November 18, 2016

Honorable Michael O'Rielly
Commissioner
Federal Communications Commission
445 12th St, SW
Washington, DC 20554

Dear Commissioner O'Rielly,

On behalf of the Small Company Coalition (SCC), I would like to express support for the comments you made in a speech at the Research Conference on Communications, Information and Internet Policy on September 30, 2016.

Specifically, your call for federal agencies, including the FCC, to "use data to inform and evaluate programs and policies to make them more effective" is a notion that carries much weight with regard to the USF Transformation process, as well as the extensive list of federal regulations with which small telecommunications and broadband providers must comply. As noted in your speech, though such requirements may exist on paper, the reality which comes to bear often proves to be quite different.

The small-business executives who comprise the SCC understand that the Commission must don many hats in its responsibility to oversee and regulate a multitude of unique industries. While the FCC is ultimately the "expert agency" on the industries within its jurisdiction, we believe that establishing and maintaining dialogue with representatives from these industries—i.e. the experts in the field—can only benefit both parties.

To this end, the SCC would like to provide your office with an updated Federal Compliance Calendar and suggested list of revisions (attached), an item that was originally brought to your attention in our June 1, 2015 letter. Since that time, we have met with Chairman Wheeler's office, as well as staff from the Wireline Competition Bureau, to discuss manners in which the Calendar may be streamlined, thus reducing the regulatory burden on small companies.

In closing, I am greatly encouraged by your dedication to examining the issue of regulatory reduction, and I hope to continue exploring possible solutions with your office in the near future. With that said, please let me know if you would like to meet with me and other members of the SCC. Thank you for time and consideration.

Sincerely,

James J. Kail
Executive Committee Member

Attachment

August 30, 2016

Small Company Coalition

Thoughts and Suggestions on Reducing the Federal Regulatory Burden[1]

- A 2015 analysis of the federal regulations governing small telecommunications and broadband providers has demonstrated that a small Rate-of-Return (RoR) company may spend up to 1,490 man-hours annually in order to achieve compliance; a rate which continues to grow. While the Small Company Coalition (SCC) was pleased to learn that the five-year plans associated with the Form 481 filing will be eliminated starting in 2017 as a result of the FCC's March 30, 2016, USF Reform Order, there will likely be new filing requirements stemming from the new Order. With this in mind, any new regulatory filing requirements should be reviewed in light of the added burden that will be placed on the small RoR carriers. Accordingly, only those filings that are truly necessary for the FCC to fulfill its regulatory responsibilities should be implemented.

- In the mid-1990s, there were very few, if any, FCC filings required of the small RoR carriers during a period in which there was essentially a monopoly environment. Counter-intuitively, the federal regulatory burden has been growing even though the industry has been transitioning to a much more competitive world for a number of years now; in this situation, the need for regulation should lessen, not increase.

- While the SCC understands the importance of transparency and accountability in utilizing Universal Service funds to provide telecommunications and high-speed broadband services to rural America, it is important that the regulations in place to ensure said transparency do not come at the expense of efficiencies that hinder the small RoR carrier's ability to provide broadband service to its rural customers. In order to avoid over-burdening the small RoR carriers and draining their limited resources, the SCC has compiled the following thoughts and suggestions on how the current federal compliance calendar may be streamlined.

    - Replace Forms 499, 497, 508, 509, HCL data collection, and any Universal Service Administrative Company (USAC) filing officer certifications (excluding Form 481) with language on the Form 498 to authorize designated employees, consultants, and the National Exchange Carrier Association to submit data electronically with email address login and USAC passwords. Also include language certifying that the officer in charge reviews data and certifies that it will be filed correctly to the best of his or her knowledge. The Form 498 can already be revised at any time, so it would allow for changes. USAC could make an annual requirement to review the authorization and certify the Form 498.

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[1] This document is an updated version of the Small Company Coalition's document by the same name, dated April 10, 2015.

- In the event that the Form 499 is still deemed necessary, consideration should be given to reduce the number of filings. Today, the Form 499 is done quarterly (February 1st; May 1st; August 1st; November 1st), with an annual filing due April 1st. Over the years, this Form has become more and more predictable with the trend in interstate end-user billed revenues. For example, there is an industry-wide trend of decreasing telephone access lines, which are being replaced by FUSC-assessable DSL/broadband services. In addition, there is trending data related to the FUSC contribution base decreasing annually, and this is noted by the increase in the FUSC assessment percentage. In light of these trends, the frequency of the Form 499 filings could be reduced to semi-annually, or even annually with an optional mid-year filing in the event a carrier experiences a significant change in its base contribution revenues. The annual true-up filing would still be due April 1st of each year.

- One of the problems with the numerous reporting obligations is the fact that they are staggered throughout the year. This creates is a "stop-and-go" approach, whereby carrier personnel have to go through an inefficient "put-something-down; pick-it-up; put-it-down; pick-it-up" routine. This is an inefficient use of resources, especially if the filing due-dates are not of a critical nature. Accordingly, the following reports could be a subset of the Form 481. For example, while the Form 481 would take longer to prepare, it would be a "one-shot" completion rather than picking up and preparing multiple filings many times throughout the year. Filings that could "piggy-back" onto and possibly be a part of Form 481 include:

    - Form 502 Number Resource Utilization, which is currently filed semi-annually.

    - Use Certification - To receive Universal Service Support, carriers must complete this certification, which could very easily be rolled into the Form 481.

- Eliminate Form 507 (line-count filing) completely. USAC obtains annual access-line data from the USAC data collection anyway, and Competitive Eligible Telecommunications Carriers (CETCs) support has been eliminated except for Alaska, where it's still transitioning.

- 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 determined whether all of the requested information is truly necessary and useful in determining the extent of broadband deployment in rural areas.

- Combine Forms 508 and 509 so that the combined filing is due once per year, after the preparation of forecasts and the cost study, and covering a true-up of the prior year and a forecast of the next year. Also, eliminate the confusing system of multiple fiscal year forecasts being trued up on a calendar year and paid out two months at a time for six months in a row. Additionally, the FCC should require USAC to break out ICLS revenue payments showing current period forecasts and prior true-ups separately.

- Call on USAC to break out all support payments showing the period that generated the revenue and any adjustments due to true-ups, fund caps, etc. The current lack of transparency in the system is cause for much confusion.

- Form 481 was first implemented in 2013 and the information required with respect to this Form has been growing. As part of this filing, carriers are required to file audited financial statements with the FCC. Consideration should be given to change the automatic submission of the audited financial statements, to a submission that would be due upon request from the FCC. In addition to the elimination of the five-year plan, serious consideration should be given to streamline other aspects of the filing.

- Currently, changes to a RoR carrier's corporate officers must be reported to USAC via Form 499A within seven (7) business days after the change occurs. This requirement should be eliminated and any officer updates should be reported through the annual filing of the Form 499A.

- With payphones driven to near extinction, customer-owned, coin-operated telephones should be eliminated entirely by making payphone dial around compensation bill and keep.

- Where practical, spread deadlines out. Even two weeks (one way or the other) would provide some relief for small carriers. For example, there are large clusters of deadlines around the end of quarters, and April 1st and July 31st are particularly onerous dates with respect to filings.

- Combine multiple certification filings into one annual filing, which could be in the form of a checklist of all of the certifications that a corporate officer must sign-off on. In the event there is a change in the certifying officer between annual filings, the new officer could be required to submit an updated combined certification filing within a set time period (e.g. 60 or 90 days) after he or she has replaced the previous certifying officer.

- Allow data-sharing between regulatory agencies and eliminate requirements to send copies of filings to multiple agencies (FCC/USAC/state).