- June 13 - Replies due on the FNPRM attached to the March 30, 2016 Rate-of-Return USF Reform Order. The FNPRM seeks comments on proposed rule changes to the FCC’s accounting and affiliate transaction rules for ratemaking and USF support purposes “to eliminate inefficiencies and provide guidance to rate-of-return carriers regarding the FCC’s expectations for appropriate expenditures.” FR

- June 15 - Replies due on competition in the mobile wireless marketplace for the FCC’s Nineteenth Annual Report on the State of Competition in Mobile Wireless, including CMRS. Public Notice

- June 16 - ILEC tariffs due, for those filing on 15 days’ notice. Petitions to suspend or reject tariff filings due June 23; replies due June 27. Order

- June 16 - Replies due on whether certain docketed Commission proceedings should be terminated as dormant. Federal Register | Public Notice

- June 16 - Replies due on a joint petition filed by BPS Telephone and AT&T for a study area waiver. Public Notice

- June 17 - Replies due on a petition filed by the North Carolina Utilities Commission requesting FCC agreement with the NCUC’s redefinition of certain Central Telephone Company wire centers associated with the exchanges of Elkin, Hays, Mulberry, North Wilkesboro, and State Road as a separate service area or areas. Public Notice

- June 20 - Comments due on NECA 2016 Further Modification of the Average Schedule Universal Service High Cost Loop Support Formula. Public Notice

- June 20 - PRA comments due on the proposed information collection requirement in the NPRM on establishing privacy regulations for broadband ISPs to implement section 222 of the Communications Act. FR

- June 20 - Comments due on NPRM on FY 2016 Regulatory Fees. Replies due July 5.
• June 22 - Comments due on the preparation of the biennial report required by the Twenty-First Century Communications and Video Accessibility Act of 2010. Public Notice

• June 22 - Comments due on Premier Communications and Winnebago Cooperative Telecom Association’s Petition for waiver of the study area boundary freeze. Replies due July 7. Public Notice

• June 24 - Petitions for court review due on the RoR USF Reform Order.

• June 27 - Replies due on the NPRM on establishing privacy regulations for broadband ISPs to implement section 222 of the Communications Act. News Release

• June 28 - Comments due on the FNPRM proposing a new competition-triggered deregulatory framework for the provision of business data services that classifies markets as either non-competitive or competitive. Replies due July 26.

• July 5 - Replies due on NPRM on FY 2016 Regulatory Fees.

• July 5 - Comments due on the proposed eligible services list for the E-rate program for funding year 2017. Replies due July 20. Public Notice

• July 7 - Replies due on Premier Communications and Winnebago Cooperative Telecom Association’s Petition for waiver of the study area boundary freeze. Public Notice

• July 11 - PRA comments due on a revision to a currently approved collection associated with FCC Forms 497 (Lifeline and Linkup worksheet), 555 (Annual Lifeline ETC Certification Form), and 481 (Carrier Annual Report Data Collection Form). Notice

• July 18 - PRA comments due on an extension to a currently approved collection associated with Part 52 rules on telephone number portability. Notice

• July 18 - PRA comments due on an extension to a currently approved collection associated with Part 61 on tariff review plans. Notice

• July 20 - Replies due on the proposed eligible services list for the E-rate program for funding year 2017. Public Notice

• July 26 - Replies due on the FNPRM proposing a new competition-triggered deregulatory framework for the provision of business data services that classifies markets as either non-competitive or competitive.

• July 26 - PRA comments due on new information collections to address the requirements adopted in the March 2016 RoR USF Reform Order. This information collection addresses the new burdens associated with those reforms. Notice

Back to Highlights

Editor: Teresa Evert | Assistant Editor: Shawn O'Brien