April 10, 2015

Small Company Coalition

Thoughts and Suggestions on Reducing the Federal Regulatory Burden

- A recent analysis of the federal regulations governing small telecommunications and broadband providers has demonstrated that a small Rate-of-Return (RoR) company may spend an average of 1,490 man hours annually in order to achieve compliance and the burden is growing at an alarming rate. For example, referring to the attached Federal Compliance Calendar, the estimated average was 677 hours prior to the issuance of the FCC's USF/ICC Transformation Order in November of 2011.

- Back in the mid-1990s, there were very few, if any, FCC filings required of the small RoR companies and that was when they were still essentially operating in a monopoly environment. Ironically, the regulatory burden has been growing even though the industry has been transitioning to a very 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 set in place to ensure said transparency do not come at the expense of efficiency or integrity. In order to avoid over-burdening 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 NECA 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 their 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.

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

- 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 being 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.

- Consider changing the filing of Form 477 from a semi-annual to an annual filing. This one change alone would save an estimated 387 (as determined by the FCC) man-hours. 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.

- With payphones driven to near extinction, customer-owned coin-operated telephones (COCOT) should be eliminated entirely. Just make payphone dial around compensation bill and keep.

- At a minimum, make the Form 492 an electronic filing. It could very well be optional and only required if the FCC had a material question on earnings for non-traffic sensitive (TS) pool companies. As it is right now, the Form 492 has to be filed with three signed originals: one to one address and two to another.

- Form 481 was first implemented in 2013 and the information required with respect to this Form has been growing. Currently, it is estimated that the Form requires an estimated 100 man-hours to complete. The FCC should be asked to justify the purpose of this Form, which includes the completion of a five-year plan, and then if the Form is truly deemed necessary, serious consideration should be given to streamline the filing requirements.

- Currently, changes to a RoR company'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.

- Make an effort to spread deadlines out a bit more. Even two weeks (one way or the other) would offer significant relief for small companies. There are large clusters of deadlines around the end of quarters, and April 1 and July 31 are particularly onerous dates with respect to filings.

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

Attachment (Federal Compliance Calendar)