



May 2, 2016

Small Company Coalition General Position Paper: USF/ICC Transformation and the Federal Regulatory Burden

USF/ICC Transformation

- With the FCC's most recent Order released on March 30th, 2016, the Commission has implemented a two-pronged plan for rate-of-return carriers. While it is too early to know how this latest Order will affect small rural carriers, **it is important that Congress remind the FCC that sufficient and predictable support mechanisms for rural carriers are imperative to the continued deployment of broadband to underserved areas.**
- While the SCC applauds the FCC's decision to increase the minimum speed standards for rural broadband, it must be noted that striving to meet these requirements while experiencing reductions to high-cost reimbursements is a paradoxical endeavor.
- With the Telecom rewrite still on the horizon, as was previously emphasized regarding any replacement to the QRA, **it is imperative to retain key elements of the '96 Act, such as the "sufficient and predictable" clause.** Implementing specific, legislative framework to support rural broadband build-out shall serve as a guideline for the FCC with regard to future regulation and oversight of small, rural companies.

Regulatory Burden

- In 2015, the House passed the FCC Consolidated Reporting Act of 2013 (H.R. 2844) which repeals and reduces various reporting obligations of FCC to Congress. **Small companies would appreciate this same courtesy in regard to our reporting requirements to the FCC.**
- The SCC's Federal Compliance Calendar lists an estimated **1,490 burden hours** (annually). Note that this figure is calculated using the FCC's own estimates and our own conservative estimates where the FCC's numbers are not available. According to a recent survey conducted by the NTCA and SCC, certain requirements require less man-hours than the FCC estimates while others require more than the estimate.
- The regulatory burden is growing. In 2013, the SCC's Federal Compliance Calendar listed an estimated 860 burden hours. The recently-implemented Form 477 alone is responsible for an increase of 774 annual burden hours. **Again, this is the FCC's own estimate.**

- The SCC advocates for a general paperwork reduction for small carriers and urges Congress to press the FCC to **eliminate overlapping or outdated reporting requirements**. Additionally, the SCC would like to encourage the FCC to respond as promptly as possible in matters concerning small company waivers. The SCC believes that a commitment to a more expedited waiver process synergizes with the previously-mentioned request for commonsense paperwork reductions.
- In addition to this regulatory burden, small carriers may be subject to unduly harsh fines and penalties. As an example, failure to certify compliance with CPNI obligations carries a fine of \$160,000 for each violation per day, up to a maximum of \$1,575,000. Note that this punishment is not necessarily for a failure to comply, **but for a failure to certify compliance**.