

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

In the Matter of )  
 )  
Modernizing the FCC Form 477 Data Program ) WC Docket No. 11-10

**Comments of  
The Small Company Coalition**

**I. INTRODUCTION AND SUMMARY**

The Small Company Coalition (SCC) files these comments in response to the Further Notice of Proposed Rulemaking issued in the above-captioned proceeding.<sup>1</sup>

The SCC is an alliance of rural telecommunications and broadband providers as well as supporting vendor companies, and consists of twenty-three members with service areas across the country. Appendix 1 contains a list of the SCC's members.

The SCC will focus its comments on the filing frequency for Form 477 and the related overall regulatory reporting burden currently faced by small carriers. Specifically, the SCC recommends the Commission reduce the filing frequency for Form 477 to once annually for small carriers.

**II. FORM 477 REPORTING BURDEN**

According to recent FCC estimates, the average time necessary to complete Form 477 is 355 hours.<sup>2</sup> The SCC has estimated that Form 477 filings take an average of 65 hours to complete<sup>3</sup>, while NTCA surveyed members and stated that the form takes 38 hours per response. Given the current requirement to file the Form 477 semi-annually, the burden estimate ranges from 76 to 710

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<sup>1</sup> *In the Matter of Modernizing the FCC Form 477 Data Program*, Further Notice of Proposed Rulemaking, WC Docket No. 11-10 (FCC 17-103, rel. August 4, 2017) (*FNPRM*)

<sup>2</sup> OMB Control No. 3060-0816, at p. 3

<sup>3</sup> See SCC Ex Parte Communication, WC Docket 10-90, filed August 3, 2017

hours. Based on the range of estimated burden hours, two conclusions can be drawn: (1) the burden varies widely, presumably based on the carrier, its size and resources available to complete Form 477, and (2) Form 477 is indeed a burden in terms of hours directly spent completing the form.<sup>4</sup>

Of course, Form 477 represents only a fraction of the overall regulatory reporting and filing burden currently faced by small carriers. According to the SCC's most recent estimate, small companies spend over nine hundred hours per year on compliance filings with the FCC or directly related to FCC rules.<sup>5</sup> The Form 477 is the single biggest filing, in terms of total annual burden hours, that many small carriers face. Thus, while significant work is still necessary to address this overwhelming regulatory compliance burden, addressing the burden represented by Form 477 is a very good first step.

## II. FORM 477 USES

The SCC will below recommend that the FCC reduce Form 477 filing frequency for small carriers to once per year. Before making that recommendation, an analysis of the Form 477's uses should be undertaken to ensure reducing the filing frequency will still allow the FCC to collect the data it and other industry stakeholders need.

According to the FNPRM, the Commission uses the Form 477 in connection with many of its "proceedings and programs, including the Broadband Progress Report, Universal Service Fund proceedings, the 2017 BDS Order, as well as mergers and other transactions."<sup>6</sup> The SCC also notes that Form 477 data is used in the Lifeline program.<sup>7</sup> In regards to Form 477's use in the Universal Service Fund programs, the SCC notes substantial use, including the Connect America Fund (CAF) Phase II offer of support (including the determination of support amounts via the Connect America Cost Model) and auction, the CAF Broadband Loop Support program, determination of competitive overlap, the capital expense limit for rate-of-return carriers, and the determination of support via the Commission's Alternative Connect America Cost Model (ACAM). Clearly, the

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<sup>4</sup> The SCC notes that additional time is typically spent on activities not directly related to filing Form 477, such as reviewing deployment data, converting data to usable formats, training, and reviewing billing system information.

<sup>5</sup> SCC August 3, 2017 Ex Parte

<sup>6</sup> FNPRM at 31

<sup>7</sup> *In the Matter of Lifeline and Link Up Reform and Modernization*, etc., Third Report and Order, WC Docket No. 11-42 rel. April 27, 2016 (FCC 16-38) at 81 "We conclude that the minimum service standards for fixed broadband speed should be based on the service to which a 'substantial majority' of consumers subscribe as determined using available subscriber data reported on the Form 477."

Commission relies heavily upon the data gathered in Form 477 for a wide range of policy determinations and program administration.

The SCC notes that, in general, the need for Form 477 data, with the exception of the Broadband Progress Report, is not for annual updates. Rather, the data is used for specific, one-time needs, such as the CAF Phase II offers of support and the competitive auction, or for needs that may arise over specific intervals of time, such as for the determination of competitive overlap. For the Broadband Progress Reports, the Commission utilizes the December 31 Form 477 data (filed in the subsequent March), and typically not the June 30 data (filed in September). Thus, for the Broadband Progress Report purposes, the FCC requires only an annual filing.<sup>8</sup>

The question, then, is not whether the data gathered as part of Form 477 is useful to the FCC or other stakeholders, but rather whether how the form is currently structured is the most efficient method and if semi-annual filings are necessary. As to the former question, the SCC notes that the Commission proposed to collect even more granular data:

“We also seek comment on collecting data at a sub-census block level. While collection of data by street address, for example, could increase the complexity and burden of the collection for both the Commission and the filers, we seek comment on the scope of this burden and potential corresponding benefits.”<sup>9</sup>

This proposal could add significantly to the Form 477 filing burden for the average small company that may not currently have the ability or processes in place to generate and report such granular data. As to the latter question – whether semi-annual filings are necessary to meet the Commission’s and the industry’s needs – the SCC will provide its recommendation below.

### **III. FILING FREQUENCY**

The Commission requests comment on whether to reduce the Form 477 filing frequency to an annual collection for all filers, for certain filers, or for certain parts of the form.<sup>10</sup> The SCC has previously recommended to reduce the filing frequency to annual:

“While it is understood that the FCC considers the Form 477 to be an important and necessary filing, for carriers that have experienced very little change in their network, consideration should be given to allow them to file the Form on an annual basis instead of semi-annually. Additionally, the Form 477 has become very granular and it should be

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<sup>8</sup> The SCC notes that the Commission does not issue a Broadband Progress Report every year – see e.g., Thirteenth Section 706 Report Notice of Inquiry, GN Docket No. 17-199, released August 8, 2017 (FCC 17-109) at 2

<sup>9</sup> *FNPRM* at 39

<sup>10</sup> *FNPRM* at 56

determined whether all of the requested information is truly necessary and useful in determining the extent of broadband deployment in rural areas.”<sup>11</sup>

The SCC continues to recommend annual filings for small carriers<sup>12</sup> based on the discussion above in Section II. Annual filings would provide the Commission with the data necessary to issue its annual Broadband Progress Reports, and would be sufficient for the other purposes to which Form 477 data is put.

As noted above, the FCC, in this proceeding, has proposed to collect more granular data (i.e., below the census block level) in Form 477. Consistent with what the SCC noted in its November 18, 2016 Ex Parte filing, the SCC recommends that before requesting more data, it should undertake the exercise to ensure all data, both currently collected and proposed to be collected, is necessary to meet the FCC’s goals. Furthermore, any additional levels of granularity adopted in Form 477 will more than likely serve to increase the complexity and burden of filing. For example, if filers are required to geolocate all customers and update this data on an ongoing basis, many small carriers will be forced to significantly change processes, hire additional personnel, or outsource this function. This further strengthens the SCC’s call to reduce the Form 477 filing frequency for small carriers to once annually.

The FCC asks “whether collecting on a twelve-month cycle would render the data less useful for our purposes, given the rate of broadband deployment and uptake, particularly at higher speeds, industry-wide.”<sup>13</sup> The SCC states that, for most small companies, the rate of broadband buildout is such that annual updates would be sufficient for the FCC’s needs, and that at an industry-wide level, the lack of semi-annual updates would not skew the data significantly should the Commission find an as-of-yet unknown need for more updated data. Furthermore, if the Commission has a legitimate and compelling need for current Form 477 data, it can initiate a special or one-time data collection, much as it did recently with the Mobility Fund Phase II auction.<sup>14</sup>

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<sup>11</sup> Small Company Coalition Ex Parte Communication, WC Docket No. 10-90, filed November 18, 2016

<sup>12</sup> “Small Carriers” can be defined in one of many ways, but at a minimum should encompass all rate-of-return regulated carriers (including those electing the ACAM path)

<sup>13</sup> *FNPRM* at 57

<sup>14</sup> *In the Matter of Connect America Fund and Universal Service Reform – Mobility Fund*, WC Docket No. 10-90 and WT Docket No. 10-208, Order on Reconsideration and Second Report and Order, rel. August 4, 2017 (FCC 17-102) at 1

## **CONCLUSION**

The SCC appreciates the FCC's willingness to review the data collected by the Form 477 and whether the filing frequency should be changed. As to the type and granularity of the data currently collected and proposed to be collected, the SCC recommends the Commission undertake a careful thorough review to ensure such data is necessary, especially under the current semi-annual reporting schedule. More importantly, the SCC strongly urges the FCC to reduce the filing frequency for Form 477 to once annually for small carriers. This reduction in filing frequency, while representing a net reduction in regulatory burden for small carriers under current rules, will be absolutely crucial should the Commission decide to increase the granularity of the data to be reported.

Respectfully Submitted,

James J. Kail  
Godfrey Enjady  
Glenn Lovelace

*Executive Committee*  
**Small Company Coalition**

October 10, 2017

*Small Company Coalition  
Member List*

ILEC Member Companies

Citizens Telephone Company of Kecksburg (PA)  
Electra Telephone Company (TX)  
Gorham Telephone Company (KS)  
Laurel Highland Telephone Company (PA)  
Mescalero Apache Telecom, Inc. (NM)  
Penasco Valley Telecommunications (NM)  
Sacred Wind Communications (NM)  
South Canaan Telephone Company (PA)  
Valley Telephone Cooperative (TX)  
Wheat State Telephone Company (KS)  
Yukon-Waltz Telephone Company (PA)

Associate Member Companies

Alexicon Telecommunications Consulting  
Blooston, Mordkofsky, Dickens, Duffy & Prendergast  
Calix Networks, Inc.  
Centerra Corp  
CHR Solutions  
Genband US LLC  
Innovative Solutions  
Mapcom Systems, LLC  
Netegrity Consultants, LLC  
Power & Tel  
Sonus  
Supply Solutions