that EPA is withdrawing, EPA proposed standards for these emissions under the CAA. Specifically, EPA proposed that no later than October 1, 2022, as compared to the amount of HCFCs intentionally manufactured on a facility line, no more than 0.1 percent of HFC–23 generated on the line may be emitted. Proposed requirements were that HFC–23 byproduct must be captured and employed for a commercial use or destroyed using a technology approved by EPA, thereby ensuring it was not directly emitted. The proposed rule being withdrawn also referenced another proposed rulemaking under authority from the American Innovation and Manufacturing Act of 2020 (AIM Act), and stated in footnote 6, ''If that proposed approach under the AIM Act were to be finalized, all generation of HFC–23 would be regulated, including HFC–23 generated as a byproduct during production of HCFCs for feedstock use. Under such a scenario, EPA anticipates that it would not finalize this proposal'' (86 FR 53918).

On October 5, 2021, EPA finalized that rule, ''Phasedown of Hydrofluorocarbons: Establishing the Allowance Allocation and Trading Program under the American Innovation and Manufacturing Act'' (HFC Allocation Framework Rule) at 86 FR 55116, which codified regulatory standards for these HFC–23 byproducts (40 CFR 84.27). This HFC Allocation Framework Rule used EPA's discretion under the AIM Act to restrict the use of allocated allowances for HFC–23 byproducts to those that were consumptive, or to otherwise destroy the HFC–23 byproducts, and disallowed emitting HFC–23 at quantities greater than 0.1 percent of the amount of chemical intentionally produced on a facility line. The finalized HFC Allocation Framework Rule codified regulatory requirements that are duplicative of the proposed requirements included in the proposed rule being withdrawn.

As noted, EPA stated in footnote 6 of the proposal that it anticipated not finalizing this proposed rule if it were to finalize HFC–23 requirements under the referenced AIM Act rulemaking. EPA solicited comment on whether, in such a scenario, ''this CAA-specific rulemaking would still be beneficial'' (86 FR 53918). One commenter supported not finalizing this CAA-specific rulemaking if the AIM Act HFC–23 requirements were finalized. A separate commenter supported finalizing overlapping requirements due to a perceived benefit in reducing HFC–23 emissions and implementing the requirements but did not provide a supporting rationale. Additional comments on the proposed rule were submitted and are not relevant to the Agency's decision on whether to withdraw this proposed rule.

III. How does EPA intend to proceed?

Given the issuance of the HFC Allocation Framework Rule that codified regulatory standards that are duplicative of the requirements proposed in the proposed rule being withdrawn through this document, EPA has determined that finalizing the proposed rule would be unnecessarily duplicative. We considered comments on this issue to the proposed rule that is being withdrawn, but the one comment in favor of overlapping requirements did not justify that approach. That comment did not change our conclusion that the requirements proposed in the proposed rule being withdrawn are duplicative of what EPA has already established, and thus are not necessary.

For these reasons, EPA is withdrawing the proposed rule that was published on September 29, 2021 (86 FR 53916; FRL–8506–01–OAR).

IV. Impact Analysis

Because EPA is not promulgating any regulatory requirements, there are no compliance costs or impacts associated with this notice.

V. Statutory and Executive Order Reviews

This document does not establish new regulatory requirements. Hence, the requirements of other regulatory statutes and Executive Orders that generally apply to rulemakings (*e.g.,* the Unfunded Mandate Reform Act) do not apply.

Michael S. Regan,

Administrator.

[FR Doc. 2022–13007 Filed 6–15–22; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 36, 51, and 54

[WC Docket Nos. 10–90, 14–58, 09–197, 16–271; RM–11868; FCC 22–35; FR ID 89579]

Connect America Fund: A National Broadband Plan for Our Future High-Cost Universal Service Support, ETC Annual Reports and Certifications, Telecommunications Carriers Eligible To Received Universal Service Support

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Federal Communications Commission (FCC or Commission) seeks comment on a proposal by the ACAM Broadband Coalition (Coalition) to achieve widespread deployment of 100/20 Mbps broadband service throughout the rural areas served by carriers currently receiving Alternative Connect America Model (A–CAM) support.

DATES: Comments are due on or before July 18, 2022, and reply comments are due on or before August 1, 2022.

If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this document, you should advise the contact listed in the following as soon as possible.

ADDRESSES: You may submit comments, identified by WC Docket No. 10–90, by any of the following methods:

- *Electronic Filers:* Comments may be filed electronically using the internet by accessing the ECFS: *www.fcc.gov/ecfs.*
- *Paper Filers:* Parties who choose to file by paper must file an original and one copy of each filing.
- Filings can be sent by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 45 L Street NE, Washington, DC 20554.
- Effective March 19, 2020, and until further notice, the Commission no longer accepts any hand or messenger delivered filings. This is a temporary measure taken to help protect the health and safety of individuals, and to mitigate the transmission of COVID–19. *See* FCC Announces Closure of FCC Headquarters Open Window and Change in Hand-Delivery Policy, Public Notice, 35 FCC Rcd 2788, 2788–89 (OS 2020).

Comments and reply comments exceeding ten pages must include a short and concise summary of the substantive arguments raised in the pleading. Comments and reply comments must also comply with § 1.49 and all other applicable sections of the Commission's rules. The Commission directs all interested parties to include the name of the filing party and the date of the filing on each page of their comments and reply comments. All parties are encouraged to utilize a table of contents, regardless of the length of their submission. The Commission also strongly encourages parties to track the organization set forth in the Notice of Proposed Rulemaking (NPRM) in order to facilitate the Commission's internal review process.

People with Disabilities. To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an email to *fcc504@fcc.gov* or call the Consumer & Governmental Affairs Bureau at (202)418–0530 (voice), (202)418–0432 (tty).

FOR FURTHER INFORMATION CONTACT: For further information, please contact, Theodore Burmeister, Telecommunications Access Policy Division, Wireline Competition Bureau, at *Theodore.Burmeister@fcc.gov* or 202–418–7400, or Jesse Jachman, Telecommunications Access Policy Division, Wireline Competition Bureau, at *Jesse.Jachman@fcc.gov.*

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's NPRM in WC Docket Nos. 10–90, 14–58,09–197, 16–271 and RM–11868, adopted on May 19, 2022 and released on May 20, 2022. Due to the COVID–19 pandemic, the Commission's headquarters will be closed to the general public until further notice. The full text of this document is available at the following internet address: *https://www.fcc.gov/document/fcc-proposes-higher-speed-goals-small-rural-broadband-providers-0.*

Ex Parte Presentations—Permit-But-Disclose. The proceeding this Notice of Proposed Rulemaking initiates shall be treated as a ''permit-but-disclose'' proceeding in accordance with the Commission's *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies).

In light of the Commission's trust relationship with Tribal Nations and its commitment to engage in government-to-government consultation with them, the Commission finds the public interest requires a limited modification of the *ex parte* rules in this proceeding. Tribal Nations, like other interested parties, should file comments, reply comments, and *ex parte* presentations in the record to put facts and arguments before the Commission in a manner such that they may be relied upon in the decision-making process consistent with the requirements of the Administrative Procedure Act. However, at the option of the Tribe, *ex parte* presentations made during consultations by elected and appointed leaders and duly appointed representatives of federally recognized Indian Tribes and Alaska Native Villages to Commission decision makers shall be exempt from disclosure in permit-but-disclose proceedings and exempt from the prohibitions during the Sunshine Agenda period. To be clear, while the Commission recognizes consultation is critically important, it emphasizes that the Commission will rely in its decision-making only on those presentations that are placed in the public record for this proceeding.

Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda, or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.,* .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

I. Introduction

1. In the NPRM, the Commission seeks comment on a proposal by the Coalition to achieve widespread deployment of 100/20 Mbps broadband service throughout the rural areas served by carriers currently receiving A–CAM support. The areas served by A–CAM recipients are among the costliest to serve in the nation, and by improving access to modern communications services, the Commission can help connect individuals living in rural areas to high-speed broadband. In seeking comment on the Coalition's proposal, the Commission recognizes that the Infrastructure Investment and Jobs Act (Infrastructure Act) recently created several pathways for federal agencies, in partnership with the states, to fund deployment of broadband in unserved and underserved areas. Given that A–CAM is already supporting the deployment and ongoing provision of some level of broadband service in rural areas through 2028 for most A–CAM carriers, enhancements to the A–CAM program, as the Coalition has proposed, may be an efficient means of funding deployment in a manner complementary to other federal and state efforts. If appropriately high-quality broadband can be deployed in a cost-effective manner by A–CAM carriers pursuant to the cost model, other agencies and the states will be able to target their Infrastructure Act funds to achieve more deployment elsewhere.

2. In this NPRM, the Commission also initiates a targeted inquiry into the management and administration of the high-cost program. For more than a decade, the Commission has made substantial progress reforming and modernizing the various high-cost support mechanisms and has gained valuable experience administering and overseeing the program. Based on those lessons learned, the Commission proposes targeted modifications to its rules to improve the efficiency and efficacy of the high-cost program.

3. In the *2016 Rate-of-Return Reform Order,* 81 FR 24282, April 25, 2016, the Commission provided rate-of-return carriers a voluntary path from traditional rate-of-return support to model-based high-cost universal service support (A–CAM I), tailored to reflect the specific requirements in rate-of-return areas. The A–CAM model was used to establish fixed monthly support amounts over a ten-year term in exchange for broadband deployment to a pre-determined number of eligible locations. The Commission directed the Bureau to calculate support as model-estimated costs for eligible census blocks in excess of the funding threshold of $52.50 per location per month up to the cap of $200. Carriers were obligated to deploy broadband at speeds of at least 25/3 Mbps or 10/1 Mbps to a number of locations equal to the number of fully funded locations (*i.e.,* locations in eligible census blocks which the model determined could be

served for costs at or below the funding cap), and at least 4/1 Mbps or service on reasonable request to a number of locations equal to the number of capped locations (*i.e.,* locations in eligible census blocks which the model determined could be served for costs above the funding cap). Each carrier's specific mix of 25/3 Mbps or 10/1 Mbps obligations, and 4/1 Mbps or reasonable request obligations, was based on the housing unit density of the eligible areas in the offer. These deployment obligations could be met by serving any eligible location, whether fully funded or capped. Carriers that elected A–CAM I were required to elect for all affiliated study areas in the state.

4. The Commission excluded from A–CAM eligibility carriers that had reported deploying 10/1 Mbps service to more than 90% of eligible locations. For those carriers eligible to participate in A–CAM I, the Commission concluded that it would not provide support for locations in census blocks served by an unsubsidized competitor offering at least 10/1 Mbps, and locations in census blocks where the incumbent already deployed fiber to the premises (FTTP) or was providing 10/1 Mbps or better broadband using cable technologies.

5. To award support, the Bureau announced A–CAM I offer amounts and deployment obligations predicated on a monthly funding cap of $200 per location. Faced with substantial carrier interest in the offer and demand beyond the Commission-approved budget, however, the Commission later allocated an additional $50 million annually to the A–CAM I budget and adopted other measures to ensure that the model-based support stayed within the revised budget, including a reduced funding cap below $200 per location for most carriers. In the *March 2018 Rate-of-Return Reform Order and NPRM,* 83 FR 18951, May 1, 2018 and 83 FR 17968, April 25, 2018, the Commission authorized additional support for another offer to A–CAM I carriers, pursuant to which the funding cap was increased to $146.10 per location for carriers that elected it.

6. In the *December 2018 Rate-of-Return Reform Order,* 84 FR 4711, February 19, 2019, the Commission adopted another additional offer for carriers that had previously elected A–CAM. Pursuant to this Revised A–CAM I, the funding cap was increased to $200 per location per month for all electing carriers, and the term of support was extended by two years, through 2028, in exchange for increased 25/3 Mbps deployment obligations. The Bureau extended offers to eligible carriers in April 2019 and authorized Revised A–CAM I support in May 2019.

7. In the *December 2018 Rate-of-Return Reform Order,* the Commission also adopted a new model offer, A–CAM II, for carriers still receiving support pursuant to legacy support mechanisms based on historical costs, including carriers not previously eligible for A–CAM I. Consistent with Revised A–CAM I, the Commission set the per-location cap for A–CAM II at $200. For A–CAM II, the Commission revised the model parameters to include as eligible blocks those census blocks where the incumbent or its affiliate already provided FTTP or cable service. Further, the Commission excluded as ineligible census blocks served by unsubsidized competitors only if the unsubsidized competitors provided voice and at least 25/3 Mbps service under the then-most recently available FCC Form 477 data. Finally, the A–CAM II model parameters included a Tribal Broadband Factor, which set the funding threshold for locations on Tribal lands at $39.38 while increasing the support cap to $213.12. A–CAM II was offered for a ten-year term, ending in 2028. Carriers electing A–CAM II were required to deploy at least 25/3 Mbps service to a number of locations equal to the number of fully funded locations, and at least 4/1 Mbps or on reasonable request to a number of locations equal to the number of capped locations. The Commission adopted a single-step election process, under which the Bureau released a public notice announcing the offers of A–CAM II support amounts and deployment obligations, after which each carrier had 45 days to make an irrevocable acceptance of the offer. On August 22, 2019, the Bureau authorized 171 companies to receive A–CAM II support.

8. Currently, 262 companies are authorized to receive A–CAM I, including 243 companies that elected Revised A–CAM I, with a term ending in 2028, and 19 companies that did not elect Revised A–CAM I, whose term ends in 2026. These A–CAM I carriers collectively receive $607.6 million per year and have an obligation to deploy at least 25/3 Mbps service to 451,059 eligible locations, at least 10/1 Mbps to 170,491 eligible locations, and at least 4/1 Mbps service to 26,868 eligible locations, with an additional 65,555 locations subject to the reasonable request standard. In addition, there are 185 A–CAM II companies, with support terms ending in 2028, that collectively receive $494.3 million per year. These carriers have an obligation to provide at least 25/3 Mbps service to 364,108 eligible locations, at least 4/1 Mbps to 24,103 eligible locations, and service on reasonable request to another 68,034 locations. For the A–CAM I and II areas, there are approximately 1,170,000 eligible locations in the model. The total support currently provided to A–CAM I and A–CAM II companies is $1.1 billion per year.

9. Since 2013, the Commission has collected information on broadband deployment across the United States through the FCC Form 477. Using Form 477, broadband service providers have annually reported the census blocks in which they make service available to end users, as well as the maximum speed offered in each census block, distinguishing between residential and non-residential services and by the technology used to provide service. This reporting format made available a nationwide broadband deployment dataset. Over time, however, it became clear that more granular and accurate broadband data were needed to implement the Commission's Universal Service Fund (USF) programs and to support efforts to bridge the digital divide.

10. On August 1, 2019, the Commission adopted an order setting parameters for a new data collection distinct from the Form 477 that would collect fixed broadband deployment data in the form of granular coverage maps and that would include a process for accepting crowdsourced data to challenge the accuracy of the submitted data. The Commission stated its intention to establish a uniform national dataset of locations where broadband could be deployed and upon which new coverage data could be overlaid.

11. On March 23, 2020, the Broadband DATA Act was signed into law. In brief, the Broadband DATA Act requires the Commission to establish a semiannual collection of geographically granular broadband coverage data (which the Commission has titled the Broadband Data Collection or BDC) for use in creating coverage maps and processes for challenges to the coverage data and for accepting crowdsourced information, and it further directs the Commission to create a comprehensive database of broadband serviceable locations—*i.e.,* the Broadband Serviceable Location Fabric (Fabric). Further, it requires the Commission to use these maps ''to determine the areas in which terrestrial fixed, fixed wireless, mobile, and satellite broadband internet access service is and is not available,'' and ''when making any new award of funding with respect to the deployment of broadband internet access intended for use by residential and mobile customers.''

12. On November 15, 2021, President Biden signed the Infrastructure Act. The Act includes the largest-ever federal broadband investment, totaling approximately $65 billion, and directs multiple agencies to work towards expanding broadband access. In particular, Section 60104(c) of the Act instructs the Commission to report on how it may ''improv[e] its effectiveness in achieving the universal service goals for broadband in light of this Act,'' while Section 60104(b) instructs the Commission to commence a proceeding ''to evaluate the implications of this Act . . . on how the Commission should achieve the universal service goals for broadband.''

13. In accordance with these statutory directives, the Commission adopted a Notice of Inquiry initiating a proceeding regarding the future of the USF on December 15, 2021. In the *Future of USF Notice,* the Commission invited comment on the effect of the Infrastructure Act on existing USF programs and the Commission's ability to reach its goals of universal deployment, affordability, adoption, availability, and equitable access to broadband throughout the United States. The Commission also sought comment on recommended courses of action the Commission and Congress might take to further promote those goals.

14. Other provisions of the Infrastructure Act likewise aim to expand broadband access for all Americans. Section 60102 of the Act directs the National Telecommunications and Information Administration (NTIA) to establish the Broadband Equity, Access, and Deployment Program (BEAD Program), through which NTIA will allocate $42.45 billion to states for grants ''to bridge the digital divide.'' NTIA will provide minimum allocations of $100 million for each state and $100 million to be divided equally among the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. Remaining funds will be allocated using a formula based on total unserved locations in each state. The Act instructs states to award funding in a way that gives priority to projects that will provide service to unserved locations (defined as those without access to 25/3 Mbps service), then to underserved locations (defined as those without access to 100/20 Mbps service), and next to community anchor institutions (defined as those without gigabit connections). Broadband networks funded by the BEAD Program must provide download speeds of at least 100 Mbps and upload speeds of at least 20 Mbps and ''latency that is sufficiently low to allow reasonably foreseeable, real-time, interactive applications.'' Grant recipients must provide service to every customer that desires broadband service in the project area and must offer at least one low-cost service option for eligible subscribers.

15. On January 7, 2022, NTIA announced a Request for Comment regarding the BEAD Program and other broadband programs authorized and funded by the Infrastructure Act. As explained in the Request for Comment, NTIA will first provide BEAD funding to states and territories to support planning efforts and coordination with local communities and stakeholders. Next, states and territories must collaborate with local and regional entities in submitting an initial broadband plan to NTIA. After submitting the initial broadband plan, the state or territory must conduct a ''transparent, evidence-based, and expeditious challenge process under which a unit of local government, nonprofit organization, or other broadband service provider can challenge a determination made by the [state or territory] in the initial proposal as to whether a particular location or community anchor institution . . . is eligible for the grant funds, including whether a particular location is unserved or underserved.'' When NTIA approves a state's or territory's initial plan, the state or territory will then be able to access additional funds from its BEAD allocation, and final approval of a plan will permit access to the remaining allocated funds. In preparation for a Notice of Funding Opportunity (NOFO) with further specifics regarding the BEAD Program, NTIA asked commenters to explore how the agency ''should treat prior buildout commitments that are not reflected in the updated FCC maps because the projects themselves are not complete,'' as well as ''[w]hat risks should be mitigated in considering these areas as 'served' in the goal to connect all Americans to reliable, affordable, high-speed broadband.''

16. On May 13, 2022, NTIA released its NOFO detailing the process for requesting BEAD Program funding. The NOFO sets a July 18, 2022 deadline for NTIA to receive initial plans from states and territories, as well as an August 15, 2022 deadline for any supplemental information. The NOFO also specifies a number of a program requirements, including principles that states and territories must observe in their subgrantee selection, prioritization, and scoring processes. In particular, the NOFO prohibits states and territories from ''treat[ing] as 'unserved' or 'underserved' any location that is already subject to an enforceable federal, state, or local commitment to deploy qualifying broadband'' at the conclusion of the state's or territory's challenge process. States and territories must also ensure that subgrantees comply with obligations spelled out in the NOFO regarding network capabilities (*i.e.,* speed, latency, and uptime), deployment requirements, and service obligations. Finally, the NOFO requires states and territories to ensure that prospective subgrantees have the managerial and financial capacity to meet the commitments of the subgrant and any BEAD Program requirements.

17. Other federal programs also work to further the goal of universal service. For instance, the U.S. Department of Agriculture (USDA)'s Rural Utilities Service supports broadband through a number of programs, including the Learning, Telemedicine, and Broadband Program, for which the Infrastructure Act provided an additional $2 billion. The Department of the Treasury also has several programs that may fund broadband projects, and other NTIA programs beyond the BEAD Program provide funding for broadband deployment, affordability, adoption, availability, and equitable access. Pursuant to the Broadband Interagency Coordination Act (BICA), the Commission, USDA, and NTIA must share information regarding these high-cost universal service efforts. Specifically, the BICA required the FCC, USDA, and NTIA to enter into an agreement within six months to provide for sharing information about existing or planned projects that have received, or will receive, funding through the Commission's high-cost programs and programs administered by NTIA and the USDA. The BICA also mandates that the interagency agreement requires the agencies to ''consider basing the distribution of funds for broadband deployment'' under the referenced programs ''on standardized data regarding broadband coverage.'' On June 25, 2021, the agencies announced that they had entered into the agreement, and representatives of the agencies have been meeting regularly pursuant to that agreement.

18. On October 30, 2020, the ACAM Broadband Coalition filed a Petition for Rulemaking asking the Commission to initiate a proceeding to consider the Coalition's proposal to extend both A–CAM I and A–CAM II. Pursuant to this original proposal, the terms of A–CAM I and A–CAM II would be extended in exchange for increased obligations to deploy 25/3 Mbps service. The

Commission initially sought comment on the Petition for Rulemaking on November 4, 2020. In response, several commenters supported the Coalition's request that the Commission initiate a rulemaking. One commenter objected, but said the Commission ''should consider alternatives to the Coalition's recommended approach'' if the Commission were to adopt a notice of proposed rulemaking. More recently, commenters also discussed the Coalition's proposal in response to the aforementioned *Future of USF Notice.*

19. On December 15, 2021, the Coalition revised its proposal in order to require deployment of at least 100/20 Mbps service to 90% of locations, as determined by the Fabric, in eligible census blocks, and at least 25/3 Mbps service to the remaining 10%. To fund the increased deployment costs, the Coalition proposed increasing monthly support for participating A–CAM carriers to the higher of 80% of a company's model-estimated costs or $300 per location. The Coalition provided additional details on its proposal on January 19, 2022. On February 17, 2022, the Coalition further proposed support, in exchange for the same revised deployment obligations, for locations in census blocks that had been excluded from A–CAM I because an unsubsidized competitor reported providing at least 10/1 Mbps service.

II. Discussion

20. The A–CAM programs currently provide support for more than 350,000 locations that could be considered ''unserved'' pursuant to the Infrastructure Act because the A–CAM carriers have commitments to provide service only at speeds of 10/1 Mbps or 4/1 Mbps, or on reasonable request, and more than 800,000 locations that could be considered ''underserved'' under the Infrastructure Act because the carriers have commitments to provide service only at 25/3 Mbps. The Commission seeks comment on the Enhanced A–CAM proposal and generally regarding how to leverage the existing, supported networks of A–CAM carriers to swiftly meet current legislative requirements and goals while avoiding duplicative support across programs and maximizing the efficient use of universal service funds. Furthermore, the Commission seeks comment on how to best and most efficiently implement and sequence Enhanced A–CAM so that it works in concert with the BEAD Program. Throughout, the Commission seeks comment regarding how these specific proposals are, or can be, made consistent with Congressional intent expressed through the Infrastructure Act and other legislation, as well as programs at other agencies.

21. The Commission notes when it first adopted A–CAM I that it expected in year eight of the mechanism (2024) to conduct a proceeding to address the determination of support after the end of A–CAM. The Commission proposes that the rulemaking initiated by this NPRM will satisfy that Commission expectation.

22. *Final Deployment Obligations*—The Coalition proposes that carriers electing Enhanced A–CAM support deploy to 100% of eligible ''post-Fabric'' locations. Post-Fabric locations are the locations identified in the Fabric that are determined to be in eligible census blocks. In some number of census blocks, the number of post-Fabric eligible locations may be fewer than the Connect America Model-estimated number of locations. At the same time, the Coalition proposes to expand the set of eligible locations to include locations in census blocks that were not eligible in the A–CAM I program because they were served by FTTP or cable broadband or were served with at least 10/1 Mbps broadband service by an unsubsidized competitor.

23. The Coalition proposes that carriers electing Enhanced A–CAM would be required to deploy 100/20 Mbps or faster broadband service to 90% of the eligible post-Fabric locations. For the remaining 10% of eligible post-Fabric locations, carriers would be required to deploy 25/3 Mbps or faster broadband service. The Commission seeks comment on the Coalition's proposal. In contrast to the Coalition proposal, the Commission seeks comment on whether carriers should be required to deploy at least 100/20 Mbps to all eligible locations or whether carriers should be required to deploy to all locations where deployment of this level of service is not cost prohibitive. In either scenario, should carriers electing Enhanced A–CAM be required to serve 100% of unserved locations in their study areas, including unserved or underserved locations in currently ineligible census blocks? Should carriers with changes in their study area boundaries since the development of the model also be required to serve locations in eligible census blocks that are newly within their study area boundaries?

24. If Enhanced A–CAM funds 25/3 Mbps broadband service, as the Coalition proposes for 10% of a carrier's eligible post-Fabric locations, when should those carriers be required to identify which specific locations will receive only 25/3 Mbps service? Would some obligations result in double support where recipients receive Enhanced A–CAM to improve speed to 25/3 Mbps and then could apply for BEAD Program funds to deploy 100/20 Mbps broadband to those same locations?

25. Pursuant to the Broadband DATA Act, the Commission must use its new fixed deployment maps ''when making any new award of funding with respect to the deployment of broadband internet access service intended for use by residential and mobile customers.'' In accord with the Broadband DATA Act, the Commission tentatively concludes that it will use the new fixed deployment maps when making any new award of funding to an A–CAM provider. The Commission seeks comment, specifically, on how its new fixed deployment maps should be applied to determine eligible areas and deployment obligations for the Enhanced A–CAM program.

26. The Commission also seeks comment on the impact of challenges to the Broadband Data Collection map. The Broadband DATA Act requires the Commission to accept challenges to both the Fabric and the availability maps, and those challenges will occur regularly to help improve all subsequent versions of the Fabric and the map. Given the importance of challenges to the accuracy of the Fabric and the map, and the continuous opportunity for challenges, when for the purposes of the Enhanced A–CAM should the Commission establish the post-Fabric locations? Should the Commission allow for a period of challenges to the fixed deployment reflected in the maps before relying upon them to award funding? Challenges to fixed broadband must be resolved within the timeframe established by the Commission when establishing the rules for the Broadband Data Collection. Can the Commission establish a different deadline for resolution of challenges associated with Enhanced A–CAM locations? If so, how long should challengers and providers have to resolve challenges before the Commission award funding? The Commission seeks comment on these questions and any other aspect of how it should comply with the requirements of the Broadband DATA Act in this program.

27. Pursuant to current A–CAM rules, as with other high-cost support mechanisms, the Universal Service Administrative Company (USAC) will recover an amount of support from A–CAM participants that do not meet their final deployment obligations. In those situations, § 54.320(d)(2) of the Commission's rules require that USAC recover ''the percentage of support that

is equal to 1.89 times the average amount of support per location received in the state for that carrier over the term of support for the relevant number of locations plus 10 percent of the eligible telecommunications carrier's total relevant high-cost support over the support term for that state.'' The Commission seeks comment on the applicability of this general rule to Enhanced A–CAM participants. On the other hand, is a stricter penalty more appropriate, given that the Fabric and Broadband Data Collection may permit the Enhanced A–CAM program to rely on a more accurate location count?

28. The Coalition proposes that Enhanced A–CAM carriers be considered in full compliance with their deployment obligations if they deploy to 95% of their required locations. For A–CAM I and A–CAM II carriers, the Commission has allowed ''some flexibility in their deployment obligations'' and permitted them to deploy to 95% of the required locations by the end of the 10-year term. Further, the Commission noted that ''to the extent that an electing carrier deploys to less than 100 percent of the requisite locations, the remaining percent of locations would be subject to the same deployment obligations as for the carrier's capped locations.'' Because these locations were still subject to deployment obligations, the Commission concluded that, unlike the price cap recipients of Connect America Phase II model support, it was not necessary for A–CAM recipients to refund any support when they took advantage of the 5% flexibility. For Enhanced A–CAM carriers, however, as with Rural Digital Opportunity Fund (RDOF) recipients, the Commission expects that using the Fabric will ensure that the location counts are more accurate than the data upon which it developed previous deployment obligations. Moreover, under the Enhanced A–CAM proposal, there are no ''capped locations'' or associated deployment obligations to apply to locations that are not fully funded. Thus, the Commission proposes not to extend the same kind of location count flexibility to Enhanced A–CAM carriers and seek comment on its proposal. Nonetheless, are there reasons why a buffer of this type may be appropriate or necessary under Enhanced A–CAM? Would a smaller buffer (*i.e.,* one that considered Enhanced A–CAM carriers to be in full compliance if they deployed to 99% of their required locations) be sufficient to protect the Commission's interests in full deployment? How would this comport with the Commission's goal of creating enforceable commitments?

29. With other agencies' ongoing broadband initiatives, including NTIA's BEAD Program, there is the potential for two providers to receive funding from different sources to deploy broadband to the same locations. The Commission seeks comment on how it may avoid such overlap in the Enhanced A–CAM program to maximize broadband deployment to unserved and underserved locations. For example, should the Commission require Enhanced A–CAM carriers to make binding commitments regarding specific locations based on the Fabric after it is created? Should any such binding commitments include an obligation to deploy at least 100/20 Mbps broadband service for all or some percentage of those specific locations? Should the Commission instead require carriers to commit to deployment at particular speeds at the census block level? If the BEAD Program requires full deployment by the end of a particular year, should Enhanced A–CAM likewise require full deployment by the end of that same year or even sooner? The Commission also seeks comment on the sequencing of Enhanced A–CAM with the BEAD Program. Should the Commission proceed with Enhanced A–CAM commitments before BEAD Program allocations? Should the Commission instead refrain from acting on the Enhanced A–CAM proposal until after the BEAD Program has awarded funding? What are the impacts of these options? Finally, should the Commission require, as a condition of accepting Enhanced A–CAM support, that carriers coordinate with the states in which they are receiving support to mitigate the risk of duplicative funding? The Commission invites states, in particular, to comment on these issues.

30. *Interim Deployment Milestones*—Consistent with other high-cost support mechanisms, including the existing A–CAM I and A–CAM II mechanisms, the Coalition proposes that Enhanced A–CAM participants meet interim deployment milestones before the final milestone of 100% of locations. Specifically, the Coalition proposes that Enhanced A–CAM carriers deploy 100/20 Mbps broadband service to at least 30% of eligible locations by the end of the second year after the program begins. Each subsequent year, carriers would be required to deploy to an additional 10% of eligible locations until meeting the final obligation of deploying 100/20 Mbps service to 90% of eligible locations. The Commission seeks comment on whether these particular interim deployment milestones would be appropriate if it were to adopt the eight-year deployment timeframe the Coalition has proposed, and also what interim deployment milestones would be appropriate if the Commission were to require deployment in four years, such as in the BEAD program, or a different timeframe. Should the Commission require deployment to the same number of additional locations each year?

31. The Commission tentatively concludes that any new interim milestones, for carriers that elect Enhanced A–CAM support, would supersede those associated with A–CAM I and A–CAM II. Retaining the interim milestones associated with the existing programs would introduce unnecessary administrative complexity. Moreover, the Commission expects that the Enhanced A–CAM milestones will require accelerated deployment at higher speeds, rendering previous milestones moot. The Commission seeks comment on this tentative conclusion. If the Commission were to retain the existing interim milestones for carriers electing Enhanced A–CAM support, is there a way to simplify deployment milestones in a way that is both fair and ensures regular progress?

32. Likewise, the Commission seeks comment on the applicability of the existing mechanisms for withholding support from A–CAM I and A–CAM II participants that do not meet interim deployment milestones, and whether a similar mechanism should apply to Enhanced A–CAM. § 54.320(d)(1) of the Commission's rules specifies different tiers of compliance gaps associated with different percentages of withheld support, with the goal of encouraging carriers to come into compliance and complete deployment in order to recover support. Should Enhanced A–CAM participants be subject to the same mechanisms for withholding support as A–CAM I and A–CAM II participants for failing to meet interim deployment milestones?

33. *Coordination of Deployment Obligations with BEAD Program.* The Coalition proposes that carriers electing Enhanced A–CAM support meet the proposed deployment obligations set forth above by the end of the eighth year under the enhanced program. The Commission seeks comment on the Coalition's proposal and whether the Commission should adopt a timeframe aligned closer to the BEAD Program, which generally requires buildout in four years after subgrants are made. To minimize administrative complexity and prioritize higher-speed broadband deployment, the Commission tentatively concludes that any carriers electing

Enhanced A–CAM support would be subject only to the final deployment obligations associated with Enhanced A–CAM support, which would supersede existing A–CAM I and A–CAM II final deployment obligations. The Commission seeks comment on this proposal.

34. *Performance Measures*—To ensure that recipients of high-cost universal service support deploy networks meeting their performance obligations, the Commission requires that those carriers annually test and report the speed and latency of a random sample of locations. Carriers that fail to meet the required performance standards are subject to additional reporting and may have a percentage of universal service support withheld based on the level of non-compliance. However, those carriers subject to support withholding that later come into compliance may have their support restored. A–CAM I carriers have begun the required performance testing as of this year, while A–CAM II carriers are currently required to conduct pre-testing, under which no support reductions are assessed as long as the carrier performs the pre-testing and reports the results in a timely manner. The Commission invites comment on whether these existing performance testing requirements applicable to A–CAM I and A–CAM II carriers should continue to apply to Enhanced A–CAM carriers, or whether any improvements to the testing requirements should be made.

35. *Affordability*—The Commission next considers the issue of affordability for customers of Enhanced A–CAM carriers. Promoting access to affordable, high-speed broadband is a priority for the Commission. And the Commission notes the important role that the Affordable Connectivity Program (ACP) is playing to help consumers obtain affordable or in many cases no cost internet services. In the context of the FCC's high-cost support programs, the Commission notes that all recipients of those funds, including A–CAM participants, must certify that broadband rates do not exceed the reasonably comparable benchmark announced annually by the Wireline Competition Bureau (the Bureau). The Commission also notes that, pursuant to the Infrastructure Act, subgrantees of the BEAD Program are required to offer at least one ''low-cost broadband option.'' The Commission seeks comment on the extent to which A–CAM providers are participating in the ACP or Lifeline programs or otherwise offer affordable internet plans. The Commission also seeks comment on whether it should require or incentivize Enhanced A–CAM carriers to participate in ACP. If so, should there be any minimum performance characteristics for the affordable option (*e.g.,* minimum download and upload speeds, usage allowances, and maximum latency)? The Commission seeks comment on this approach, how to implement this approach, and how it should determine the appropriate characteristics. At the same time, the Commission notes that it did not require similar minimum performance characteristics for plans from providers electing to participate in ACP. What other interactions between an affordable option, the Lifeline program, and the ACP should the Commission consider?

36. To achieve these deployment obligations, the Coalition proposes to retain the basic framework of A–CAM support but increase the total amount paid by increasing the cap on support, increasing the number of eligible locations, and extending the term of support. The Coalition estimates that, if all eligible carriers elect the Enhanced A–CAM, as it is proposed, the impact of increasing the cap and the number of eligible locations would be to increase A–CAM support by $389.5 million per year from approximately $1.1 billion per year to $1.49 billion per year, a 35.4% increase. Further, the proposal adds six years of support for most A–CAM I and A–CAM II carriers (eight years of additional support in the case of A–CAM I carriers that did not accept Revised A–CAM I support in 2019).

37. The Commission seeks comment regarding whether the A–CAM framework, and especially the model on which it is based, continues to be an appropriate method of calculating support going forward. Given the amount of time that has passed and the pace of technological developments since the development of the model, it seems likely that some model inputs are no longer the most appropriate for estimating the cost to provide service. The Commission notes in particular that location data and the need for assumptions about the placement of locations, which have a significant impact on model cost estimates, likely have changed or improved since the development of the model. On the other hand, a proceeding to develop an updated model would be time consuming and may not yield significantly different or more accurate results. What are the costs and benefits associated with relying on the existing model? Should the Commission develop a new cost model based upon 2020 census geographies and updated inputs?

38. The Commission also seeks comment on the overall plan and scope of the Coalition's support proposal, particularly in context of the deployment obligations discussed in this document. The Commission recognizes that the Coalition's proposal is intended to match its members' estimated long-term revenue requirements with the proposed deployment obligations and term of support. Do the proposed deployment obligations justify the proposed support increases, both in the aggregate and for specific A–CAM recipients? Are there other support mechanisms the Commission should explore to increase the efficiency of the support amounts in these areas? For example, the Commission has recognized the benefits of competitive mechanisms to efficiently allocate high-cost universal service support. The Commission seeks comment on what mechanism would be appropriate to allocate support most efficiently in this instance, given the time-sensitivity of receiving binding commitments to provide service at a level of at least 100/20 Mbps and the ongoing commitments to provide support for 25/3 Mbps service to A–CAM I and A–CAM II carriers through 2028. To the extent that these general questions have particular bearing on specific changes proposed by the Coalition, the Commission seeks comment in the following.

39. *Support Calculation*—The Commission seeks comment on the Coalition's proposal to increase the cap on support. Currently, support for most eligible locations is capped at $200 per month. For A–CAM II carriers, eligible locations in Tribal areas are capped at $213.12 in order to accommodate a lower support threshold. The Coalition proposes increasing the cap on support to $300 per location or 80% of model costs, whichever is greater. The Coalition's proposal would significantly increase the amount of model-based support to A–CAM carriers. For the 291 carriers to which the $300 cap would apply, Commission staff estimates that the number of locations in currently eligible census blocks that would be ''fully funded'' at $300 would increase to 719,061 from 682,200. The alternative support calculation equal to 80% of model-estimated costs implies a funding cap in excess of $300 for 136 companies. While 40 companies would have an implied cap of less than $400, pursuant to Commission staff analysis, 29 would have an implied cap of more than $1000. To provide the amount of support proposed by the Coalition, without the 80% of costs provision, the funding cap would need to be set at approximately $500. Is this

methodology consistent with the model design and framework? What is the rationale or justification for providing support as a percentage of model costs in some instances, rather than relying on a higher cap? Also, because upgrading capacity of existing fiber is less costly than installing new fiber, should the Commission offer a lower level of support for those areas where the provider has already deployed fiber? The Commission invites economic studies that address the efficiency of authorizing funding to existing A–CAM providers to build networks providing service of at least 100/20 Mbps as compared to maintaining the current A–CAM programs. The Commission seeks further comment on how to determine the appropriate amount of support recognizing existing commitments and funding to build networks in these areas. What are the incremental costs of the proposed commitments under the Enhanced A–CAM proposal? Would a subsidy that covered those costs be sufficient, and if not, what other costs should be covered, such as recovery of costs for existing A–CAM locations and why?

40. Pursuant to A–CAM II, census blocks in Tribal lands have a lower support threshold of $38.38 and a funding cap of $213.12, along with separately enforceable deployment obligations. The Commission seeks comment regarding how this Tribal Broadband Factor should be incorporated into Enhanced A–CAM. Do the generally increased support amounts and universal deployment obligations relieve the need for a separate Tribal Broadband Factor? Further, the Commission seeks comment on how to address intergovernmental coordination and eligibility for locations on Tribal lands. The Commission notes that, under the BEAD Program, a commitment to deploy broadband will not be considered enforceable ''unless it includes a legally binding agreement, which includes a Tribal Government Resolution, between the Tribal Government of the Tribal Lands encompassing that location, or its authorized agent, and a service provider offering qualifying broadband service to that location.''

41. *Eligible Locations*—The Coalition proposes to use eligible model locations, rather than eligible post-Fabric locations, to calculate support. However, the Broadband DATA Act requires that, after the creation of the Fabric and associated maps, the Commission use those maps ''when making any new award of funding with respect to the deployment of broadband internet access.'' The Commission seeks comment on the use of eligible model locations to calculate support, and specifically how it can reconcile the difference between model locations and Fabric locations, especially in cases where the number of model locations significantly exceeds the number of serviceable locations in the Fabric. The Commission notes that model costs are significantly affected by location density, and if the model were run with fewer locations, in many cases the per-location cost of providing service would likely increase. For that reason, it may not be appropriate to reduce support on a pro rata basis simply because the number of actual locations in the Fabric is ultimately fewer than in the model. Nonetheless, there may be instances in which the number of locations to be served is so greatly overstated by the model that it may create an apparent windfall to provide support based on model locations. In similar circumstances, the Commission requires a pro rata support adjustment when an RDOF support recipient's updated location count is less than 65% of the Connect America Cost Model locations within the recipient's area in a state. Would such an approach be useful for the Enhanced A–CAM plan and comply with the Broadband DATA Act?

42. The Coalition additionally proposes expanding the number of eligible locations in two ways. First, the Coalition proposes to add census blocks that were ineligible for A–CAM I because they were FTTP-served by the incumbent or an affiliate. In the *2016 Rate-of-Return Reform Order,* the Commission excluded from eligibility for A–CAM I census blocks that were FTTP-served in order to prioritize model support to those areas that were then unserved. In the *December 2018 Rate-of-Return Reform Order,* however, the Commission made such census blocks eligible for A–CAM II, concluding that their inclusion would ''promote more and higher speed deployment to location in those census blocks that do not currently have 25/3 Mbps or better service'' while recognizing that areas with partially or fully deployed fiber to the premises may still require high-cost support to maintain existing service. The Commission did not, in the same Order, make such census blocks eligible for revised A–CAM I offers. Given the Commission's recognition that areas with partial or complete fiber deployment may still require ongoing support for expenses, it may be reasonable to provide some support for these census blocks. Further, doing so could harmonize the treatment of A–CAM I and A–CAM II carriers. The Commission seeks comment on the Coalition's proposal to make eligible for Enhanced A–CAM census blocks excluded from A–CAM I because they were FTTP-served.

43. Nonetheless, the Commission also recognizes that it may not be cost-effective to provide support for census blocks where an A–CAM carrier is already offering service of at least 100/20 Mbps, and therefore seek comment on the Enhanced A–CAM treatment of census blocks that are fully served. The Commission notes that A–CAM carriers have already reported deployment of 100/20 Mbps or faster service to over 347,000 eligible locations. Thirty-three A–CAM carriers have deployed at least 100/20 Mbps service to at least 90% of the eligible locations in their service areas. The Commission therefore seeks comment regarding how to use the post-Fabric broadband deployment maps to establish eligibility for Enhanced A–CAM of census blocks to which an A–CAM carrier has already deployed 100/20 Mbps or faster to service to all locations in the block. One possibility would be for the Enhanced A–CAM offer to simply exclude locations in fully deployed census blocks, which would no longer be eligible for A–CAM support if a carrier elected the offer, and support for those locations would cease upon authorization of Enhanced A–CAM. However, the Commission recognizes that an A–CAM provider reporting 100/20 Mbps or faster service for certain locations may require continued support for those locations, particularly if the provider relied on loans to fund deployment under the terms of the existing A–CAM programs. If continued support is required for the fully deployed census blocks, the remaining authorized support associated with those census blocks could be incorporated into the Enhanced A–CAM support. Another option would be for the Enhanced A–CAM offers to include fully deployed census blocks, but only at the current A–CAM I or A–CAM II funding levels. The Commission seeks comment on these options.

44. The Coalition's second proposed expansion of eligibility is for census blocks that were excluded from A–CAM I because they were served by an unsubsidized competitor with at least 10/1 Mbps service. Given that locations with 10/1 Mbps service are considered ''unserved'' pursuant to the Infrastructure Act, it may be reasonable to expand eligibility to include these census blocks. On the other hand, some unsubsidized competitors serving these census blocks may now provide at least

100/20 Mbps. The Commission therefore proposes to re-assess the eligibility of census blocks under Enhanced A–CAM for all carriers based on the provision of service by unsubsidized competitors. The Commission seeks comment regarding what test should be applied to determine whether census blocks should be ineligible because they are served by an unsubsidized competitor. The Commission tentatively concludes that locations, rather than census blocks, in which an unsubsidized competitor provides at least 100/20 Mbps should be ineligible for support because those locations would be considered ''served'' pursuant to the Infrastructure Act. The Commission seeks comment on whether eligibility by served location, rather than census block, will be feasible for an Enhanced A–CAM offer.

45. Under A–CAM II census blocks were ineligible if an unsubsidized competitor provided at least 25/3 Mbps service. Should census blocks served by an unsubsidized competitor with at least 25/3 Mbps also be ineligible for support under Enhanced A–CAM? The Commission notes that such census blocks would be considered underserved pursuant to the Infrastructure Act. However, the provision of at least 25/3 Mbps service by an unsubsidized competitor may be evidence that the A–CAM carrier is not the most efficient provider of service in that area and that another program, such as BEAD, may be able to more cost effectively achieve deployment of 100/20 Mbps or faster service. Finally, the Commission notes that in some cases, these may be census blocks that were split by a study area boundary and a price cap carrier reported providing service in the census block. The Commission seeks comment regarding how those census blocks should be tested for eligibility. For both A–CAM I and A–CAM II carriers, should competitive overlap be re-assessed in all census blocks before making a new offer? What criteria should be used?

46. What other considerations should be made with respect to the eligibility of locations under an Enhanced A–CAM offer? The Commission proposes to remove from eligibility locations that are already funded through another federal/state program at 100/20 Mbps or higher, such as the Broadband Infrastructure Program, American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds, and Tribal Broadband Connectivity Program. Is it necessary to independently address the funding commitments made by each of these programs, or do any of the other eligibility rules proposed above effectively cover the locations associated with these commitments? To the extent that locations are funded through state mechanisms, rather than federal mechanisms, how should the Commission incorporate that into the eligibility requirements? How can the Commission collect state funding information in an efficient and complete manner? The Commission seeks comment on this proposal. On the other hand, are there other unserved or underserved locations in census blocks currently ineligible for A–CAM I or A–CAM II that can and should be made eligible for support?

47. *Extended Term*—The Coalition proposes that the increased support take effect immediately, with increased support paid retroactively to the beginning of 2022, and extend through 2034. The Commission recognizes that a primary purpose of extending the term of support is to provide additional time to recover the capital used to meet deployment obligations. As a result, the Commission would expect the term could be adjusted to coincide with adjustments to support amounts or deployment obligations, such as because of reconciliation with the Fabric. The Commission seeks comment on the Coalition's proposed term. What is the justification to pay increased support retroactively and prior to the imposition of the new Enhanced A–CAM obligations? How should the term be adjusted, if at all, if changes are made to the deployment obligations or annual support amounts?

48. *Glide Path Carriers*—Under A–CAM I and A–CAM II, carriers receive additional transitional support if their model-based support is less than the amount of legacy support they received prior to their election of model-based support (glidepath carriers). This transitional support declines over time based on the size of each carrier's support reduction. The Coalition proposes that glidepath companies that elect Enhanced A–CAM would ''either (1) continue to receive support pursuant to their current schedule until such time as their total annual support is less than that under the Enhancement Plan and, at that time, they would convert to the Enhancement Plan funding level; or (2) receive support at the level provided for in the Enhancement Plan.'' The Commission seeks comment on this proposal. Alternatively, should the glidepath carriers' transitional support amounts and schedule be re-assessed based on their new, Enhanced A–CAM support amounts?

49. The Coalition proposes that each A–CAM I or A–CAM II participant be permitted to elect, on a state-by-state basis, whether to participate in the Enhanced A–CAM program. A–CAM participants that decline to participate in the enhanced program would continue under the terms of the participant's existing A–CAM program, ''with no changes to the company's deployment schedule, obligations, term, or support level.'' The Commission seeks comment on this proposal and whether alternatively, they should be subject to an ''all or nothing'' election.

50. The Commission seeks comment regarding whether all current A–CAM I and A–CAM II carriers should be eligible to participate in Enhanced A–CAM. The Commission notes that some A–CAM carriers already have widespread deployment of 100/20 Mbps or faster service. The Commission estimates that 75 companies have deployed at least 100/20 Mbps to 75% or more of their proposed Enhanced A–CAM locations, including 33 companies that serve 90 percent of their locations. Of these, 20 companies serve all proposed Enhanced A–CAM locations with at least 100/20 Mbps. In all, 347,620 A–CAM eligible locations are served with 100/20 Mbps or faster service. Given that the stated purpose of providing additional support pursuant to Enhanced A–CAM is to permit carriers to deploy higher levels of 100/20 Mbps or faster broadband, is it an effective use of limited universal service funds to provide support to carriers that have already achieved universal or near-universal deployment of such speeds? Given that such carriers may require support for ongoing provision of service in these areas and may have obtained financing to deploy networks with these higher speed levels, is it reasonable to permit them to elect the extended A–CAM term for that purpose?

51. The Commission seeks comment regarding whether eligibility for Enhanced A–CAM should be extended to include rate-of-return carriers that currently receive legacy support. The Commission notes that including carriers currently receiving legacy support would be generally consistent with the Commission's longstanding objective of transitioning away from legacy rate-of-return support mechanisms and providing high-cost support based on a carrier's forward-looking, efficient costs. Would extending Enhanced A–CAM offers otherwise be consistent with the Commission's goals? Are there other eligibility considerations, at the company or census block levels, that should be applied specifically to legacy carriers?

52. In the event that the Commission adopts an Enhanced A–CAM mechanism, it seeks comment on the procedures for carriers to make this election. The Commission anticipates that it would instruct the Bureau to follow the same processes for making offers and processing elections as were used for A–CAM II. How much time do carriers require to evaluate their offers and make an election? In this document, the Commission seeks comment regarding whether locations should be re-assessed for eligibility based on unsubsidized competitors offering at least 100/20 Mbps. Assuming data from the Broadband Data Collection (BDC) are used to determine exclusion from eligibility, should the BDC challenge processes (*i.e.,* challenges to provider availability data and to the Fabric data) be used to determine eligible locations for Enhanced A–CAM, or is a separate process warranted? If the BDC processes are used for this purpose, how much time would be appropriate for these processes to run before the Commission makes eligibility determinations based on them? Are there any other procedural considerations related to the election process that the Commission should consider?

53. The Commission also seeks comment on adopting a minimum carrier participation threshold for implementing the Enhanced A–CAM program. If participation in any Enhanced A–CAM program is low, increasing broadband deployment in A–CAM I and A–CAM II areas may be more efficient and effective through another program. If the Commission adopts a minimum threshold, what should the parameters be? For example, should there be a set percentage of eligible locations in the entire program beyond which the program continues, or should the minimum threshold be a set percentage of A–CAM I and A–CAM II carriers opting into an enhanced program? In the event that the Commission does not adopt an Enhanced A–CAM mechanism, it seeks comment on how to use support efficiently and effectively in these areas, including where broadband deployment funding is provided by another agency to either an Eligible Telecommunications Carrier (ETC) high-cost recipient or another provider.

54. As discussed in this document, the Commission seeks to align key aspects of the proposed Enhanced A–CAM program with NTIA's BEAD Program. To implement a requirement from the Infrastructure Investment and Jobs Act, service providers receiving BEAD funding must attest that they have a cybersecurity risk management plan and a supply-chain risk management plan. The cybersecurity risk management plan must specify security and privacy controls and reflect the latest version of the NIST Framework for Improving Critical Infrastructure Cybersecurity. The supply chain risk management plan must be based on key practices in NIST publication NISTIR 8276 and other supply chain risk management guidance from NIST that specifies the supply chain risk management controls being implemented. Service providers must reevaluate and update both plans periodically and as events warrant, and provide the plans to NTIA at NTIA's request. The Commission seeks comment on whether it should require similar cybersecurity and supply chain risk management practices and certifications for A–CAM recipients or, alternatively, for all carriers receiving high-cost support.

55. The Commission notes that providers receiving Connect America Fund Broadband Loop Support (CAF BLS) support are subject to mandatory deployment obligations to deploy broadband service of at least 25/3 Mbps to a carrier-specific number of locations by the end of 2023. The Commission plans to separately and subsequently consider the deployment obligations and funding levels for such providers that will apply beginning in 2024. In considering how to update these commitments going forward, the Commission anticipates addressing questions regarding the level of services to be delivered, identifying eligible locations, and the level of support required. The Commission seeks comment now on whether and how it should align the deployment obligations and required timeframes for deployment for CAF BLS carriers with any Enhanced A–CAM plan adopted by the Commission. The Commission notes that such alignment would ensure similar deployment in areas served by carriers receiving support from an Enhanced A–CAM Plan and those receiving support from CAF BLS. In addition, such alignment would ease administration of the programs by minimizing the number of interim and final milestones in high-cost programs. Accordingly, the Commission invites comment generally on any additional benefits and potential costs of aligning the high-cost funding programs for rate of return areas.

56. In this NPRM, the Commission also evaluates opportunities to improve the administration of the high-cost program to enhance its efficiency and efficacy and better safeguard the USF. Specifically, the Commission seeks comment on: changes to annual reporting requirements and certification obligations; review of mergers between rate-of-return local exchange carriers (LECs); support for exchanges acquired by a CAF BLS recipient; the process to merge commonly-owned study areas; the schedule for CAF BLS recipients to file optional quarterly line counts; and the process to relinquish ETC status. The Commission also seeks comment on whether stakeholders have any additional recommendations to improve the administration of the high-cost program. Many high-cost support recipients are small businesses; the Commission therefore seeks comment generally on how the proposed rule changes will affect them.

57. The Commission seeks comment regarding several changes that would improve or streamline annual reporting and certification requirements.

58. The Commission has established performance and other programmatic reporting obligations to ensure accountability for high-cost support recipients and monitor compliance. By March 1 annually, support recipients that serve fixed locations must report locations deployed to in the prior year in satisfaction of build-out obligations and certify compliance with deployment milestones, as applicable. By July 1 annually, recipients must file certain financial and operations information. By October 1 annually, each state or ETC, if the ETC is not subject to the jurisdiction of a state, must file a certification that support was used during the preceding calendar year and will only be used in the coming calendar year for ''the provision, maintenance, and upgrading of facilities and services for which support is intended.''

59. *First,* the Commission seeks comment on modifying § 54.313(i) of its rules to streamline the process for submitting annual high-cost reports by requiring that such filings be made only with the universal service program administrator, USAC. In the *2017 Annual Report Streamlining Order,* the Commission decided it would ''no longer require ETCs to file duplicate copies of Form 481 with the FCC and with states, U.S. Territories, and/or Tribal governments beginning in 2018.'' However, because the change was contingent upon USAC completing the rollout of an online portal for the annual report, the Commission did not modify the rule at that time. That rollout has since been completed and the Commission proposes to revise 54.313(i) to clarify that annual reports must only be filed with USAC. The Commission finds that this modification would

remove ambiguity and reduce administrative burdens on support recipients, while ensuring that governmental entities continue to have ready access to the information they need. The Commission seeks comment on this proposal.

60. *Second,* and along similar lines, current rules require an annual certification be filed with both the Office of the Secretary (OSEC) of the Commission and USAC stating that support has been and will be used only for the intended purposes. To ease administrative burdens by eliminating duplication, the Commission proposes to remove the requirement to file with the Office of the Secretary and require only submission with USAC. Because Commission staff routinely coordinates with USAC, the Commission does not expect that the ability of the Commission to monitor the annual certification would be diminished in any way. The Commission seeks comment on this proposal and whether removing the requirement to file with OSEC would inhibit the filing becoming ''part of the public record maintained by the Commission.'' The Commission invites commenters to identify any other opportunities to streamline filing and reporting obligations to improve efficiency without compromising the effective oversight of the high-cost program.

61. *Third,* the Commission seeks comment on a proposal to more closely link support reductions with failing to certify locations in order to minimize confusion and improve carrier accountability. The Commission's rules establish deadlines for carriers to file reports and certifications, as well as a schedule for reducing support if the deadlines are missed. Currently, support reductions do not occur until January of the following year, well after the carrier may have come into compliance. The Commission proposes to more closely align any support reduction with the failure to comply with the reporting deadline by reducing support in the month immediately following the date of the missed deadline. The Commission believes this change will eliminate confusion that has occurred when support decreases unexpectedly months after a deadline is missed (and well after a carrier may have come into compliance) and facilitate carrier accountability. Since support reductions are based on the number of days late and payments usually occur mid-month, there may be situations where a filing is not received in time for USAC to calculate the requisite support reduction for the next month's payment. In those instances, the Commission proposes that USAC implement the support reduction in the following month as needed. The Commission seeks comment on this proposal. Alternatively, should the Commission continue to defer support reductions until January 1 of the following year? What is the best process to reduce support to ensure carriers comply with the reporting and certification deadlines and avoid confusion?

62. *Fourth,* the Commission seeks comment on modifying reporting requirements for performance testing to require all high-cost support recipients serving fixed locations to report on a quarterly basis. High-cost support recipients must perform broadband performance testing one week out of each quarter. Recipients that are not in compliance with speed and latency requirements must report the results of the performance tests quarterly, while other recipients must only report the results of tests conducted in the preceding calendar year annually on July 1. Support reductions are assessed for non-compliant carriers, but withheld support is returned once they achieve compliance.

63. The Commission seeks comment on making the quarterly reporting of performance test results mandatory for all recipients and not just those that are not in compliance with speed and latency requirements. Currently, there can be a lengthy lag between when quarterly performance testing is completed and when it is reported to the Commission and USAC. For example, under the Commission's current rules, a performance test conducted in January 2022 would not have to be reported until July 2023. Monitoring network performance to make sure consumers in supported areas are receiving service consistent with commitments is critical. The Commission's experience with the current lag time is that it has inhibited such monitoring. While the Commission already monitors non-compliant carriers through quarterly reporting, there are benefits to requiring it for all carriers. Quarterly reporting would allow the Commission to better track that carriers are meeting its requirements and determine if there are significant problems with a carrier's network. In addition, quarterly reporting would allow the Commission to better monitor trends that may interfere with consumer service and testing results, to more quickly adopt any necessary changes to its testing mechanism. While quarterly reporting could increase the burden on carriers, the Commission does not anticipate that any increased burden will be significant given that carriers are obligated to conduct tests on a quarterly basis already. Furthermore, the Commission believes that any increase in the burden is offset by the benefits. The Commission believes that some carriers may find additional reporting helpful—given that the performance measures can be a large volume of data, it could be helpful to report less of the data more often rather than all of it once a year. The Commission seeks comment regarding this analysis and its proposal. Also, the Commission notes that some carriers have not yet reported locations when they are scheduled to begin performance pre-testing or testing. The Commission seeks comment on the timeframe for such carriers to begin pre-testing or testing once such a carrier reports High Cost Universal Broadband locations for the first time.

64. The Commission also seeks comment on revising the filing schedule for quarterly reporting of performance tests. Currently, the Commission requires quarterly reporting of carriers' pre-testing data, reflecting the results of tests conducted prior to the commencement of the official test period. Those results must be reported within one week after the end of the quarter in which the tests are conducted, to provide insight into carriers' experience with the testing process. The Commission proposes that the same schedule be adopted to report other carrier testing. Does this provide carriers with sufficient time to prepare the results for filing? If not, the Commission seeks comment on how much time is required, and what filing deadlines it should require instead. The Commission's goal in establishing a specific reporting schedule is to provide certainty, promote accountability and conform with timelines for other testing protocols to minimize confusion.

65. *Fifth,* the Commission seeks comment on whether to relieve privately held rate-of-return carriers that receive A–CAM support of the requirement to file annually a report of the company's financial condition and operations —an issue raised by NTCA—The Rural Broadband Association (NTCA) in a petition for rulemaking. The Commission's rules require all privately held rate-of-return carriers that obtain high-cost support to provide ''a full and complete annual report of the company's financial condition and operations as of the end of the preceding fiscal year.'' The Commission adopted this requirement at a time when all rate-of-return support recipients received support through cost-based support mechanisms.

66. The Commission declined to impose such a requirement on price cap

carriers receiving model-based support, concluding that it was not ''necessary to require the filing of such information by recipients of funding determined through a forward-looking cost model . . . even if those recipients are privately held.'' The design of the model, the Commission expected, would produce a level of support ''sufficient but not excessive,'' thereby negating the need for reporting audited financial information. Should the Commission apply the same rationale to extend similar relief to A–CAM carriers, as NTCA requests? Commenters are invited to address NTCA's assertion that granting relief to A–CAM carriers will provide regulatory parity. Given that the term of support for CAF (Connect America Fund) Phase II model-based carriers ended, and A–CAM carriers are the only high-cost recipients remaining on model-based support, should the Commission take a fresh look at this obligation? The Commission notes, however, that most carriers that received CAF Phase II model-based support are publicly traded companies, and it can obtain such information directly for Securities and Exchange Commission registrants. What are the benefits, if any, in retaining the financial reporting requirement for privately held A–CAM carriers in enhancing the Commission's ability to assess the efficacy of its models? The Commission also seeks comment on other, potentially less burdensome, mechanisms that would allow us to monitor as needed. For instance, should the Commission collect financial information on a less frequent but recurring basis or collecting on an as-needed basis instead?

67. The NTCA Petition for Rulemaking also requests the same relief for Alaska Plan recipients. Alaska Plan recipients receive frozen support—essentially support set at 2011 cost-based levels. The Commission seeks comment on NTCA's request. The Commission notes, however, that the frozen support Alaska Plan carriers receive was not model-based, and it seeks comment on the benefits and burdens of keeping the filing requirement in place for Alaska Plan carriers.

68. *Sixth,* the Commission proposes to modify its rules to create a consistent one-time grace period for all compliance filings. Currently, several rules have a specific date, after the due date, by which carriers may file reports without a support reduction if they have not previously missed a deadline. For example, filings under § 54.316 for certain ETCs are due annually March 1 and have a grace period until March 5, but that same rule provides a grace period of ''three days'' for other ETCs. Filings under § 54.314 are due annually October 1 and have a grace period until October 5. Filings submitted under § 54.313 are due annually July 1 and have a grace period until July 5. The Commission proposes to modify all grace periods to ''within four business days.'' For instance, this change would mean that where a filing is due March 1, recipients must file by the end of March 5 or be subject to a support reduction. Consistent with the Commission's Computation of Time rule, if March 5 falls on a weekend or holiday, the filing must be made by the end of the next business day to avoid the support reduction. The Commission expects that establishing a uniform grace period will reduce confusion, and it seeks comment on its proposal.

69. *Seventh,* the Commission proposes to codify uniform deployment, certification and location reporting deadlines for all CAF Phase II auction funding recipients to reduce confusion and facilitate efficient program administration. As originally adopted, these deadlines were tied to the date that individual funding recipients were authorized to receive support, resulting in a patchwork compliance scheme due to the rolling nature of the authorizations. Recognizing that the varied deadlines could create confusion and unnecessarily burden program administration and oversight, the Bureau waived §§ 54.310(c), 54.316(b)(4), and 54.316(c)(2), and instead adopted uniform deadlines governing deployment, certification, and location reporting obligations. Consistent with the waiver, which will remain in effect through the support term, deployment deadlines for all CAF Phase II auction support recipients, including New York's New NY Broadband Program, fall at the end of the calendar year, and certification and location reporting deadlines fall on March 1 annually. The Commission proposes to make the waiver permanent by formally modifying the rules consistent with the waiver and seek comment on this proposal. Along similar lines, and to bring some clarity in the Commission's rules to the certification deadlines for the Bringing Puerto Rico Together Fund stage 2 fixed program and the Connect USVI Fund stage 2 fixed program, the Commission proposes to make explicit the March 1 deadline in the respective authorization public notices, which will also align the programs' rules with the rules for other high-cost programs. The Commission seeks comment on these proposals.

70. *Eighth,* the Commission seeks comment on methods to obtain more accurate information on the speeds of broadband service provided through the high-cost programs. § 54.316(a) requires recipients of high-cost support to report the geocoded locations to which they have deployed facilities capable of meeting the Commission's requirements. The current language directs ETCs to report ''whether they are offering service providing speeds of at least 4 Mbps downstream/1 Mbps upstream, 10 Mbps downstream/1 Mbps upstream, and 25 Mbps downstream/3 Mbps upstream,'' consistent with their required minimum deployment obligations. While this reporting enables USAC and the Commission to determine whether carriers have met their minimum obligations, it does not require carriers to provide a complete picture of the maximum speeds actually being offered, advertised, or delivered to customers, where the carrier is providing speeds higher than the obligated minimum. The Commission seeks comment regarding how to get a better overall understanding of actual deployment. Should the Commission require carriers to report the speeds they would offer a location, in addition to the required speeds that the deployment meets? How would the Commission define such ''maximum available speeds''? Would it be most appropriate to define these maximum speeds in terms of advertised speeds or is there some other measure of available speeds that could be used? Are there any other methods the Commission can use to ensure that it has reliable data regarding available broadband speeds at each location? Would it be feasible to extrapolate maximum available speeds for locations in an area from the data produced by the performance testing?

71. *Ninth,* the Commission proposes to amend § 54.316(a)(1) to more accurately reflect the current scope of its location reporting obligations. This rule directs ''recipients of high-cost support with defined broadband deployment obligations'' to ''provide to the Administrator on a recurring basis information regarding the locations to which the [ETC] is offering broadband service in satisfaction of its public interest obligations . . . .'' Given that all filers subject to this requirement have an established deadline to submit information, the Commission finds some of the qualifying language to be extraneous and therefore propose to delete ''on a recurring basis'' from the rule. The Commission seeks comment on this proposal.

72. *Tenth,* the Commission proposes to modify the voice and broadband rate

certifications to clarify the reporting period. The original requirements for the FCC Form 481 were adopted in the *USF/ICC Transformation Order,* 76 FR 73830, November 29, 2011. The Commission's discussion makes clear that the reports, which include voice and broadband pricing, are annual and would be due April 1, covering the prior year. Therefore, for the annual report due in a particular year, the relevant time period for the pricing data was originally intended to be January 1 to December 31 of the prior year. The Commission then moved the date of the annual reports to July 1. As a result of moving the date to July 1, the Commission moved the date for the relevant voice rates to the rate in place as of June 1 the year the report was filed, as opposed to the prior year. This was done to facilitate the implementation of the rate floor provision, which was subsequently eliminated. However, the Commission did not change the applicable reporting period for broadband rates.

73. Since the rate floor has been eliminated, there is no longer the same justification for carving out voice rates so they cover the year the report is filed rather than the prior year. Because all other reporting in the FCC Form 481 coves the prior calendar year, including compliance with the broadband rates, it creates confusion to treat voice rates differently. Recipients, not infrequently, have expressed confusion as to what year's rate benchmarks they are certifying compliance with when completing the FCC Form 481. To address this confusion and aid in program administration, the Commission proposes to modify the voice and broadband rate certification rules to make explicit that recipients are certifying to compliance with pricing benchmarks in the prior year. In other words, when certifying the FCC Form 481 by July 1, 2022, recipients will be certifying compliance with voice and broadband benchmarks for 2021. The Commission seeks comment on this proposal, and it also proposes to modify the rules to reflect that the Public Notice announcing the benchmarks is issued by the Bureau and the Office of Economics and Analytics.

74. *Finally,* the Commission proposes a new rule to allow high-cost support recipients to report locations that were deployed to during a given year, even after the reporting period has ended. The Commission requires that recipients with defined deployment obligations annually certify all locations deployed to in satisfaction of public interest obligations in the prior calendar year. For example, by March 1, 2023, recipients must certify all locations deployed to in 2022 where they began offering voice and at least one broadband plan that meets or exceeds the minimum speed and minimum usage, complies with latency requirements, and is offered at or below the applicable benchmark rate.

75. The Commission's rules set forth an explicit support reduction mechanism when recipients fail to certify on time. However, the Commission's rules do not allow a recipient that certified locations by the deadline to later certify additional locations that were deployed to during that reporting year. Since the Commission's rules require recipients to certify all locations deployed to in the prior year by the deadline, currently recipients must seek a waiver showing good cause to certify additional locations after the deadline.

76. There are sound reasons to prohibit recipients from filing deployed to locations after the reporting deadline (untimely reported locations) absent good cause. For instance, if the Commission were to freely allow recipients to certify additional locations after the deadline, recipients would have no incentive to file locations on time unless the locations were needed to meet a build-out obligation. Accurate and timely location data are critical for the Commission and USAC to monitor compliance and for USAC to conduct verifications.

77. However, the Commission also believes that it is inequitable and undesirable to prohibit recipients from certifying untimely reported locations under all circumstances. Such prohibition may ultimately result in recipients falling short of a deployment milestone and then facing support recovery and/or withholding when they have in actuality sufficiently and timely met their deployment obligations. Moreover, it seems unreasonable that a recipient that, for example, misses the March 1st deadline completely and certifies all locations by March 21st is permitted to count all those locations towards its milestone, but a recipient that certifies the vast majority of its locations by March 1st and subsequently seeks to certify additional locations by March 18th, for example, could not do so absent good cause—resulting in not being able to count those locations towards milestones. Furthermore, allowing recipients to certify untimely reported locations comports with their duty to correct or amend submitted information. Finally, prohibiting recipients from certifying untimely reported locations would leave us without a fully accurate representation of deployment using high-cost support.

78. To balance these considerations, the Commission seeks comment on whether it should amend its rules to allow recipients to file untimely reported locations, but also to apply a corresponding support reduction to provide a continued incentive for timely filing. The Commission proposes that the amended rule would apply, prospectively, a support reduction mechanism where recipients' support will be reduced for untimely reported locations based on the percentage of a recipient's total locations for the reporting year being reported after the deadline and the number of days after the deadline. Such a mechanism, which bases the reduction on the number of days late, is consistent with the existing mechanism that reduces support for failure to complete the annual certification. In addition, factoring in the number (percentage) of untimely reported locations for the reporting year further helps make the reduction in support proportional to the severity of the rule violation.

79. The Commission seeks comment on this proposal and whether it strikes the right balance of allowing untimely report locations to count towards deployment but also ensuring timely filing and efficient administration of the program. The Commission also seeks comment on any alternative proposals and whether there should be a cap on a support reduction for untimely reported locations. To further help efficiently administer this regime, unlike in the Commission's rule regarding late certifications, it does not propose to apply a one-time grace period or to reduce support at a minimum a full week given that in these situations recipients will have filed some locations by the deadline.

80. The Commission proposes to amend its rules to provide a simpler process for rate-of-return carriers seeking to merge, consolidate, or acquire one or more rate-of-return study areas to calculate the new entity's Access Recovery Charge; CAF ICC (Connect America Fund Intercarrier Compensation) support; and reciprocal compensation and switched access rate caps. The Commission anticipates that adopting such revisions to its rules would reduce the burden on carriers that currently have to seek waivers of the existing rules whenever they seek to merge, consolidate or acquire one or more rate-of-return study areas. Such rule revisions would also reduce the burden on the Commission of acting on these waiver requests and facilitate the Commission's goal of encouraging

carriers to become more efficient and to increase productivity. The Commission seeks comment on these proposals and on the costs and benefits of adopting these proposals.

81. In the *USF/ICC Transformation Order,* the Commission capped rate-of-return carriers' reciprocal compensation and interstate switched access rates and most intrastate switched access rates at the rates in effect on December 29, 2011. At the same time, the Commission adopted a multi-year transition for reducing most terminating switched access rates to bill-and-keep. As part of these reforms, the Commission adopted an Access Recovery Charge that allows rate-of-return carriers to recover a portion of the intercarrier compensation revenues lost due to the Commission's reforms, up to a defined amount (Eligible Recovery) for each year of the transition. If the projected Access Recovery Charge revenues are not sufficient to cover the entire Eligible Recovery amount, rate-of-return carriers may elect to collect the remainder in CAF ICC support.

82. The calculation of a rate-of-return Local Exchange Carriers (LECs) Eligible Recovery begins with its Base Period Revenue. A rate-of-return carrier's Base Period Revenue is the sum of certain intrastate switched access revenues and net reciprocal compensation revenues received by March 31, 2012, for services provided during Fiscal Year (FY) 2011, and the projected revenue requirement for interstate switched access services for the 2011–2012 tariff period. The Base Period Revenue for rate-of-return carriers was reduced by 5% initially and is reduced by an additional 5% in each year of the transition. A rate-of-return carrier's Eligible Recovery is equal to the adjusted Base Period Revenue for the year in question, less, for the relevant year of the transition, the sum of: (1) projected intrastate switched access revenue; (2) projected interstate switched access revenue; and (3) projected net reciprocal compensation revenue. The adjusted Base Period Revenue is also adjusted to reflect certain demand true-ups. A rate-of-return LECs Base Period Revenue is calculated only once, but is used during each step of the intercarrier compensation recovery mechanism calculations for each year of the transition.

83. The Commission's rules for calculating Eligible Recovery are based on study-area-specific data, and do not address what adjustments may be necessary when study areas are merged after one company acquires all or a portion of another. Because a carrier's Base Period Revenue and interstate revenue requirement are study-area-specific, as are a carrier's reciprocal compensation and capped switched access rates, combining two study areas requires a decision about how best to combine two different Base Period Revenues and interstate revenue requirements, and—when the study areas do not have the same capped rates—a waiver of the Commission's rules to establish the proper rate levels.

84. Since the Eligible Recovery rules have taken effect, several rate-of-return LECs have partially or fully merged study areas or acquired new study areas. Because the intercarrier compensation and CAF ICC rules adopted in the *USF/ICC Transformation Order* do not contemplate study area changes, these carriers have had to file petitions for waiver of portions of §§ 51.917 and 51.909 of the Commission's rules to reset the applicable Base Period Revenue associated with the study areas they have merged or acquired. In this line of waiver orders, the Bureau has permitted carriers to add together the relevant interstate revenues from FY 2011 of the merging study areas and the 2011–2012 interstate revenue requirement of the merging study areas. This calculation then creates a combined Base Period Revenue which serves as the baseline for calculating the Eligible Recovery of the company serving the combined study area going forward. To facilitate mergers for entities that participate in the National Exchange Carrier Association (NECA) Tariff, the Bureau has granted waivers to allow NECA to place the consolidated study area in the rate band that most closely approximates the merged entities' cost characteristics. The rate for that rate band then becomes the rate cap for that rate element in the merged study area.

85. The waiver process has imposed additional costs on these carriers and, in some instances, delayed mergers or acquisitions. The Commission's experience in reviewing these waiver requests has shown that certain patterns recur with predictable outcomes that can be addressed through rule revisions rather than by requiring individual waiver requests in the future. Adopting such revisions to the Commission's rules would reduce the burden on carriers and on the Commission. The Commission, therefore, proposes to revise its rules to eliminate the need for a rate-of-return LEC that is involved in a merger, consolidation, or acquisition with another rate-of-return carrier to obtain a waiver of these intercarrier compensation rules when certain conditions apply.

86. First, the Commission proposes to revise § 51.917 of its rules to provide that merging, consolidating, or acquiring rate-of-return carriers shall combine separate Base Period Revenue and interstate revenue requirement factors when two or more entire study areas are being merged. This approach is consistent with the Commission's precedent and the proposed rule revisions will eliminate the need for individual waiver requests in these circumstances. If only a portion of a study area is being acquired and merged into another study area, the Commission proposes to allow the acquiring entity and the remaining entity to allocate the Base Period Revenue and interstate revenue requirement levels of the partial study area on the proportion of access lines acquired compared to the total access lines in the pre-merger study area of the remaining entity. This proposal is consistent with the approach the Commission has previously taken when dealing with transactions affecting only part of a study area.

87. Similarly, the Commission proposes to revise § 51.909 of its rules to establish procedures that will allow us to set new rate caps for merging rate-of-return carriers without requiring the merging carriers to file a waiver request. The Commission proposes to amend its rule to provide that, for merging, acquiring or consolidating carriers that will file their own tariffs, the new rate cap for each rate element shall be the weighted average of the preexisting rates in each of the study areas. For merging carriers that participate in the NECA traffic-sensitive tariff and that have to establish a single switched access rate for a rate element, the Commission proposes that the new consolidated rate, as determined by NECA pursuant to the rate bands in its traffic-sensitive tariff, will serve as the new rate cap if the merged entity's CAF ICC support will not increase as a result of the merger by more than 2% above the amount received by the merging entities, using the demand and rate data for the preceding calendar year. The Commission invites comment on these proposals. In particular, the Commission seeks comment on whether the two percent factor represents a reasonable level for determining that a merger should be allowed at the rate(s) determined by NECA.

88. Finally, the Commission proposes to streamline the process by which rate-of-return carriers seeking to merge, consolidate, or acquire study areas can establish new reciprocal compensation and switched access rate caps if the impact of using the weighted average of the preexisting rates in the previous

study areas to establish the rates for the new combined study area would result in the new entity's CAF ICC support exceeding the 2 percent threshold described in this document. Under those circumstances, the Commission proposes to require carriers to file a petition for waiver, specifying the impact of the merger, acquisition or consolidation on the new entity's rates and CAF ICC support, but the Commission proposes to adopt a streamlined public notice period after which petitions for waiver would be deemed granted after 60 days if there is no opposition and the Bureau or Commission has not acted to extend the review period. The Commission proposes that the petitions for waiver be submitted for consideration via the Commission's ECFS and a courtesy copy emailed to the Chief, Pricing Policy Division, Wireline Competition Bureau.

89. The Commission further proposes that carriers filing petitions under these revised rules must include: (1) a description of the merging study areas, or portions of study areas involved; (2) the switched access demand; (3) relevant pre- and post-merger rates for the study areas involved, as proposed; (4) the effect on CAF ICC resulting from the merger; and (5) a brief statement of the benefits of the merger. The Bureau would then release a public notice announcing receipt of a petition and a 30-day comment period would begin upon release of that public notice. Reply comments would be due 45 days after the release of the public notice. If no oppositions are received, the petition for waiver will be deemed granted on the 60th day after the public notice, unless the Bureau or Commission acts to prevent the ''automatic'' grant. If an opposition is received during the comment or reply comment period, the Commission proposes that the petition would be automatically removed from the streamlined grant process. The Commission invites parties to comment on this proposal and whether the requested information to be included in the petition is sufficient to permit interested parties and the Bureau or Commission to determine whether the proposed merger is in the public interest. The Commission proposes to delegate to the Bureau the authority to review, analyze and approve these petitions for waiver.

90. The Commission seeks comment on amending § 54.902 of its rules, which governs the amount of CAF BLS support a rate-of-return carrier receives when it acquires exchanges from another incumbent local exchange carrier, to better reflect the current state of high-cost universal service.

91. Currently, § 54.902(a) describes how CAF BLS support is calculated when a rate-of-return carrier acquires exchanges from another rate-of-return carrier, while § 54.902(b) specifies that when a rate-of-return carrier acquires exchanges from a price cap carrier, the acquired exchanges remain subject to the support amounts and obligations established by CAF Phases I and II. Since this rule was last amended, the Commission has adopted and implemented several new high-cost support mechanisms, for areas served by both rate-of-return and price cap carriers, as well as non-incumbent LEC's. These new mechanisms include auction-based mechanisms and model-based support for rate-of-return carriers (A–CAM I and II).

92. The Commission proposes to modify § 54.902(a) to expressly limit its application, so that a carrier would only be eligible to receive CAF BLS support for exchanges acquired from existing CAF BLS recipients. The Commission further proposes to modify § 54.902(b) to include any model-based, auction-based or frozen support. Specifically, the Commission proposes that any transferred exchanges subject to § 54.902(b) would be subject to the support and obligations in place at the time of the exchange. These proposed modifications would be consistent generally with the rule as originally adopted, when all rate-of-return carriers were subject to the Interstate Common Line Support (ICLS) mechanism (which was renamed CAF BLS when modernized by the Commission in 2016). Because the Commission also created a voluntary pathway to model-based support for rate-of-return carriers in 2016, it is no longer accurate to assume, as § 54.902(a) does, that all rate-of-return carriers are subject to CAF BLS. Similarly, because the Commission has adopted competitive bidding processes to allocate high-cost support in many areas, rate-of-return carriers may acquire exchanges from carriers that are not subject to rate-of-return or price cap regulation. The proposed rule would clarify that only transferred exchanges that are already eligible for CAF BLS would be eligible for CAF BLS after their transfers. Though exchanges not subject to ICLS (or CAF BLS) would have been eligible for ICLS (or CAF BLS) as the rule was originally designed in 2001, today the alternatives to CAF BLS are model-based or auction-based support mechanisms in which support recipients have agreed to fixed support amounts in exchange for defined obligations over specified terms, and it would not typically be appropriate for those fixed obligations and support amounts to be changed because some exchanges were transferred. This includes exchanges served by rate-of-return carriers under the A–CAM I and A–CAM II mechanisms. The Commission, of course, may address unique circumstances justifying a different result through the waiver process. The Commission seeks comment on these proposals.

93. The Commission seeks comment on several proposals to modify the study area boundary waiver process. A study area is a geographic segment of an incumbent LECs telephone operations and forms the basis of the jurisdictional separations of its costs and its cost studies. The Commission froze all study area boundaries effective November 15, 1984 to prevent incumbent LECs from establishing separate study areas made up of only high-cost exchanges to maximize their receipt of high-cost universal service support. The study area freeze also prevents incumbent LECs from transferring exchanges among existing study areas for the purpose of increasing interstate revenue requirements and maximizing universal service compensation. Carriers operating in more than one state typically have one study area for each state, and carriers operating in a single state typically only have a single study area.

94. In 1996, the then Common Carrier Bureau (now known as the Wireline Competition Bureau) issued an order stating that ''carriers are not required to seek study area waivers if: (1) a separately incorporated company is establishing a study area for a previously unserved area; (2) a company is combining previously unserved territory with one of its existing study areas in the same state; and (3) a holding company is consolidating existing study areas in the same state.'' Accordingly, any carrier seeking to merge study areas that does not fall into one of those three categories must petition the Commission for a waiver. In 2004, the Commission adopted the *Skyline Order,* which stated that ''the Commission has never enunciated an exception to its study area waiver requirements for unserved areas [and] that treating an area as unserved when it was previously within an existing study area would be inconsistent with the purpose of the study area freeze.'' It clarified that ''a study area waiver request must be filed with the Commission where a company is seeking to create a new study area from within one or more existing study areas.'' The *Skyline Order* therefore modified the 1996 Bureau-level order by prohibiting the establishment of a new

study area in previously unserved territory if the unserved area was within an existing study area.

95. In the *USF/ICC Transformation Order,* the Commission recognized the administrative burden the ad hoc approach placed on the Bureau. Because most petitions are ''routine in nature,'' the Commission adopted a streamlined process to address all study area waiver petitions. Under this process, once a carrier submits a petition the Bureau will issue a public notice seeking comment and noting whether the waiver is appropriate for streamlined treatment. Absent any further action by the Bureau, if the waiver is subject to streamlined treatment, it is granted on the 60th day after the reply comment due date. Alternatively, if the petition requires further analysis and review, the public notice will state that the petition is not suitable for streamlined treatment.

96. Since then, the Commission has substantially reformed how universal service support is awarded. Incumbent LECs now receive support in different ways, including model-based support and auction support, in addition to traditional rate-of-return regulation (legacy support). Currently, when a carrier that owns multiple study areas within a state wants to merge these commonly-owned study areas, the carrier is not required to petition the Commission. However, allowing carriers to merge study areas that receive support under different mechanisms could create opportunities for carriers to manipulate the Commission's support. For example, if a carrier sought to merge two study areas in a state, one of which receives legacy rate-of-return support and another that receives model-based support, it would be difficult for the Commission to determine which lines in the new study area are entitled to rate-of-return support, which typically increases as the number of lines increases. Similarly, such a merger could create confusion regarding tracking carrier mandatory build-out obligations by changing the areas in which they must deploy broadband. For example, an A–CAM carrier receives a fixed amount of support in exchange for deploying broadband to a specific number of locations based on costs as determined by a model. If the A–CAM carrier merges its study area with a legacy rate-of-return study area in the same state owned by the same carrier, it would then be harder to track the deployment obligations under each program.

97. In addition, allowing carriers to add unserved areas to their study areas, even if those areas are not within an existing study area, could undermine the Commission's goal of distributing universal service support in the most efficient manner possible. In furtherance of this objective, the Commission has encouraged the transition to model-based support and auction-awarded support over traditional rate-of-return regulation. If rate-of-return carriers can extend their existing study area into unserved areas, this could result in the use of legacy support in additional areas when such areas could be served with broadband more efficiently using model-based or auction-based support.

98. To avoid the issues created by merging study areas receiving different types of support or the expanded use of less efficient support methodologies, the Commission seeks comment on requiring waivers for all study area boundary changes. Requiring changes in study area boundaries to be reviewed by the Bureau would ensure that any proposed changes are not approved until the effects on the Fund are taken into account. Because the Commission has already established a streamlined process for such waivers, those requests that do not present any support or other concerns could be swiftly granted, thereby minimizing the burden on those carriers proposing mergers that promote efficiency and are clearly in the public interest. The Commissions seeks comment on this proposal. Are there any alternatives that the Commissions should consider that would address these concerns?

99. The Commission seeks comment on eliminating optional line count filings for CAF BLS support recipients reported on FCC Form 507, or, alternatively, updating the filing schedule for optional quarterly line counts to better align with the mandatory annual filing deadline.

100. The Commission adopted quarterly filing provisions for rate-of-return carriers in 2001 in the *Multi-Association Group (MAG) Order.* The filing schedule tracked the existing schedule for reporting line counts for high cost loop support, with annual line counts due on July 31 each year (reporting line counts as of the prior December 31), and quarterly updates due on September 30, December 31, and March 31 (each reporting lines as of six months earlier). The quarterly line counts were mandatory for rate-of-return carriers serving areas in which a competitive ETC was operating, and permissive for all other rate-of-return carriers. In 2012, mandatory quarterly filings were eliminated because competitive ETCs no longer received support based on the incumbent rate-of-return carriers' per-line support amounts. In the *December 2018 Rate-of-Return Reform Order,* the Commission changed the date of the mandatory annual filing from July 31 to March 31 but did not address the optional quarterly updates. As a result, the optional quarterly update of lines as of September 30 is due on the same day, March 31, as the mandatory annual filing of line counts as of December 31, and other optional line count filings have an unnecessary six-month lag.

101. The Commission seeks comment on whether to eliminate the option of submitting quarterly line counts or alternatively to align the schedule to conform to the recently revised schedule for annual line count filings. The optional line counts are currently used for two purposes. First, USAC uses the quarterly line count updates to administer the monthly per-line cap on high-cost universal service support each quarter. In practice, only 17 carriers filed updated line counts on December 31, 2020, and most of those were not subject to the per-line cap. The Commission notes that using the quarterly line counts to calculate a carrier's per-line support gives carriers that may be subject to monthly per-line cap a benefit, in that they can choose to file updated line counts only if the change would increase support to the carrier. Second, the quarterly line counts are used to determine preliminary CAF BLS when a CAF BLS support recipient acquires exchanges from another CAF BLS support recipient. This preliminary CAF BLS amount is ultimately subject to true-up based on the carrier's actual cost and revenue data, including the transferred exchanges. Under either scenario, it is possible that the Commission could rely on the mandatory annual line counts with minimal loss of utility. Given the limited utility of the quarterly line count filings, should the Commission eliminate them altogether?

102. In the event that the Commission decides to retain the optional quarterly filings, it seeks comment on revising the filing schedule to align with the recently revised schedule for reporting annual lines. Consistent with § 54.903(a)(1), carriers must annually report lines counts as of December 31 on March 31. The Commission proposes to revise § 54.903(a)(2) to permit carriers optionally to report updated lines as of March 31 on June 30, lines as of June 30 on September 30, and lines as of September 30 on December 31. This would eliminate confusion and provide a more consistent flow of line count data over the course of the year. The Commission seeks comment on this proposal.

103. The Commission seeks comment on revising the process by which a support recipient subject to a state commission's jurisdiction can relinquish its ETC designation by requiring the ETC to provide advance notice to the Commission prior to seeking relinquishment and within 10 days after such relinquishment has been granted.

104. Section 254(e) of the Communications Act of 1934 provides that ''only an eligible telecommunications carrier . . . shall be eligible to receive specific Federal universal service support.'' States have primary jurisdiction for designating ETCs; the Commission generally has authority only when ''a common carrier [is] providing telephone exchange service and exchange access that is not subject to the jurisdiction of a State commission.'' An ETC may relinquish its designation ''in any area served by more than one'' ETC so long as ''the remaining [ETCs] ensure that all customers served by the relinquishing carrier will continue to be served.'' Once the requesting carrier makes the required showing, the state commission or the Commission grants the request for relinquishment.

105. Where states designate ETCs, the Commission currently has no oversight over the ETC relinquishment process. As a result, a carrier could seek and be granted relinquishment of its ETC designation while it still has high-cost support obligations, such as an outstanding debt to USAC or unfulfilled deployment commitment.

106. Section 54.205 of the Commission's rules requires an ETC seeking to relinquish its ETC designation granted by a state commission to give advance notice to the state commission. The Commission proposes to extend that obligation to also require advance notice to them. In addition, after the state commission grants its request to relinquish its designation, the Commission proposes to require the ETC to notify them within 10 days. The Commission believes the proposed notification requirements would help deter waste, fraud, and abuse in the management of the USF. In that regard, the Commission notes that, while states are largely responsible for granting ETC status, ETCs receive universal service support from them on the basis of this designation. Moreover, such notification would enable the Commission to end support payments in a timely fashion and, where applicable, take action where a carrier fails to meet its deployment, performance, or other obligations. Conversely, when an ETC does not receive any federal USF support, the Commission believes such notification is appropriate as it would allow to us confirm that in fact, there are not federal USF issues as stake. Given the impact of relinquishments on federal USF support, the Commission believes it has ample legal authority to adopt the foregoing notice requirements, under Section 254 and as reasonably ancillary thereto. The Commission also proposes to find that the benefits of providing an additional safeguard to protect the integrity of the Fund outweighs any modest burden resulting from the proposed notification obligation. The Commission seeks comment on these proposals and assessments of legal authority and costs and benefits.

107. The Commission seeks comment on whether it should consider any other clarifications, modifications or additions to its rules in this proceeding. Are there modifications that would improve administrative efficiency or reduce unnecessary burdens in the high-cost program? Are there examples where the Commission's rules have not kept pace or are otherwise not aligned with Commission orders? Are there any high-cost rules that are reflected solely in Commission orders but not in the Commission's rules? In considering additional changes, the Commission seeks to balance its goals of facilitating the efficient operation of the high-cost program for all parties, while ensuring that the Commission continues to protect the fund from waste, fraud and abuse. Commenters are invited to specifically address how any suggested modifications will meet those goals.

108. The Commission, as part of its continuing effort to advance digital equity for all, including people of color, persons with disabilities, persons who live in rural or Tribal areas, and others who are or have been historically underserved, marginalized, or adversely affected by persistent poverty or inequality, invites comment on any equity-related considerations and benefits (if any) that may be associated with the proposals and issues discussed herein. Specifically, the Commission seeks comment on how its proposals may promote or inhibit advances in diversity, equity, inclusion, and accessibility, as well the scope of the Commission's relevant legal authority.

III. Procedural Matters

109. *Paperwork Reduction Act Analysis.* This document contains proposed new information collection requirements. The Commission as part of its continuing effort to reduce paperwork burdens, will be inviting the general public and OMB to comment on the information collection requirements contained in this document, as required by the Paperwork Reduction Act of 1995, Public Law 104–13. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, *see* 44 U.S.C. 3506(c)(4), the Commission seeks specific comment on how it might further reduce the information collection burden for small business concerns with fewer than 25 employees.

110. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in this NPRM. The Commission requests written public comments on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments provided on the first page of the NPRM. The Commission will send a copy of the NPRM, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA). In addition, the NPRM and IRFA (or summaries thereof) will be published in the **Federal Register**.

111. In this proposed rule, the Commission seeks comment on a proposal by the Coalition to achieve widespread deployment of 100/20 Mbps broadband service throughout the areas served by carriers currently receiving A–CAM support, and the Commission initiates a targeted inquiry into the management and administration of the high-cost program of the USF. For more than a decade, the Commission has made substantial progress in reforming and modernizing the various high-cost universal service support mechanisms. This NPRM continues the progress by seeking methods to increase efficiency and efficacy of the program.

112. The proposed action is authorized pursuant to sections 4(i), 214, 254, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 214, 254, 303(r), and 403.

113. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the proposed rules and by the rule revisions on which the Notice seeks comment, if adopted. The RFA generally defines the term ''small entity'' as having the same meaning as the terms ''small business,'' ''small organization,'' and ''small governmental jurisdiction.'' In addition, the term ''small business'' has the same meaning as the term ''small-business concern'' under the

SBA. A ''small-business concern'' is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.

114. *Small Businesses, Small Organizations, Small Governmental Jurisdictions.* The Commission's actions, over time, may affect small entities that are not easily categorized at present. The Commission therefore describes here, at the outset, three broad groups of small entities that could be directly affected herein. First, while there are industry specific size standards for small businesses that are used in the regulatory flexibility analysis, according to data from the SBA's Office of Advocacy, in general a small business is an independent business having fewer than 500 employees. These types of small businesses represent 99.9% of all businesses in the United States, which translates to 32.5 million businesses.

115. Next, the type of small entity described as a ''small organization'' is generally ''any not-for-profit enterprise that is independently owned and operated and is not dominant in its field.'' The Internal Revenue Service (IRS) uses a revenue benchmark of $50,000 or less to delineate its annual electronic filing requirements for small exempt organizations. Nationwide, for tax year 2020, there were approximately 447,689 small exempt organizations in the U.S. reporting revenues of $50,000 or less according to the registration and tax data for exempt organizations available from the IRS.

116. Finally, the small entity described as a ''small governmental jurisdiction'' is defined generally as ''governments of cities, counties, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand.'' U.S. Census Bureau data from the 2017 Census of Governments indicate that there were 90,075 local governmental jurisdictions consisting of general purpose governments and special purpose governments in the United States. Of this number there were 36,931 general purpose governments (county, municipal and town or township) with populations of less than 50,000 and 12,040 special purpose governments—independent school districts with enrollment populations of less than 50,000. Accordingly, based on the 2017 U.S. Census of Governments data, the Commission estimates that at least 48,971 entities fall into the category of ''small governmental jurisdictions.''

117. Small entities potentially affected by the proposed regulations herein include Wired Telecommunications Carriers, LECs, Incumbent LECs, Competitive Local Exchange Carriers, Interexchange Carriers, Local Resellers, Toll Resellers, Other Toll Carriers, Prepaid Calling Card Providers, Telecommunications Carriers (except Satellite), Cable and Other Subscription Programming, Cable Companies and Systems (Rate Regulation Cable System Operators (Telecom Act Standard), All Other Telecommunications, Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing, Semiconductor and Related Device Manufacturing, Software Publishers, Wired Broadband internet Access Service Providers, Wireless Broadband internet Access Service Providers, internet Service Providers (Non-Broadband), and All Other Information Services.

118. In this NPRM the Commission seeks comment on ways to improve the management, administration, and oversight of the high-cost program, including: streamlining reporting and certification requirements; improving review of mergers between rate-of-return local exchange carriers; clarifying support for exchanges acquired by a CAF BLS recipient; establishing a streamlined process to merge jointly-owned study areas; aligning the schedule for CAF BLS recipients to file optional quarterly line count updates; improving the process to relinquish ETC status; and improving its audit program. At this time the Commission cannot quantify the cost of compliance with the potential rule changes discussed in this document. However, the Commission does not believe that the costs and/or administrative burdens associated with any of the proposal rule changes will unduly burden small entities. The Commission discusses the new or modified obligations that result in this document, and seek comment on these matters, including cost and benefit analyses supported by quantitative and qualitative data from the parties in the proceeding.

119. Specifically, the NPRM seeks comment on a proposal by the by Coalition for new A–CAM. The NPRM also seeks comment regarding several changes that would improve or streamline annual reporting and certification requirements. First, the NPRM seeks comment on and proposes modifying § 54.313(i) of the Commission's rules from the CFR because, pursuant to a previous Commission order, high-cost recipients are no longer subject to the requirement to file annual reporting and certifications with the Commission, relevant state commissions, relevant or authority in a U.S. Territory, or Tribal government now that the information is available from USAC. Second, the Commission proposes to align more closely support reductions for a carrier's actual failure to comply with the reporting and certification deadline by directing USAC to reduce support in the month immediately following the date of failure. Third, the NPRM seeks comment on quarterly reporting requirements for performance testing, on making such requirements mandatory for all high-cost support recipients, and on the filing schedule. Fourth, the Commission seeks comment on relieving privately held A–CAM carriers of the requirement to file audited financials annually. Fifth, the NPRM proposes to modify the Commission's rules to create a consistent grace period for all compliance filings by modifying all grace periods to ''within four business days.'' Sixth the NPRM seeks comment on provisions related to the location reporting and certification requirements for ETCs receiving high-cost USF support. Seventh, the NPRM proposes to codify uniform deployment, certification and location reporting deadlines for all CAF Phase II auction recipients and clarify deadlines for the Bringing Puerto Rico Together and Connect USVI stage 2 fixed funds. Eighth, the NPRM seeks comment on methods to obtain more accurate information on the actual speeds of broadband service provided through the high-cost programs. Ninth, the NPRM proposes amending § 54.316(a)(1) by deleting extraneous language to more accurately reflect the current scope of the Commission's location reporting obligations. Tenth, the NPRM proposes to modify the voice and broadband rate certifications rules to clarify the reporting period. Finally, the NPRM proposes a support reduction scheme for when a carrier reports some locations after the deadline for the reporting period.

120. In addition, the NPRM seeks comment on proposals to eliminate the need for a rate-of-return LEC that is involved in a merger, consolidation, or acquisition with another rate-of-return carrier to obtain a waiver of specified intercarrier compensation rules when certain conditions apply. The NPRM also seeks comment on amending § 54.902, which governs the amount of CAF BLS received by a rate-of-return carrier when it acquires exchanges from another incumbent local exchange carrier. The NPRM proposes to modify § 54.902(a) to expressly limit its application, so that a carrier would only

be eligible for CAF BLS for exchanges acquired from existing CAF BLS recipients, and to modify § 54.902(b) to include any model-based, auction-based or frozen support. The NPRM also seeks comment on several proposals to modify the study area boundary process.

121. The NPRM also seeks comment on updating the schedule for CAF BLS support recipients to file optional quarterly line counts on the FCC Form 507 or, alternatively, eliminating optional quarterly line counts entirely. Additionally, the NPRM seeks comment on revising the process by which a support recipient can relinquish its ETC designation by requiring a certification that all outstanding universal service issues have been satisfied prior to relinquishment. Taken together, all of these proposals will reduce burdens on carriers and the Commission and will encourage carriers to become more efficient and productive.

122. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rules for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.

123. In the NPRM, the Commission seeks comment from all entities, including small entities, regarding the impact of these proposed rules to improve the efficiency and efficacy of the high-cost program. The NRPM proposes changes that would improve or streamline annual reporting and certification requirements and proposes to eliminate a codified rule that is no longer applicable. These changes will eliminate ambiguity and reduce administrative burdens on all recipients, including small entities. The NPRM seeks comment on relieving privately held carriers receiving A–CAM support, most of which are small entities, of the requirement to file audited financial statements annually. The NPRM proposes to adopt consistent grace periods of ''four business days'' which will eliminate confusion for all entities from grace periods falling on a weekend or holiday. The NPRM also proposes to eliminate the need for rate-of-return local exchange carriers, most of which are small entities, involved in a merger, consolidation, or acquisition with another rate-of-return carrier to obtain a waiver of certain intercarrier compensation rules. For carriers that do not satisfy the criteria identified for transactions when waiver is not required, the NPRM proposes to streamline the CAF ICC merger approval process. The Commission asks and will consider alternatives to the proposals and on alternative ways of implementing the proposals.

124. More generally, the Commission expects to consider the economic impact on small entities, as identified in comments filed in response to the Notice and this IRFA, in reaching its final conclusions and taking action in this proceeding. The proposals and questions laid out in the NPRM are designed to ensure the Commission has a complete understanding of the benefits and potential burdens associated with the different actions and methods.

IV. Ordering Clauses

125. Accordingly, *it is ordered* that, pursuant to the authority contained in sections 4(i), 214, 218–220, 254, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 214, 218–220, 254, 303(r), and 403, and §§ 1.1, 1.3, 1.407, 1.411, and 1.412 of the Commission's rules, 47 CFR 1.1, 1.3, 1.407, 1.411, and 1.412, the petition for rulemaking filed by the ACAM Broadband Coalition, RM–11868, *is granted* to the extent discussed herein, and this Notice of Proposed Rulemaking *is adopted*.

126. *It is further ordered* that this NPRM will be *effective* upon publication in the **Federal Register**, with comment dates indicated therein.

List of Subjects

47 CFR Part 36

Communications common carriers, Reporting and recordkeeping requirements, Telecommunications, Telephone, Uniform System of Accounts.

47 CFR Part 51

Communications, Communications common carriers, Telecommunications, Telephone.

47 CFR Part 54

Communications common carriers, Health facilities, Infants and children, internet, Libraries, Puerto Rico, Reporting and recordkeeping requirements, Schools, Telecommunications, Telephone, Virgin Islands.

Federal Communications Commission.

Marlene Dortch,

Secretary.

Proposed Regulations

For the reasons discussed in the preamble, the Federal Communications Commission proposes to amend 47 CFR parts 36, 51, and 54 as follows:

PART 36—JURISDICTIONAL SEPARATIONS PROCEDURES; STANDARD PROCEDURES FOR SEPARATING TELECOMMUNICATIONS PROPERTY COSTS, REVENUES, EXPENSES, TAXES AND RESERVES FOR TELECOMMUNICATIONS COMPANIES

■ 1. The authority citation for part 36 continues to read as follows:

Authority: 47 U.S.C. 151, 152, 154(i) and (j), 201, 205, 220, 221(c), 254, 303(r), 403, 410, and 1302 unless otherwise noted.

■ 2. Amend § 36.4 by adding paragraph (c) to read as follows:

§ 36.4 Streamlining procedures for processing petitions for waiver of study area boundaries.

* * * * *

(c) As of 30 days after the effective date of this paragraph, incumbent local exchange carrier must seek waiver for study area boundary changes notwithstanding any prior exemptions from such waiver requests including, but not limited to, when a company is combining previously unserved territory with one of its study areas or a holding company is consolidating existing study areas within the same state. The Wireline Competition Bureau or the Office of Economics and Analytics may accept study area boundary corrections without a waiver.

PART 51—INTERCONNECTION

■ 3. The authority citation for part 51 continues to read as follows:

Authority: 47 U.S.C. 151–55, 201–05, 207–09, 218, 225–27, 251–52, 271, 332, unless otherwise noted.

■ 4. Amend § 51.909 by adding paragraph (a)(7) to read as follows:

§ 51.909 Transition of rate-of-return carrier access charges.

(a) * * *

(7) Rate-of-return carriers subject to § 51.917 that merge with, consolidate with, or acquire, other rate-of-return carriers shall establish new rate caps as follows:

(i) If the merged entity will file its own access tariff, the new rate cap for each rate element shall be the average of the preexisting rates of each study area weighted by the number of access lines in each study area; or

(ii) If the merged entity participates in the Association traffic-sensitive tariff and has to establish a single switched access rate for one or more rate elements, the new consolidated rate reflecting the cost characteristics of the merged entity, as determined by the Association, will serve as the new rate cap if the merged entity's CAF ICC support will not be more than two percent higher than the combined amount received by the entities prior to merger, using rate and demand levels for the preceding calendar year. A merging entity that does not satisfy this requirement may file a streamlined waiver petition that will be subject to the following procedure:

(A) *Public notice and review period.* The Wireline Competition Bureau will issue a public notice seeking comment on a petition for waiver of the two-percent threshold established by this rule.

(B) *Comment cycle.* Comments on petitions for waiver may be filed during the first 30 days following public notice, and reply comments may be filed during the first 45 days following public notice, unless the public notice specifies a different pleading cycle. All comments on petitions for waiver shall be filed electronically, and shall satisfy such other filing requirements as may be specified in the public notice.

(C) *Effectuating waiver grant.* A waiver petition filed pursuant to this paragraph will be deemed granted 60 days after the release of the public notice seeking comment on the petition, unless opposed or the Commission acts to prevent the waiver from taking effect. The Association and the petitioner shall coordinate the timing of any tariff filing necessary to effectuate this change. The revised rate filed by the Association shall be the rate cap for purposes of applying § 51.909(a).

* * * * *

■ 5. Amend § 51.917 by revising paragraph (c) to read as follows:

§ 51.917 Revenue Recovery for Rate-of-Return Carriers.

* * * * *

(c) *Base Period Revenue*—(1) *Adjustment for Access Stimulation activity.* 2011 Rate-of-Return Carrier Base Period Revenue shall be adjusted to reflect the removal of any increases in revenue requirement or revenues resulting from Access Stimulation activity the Rate-of-Return Carrier engaged in during the relevant measuring period. A Rate-of-Return Carrier should make this adjustment for its initial July 1, 2012, tariff filing, but the adjustment may result from a subsequent Commission or court ruling.

(2) *Adjustment for Merger, Consolidation or Acquisition.* Rate-of-return carriers subject to this section that merge with, consolidate with, or acquire, other rate-of-return carriers shall establish combined Base Period Revenue and interstate revenue requirement levels as follows:

(i) If the merger or acquisition is of two or more study areas, the Base Period Revenue and interstate revenue requirement levels of the study areas shall be added together to establish a new Base Period Revenue and interstate revenue requirement for the newly combined entity; or

(ii) If a portion of a study area is being acquired and merged into another study area, the Base Period Revenue and interstate revenue requirement levels of the partial study area shall be based on the proportion of access lines acquired compared to the total access lines in the pre-merger study area.

* * * * *

PART 54—UNIVERSAL SERVICE

■ 6. The authority citation for part 54 continues to read as follows:

Authority: 47 U.S.C. 151, 154(i), 155, 201, 205, 214, 219, 220, 229, 254, 303(r), 403, 1004, and 1302, 1609, and 1752, unless otherwise noted.

■ 7. Amend § 54.205 by revising the last sentence of paragraph (a) to read as follows:

§ 54.205 Relinquishment of universal service.

(a) * * * An eligible telecommunications carrier that seeks to relinquish its eligible telecommunications carrier designation for an area served by more than one eligible telecommunications carrier shall give advance notice to the State commission and the Commission of such relinquishment.

* * * * *

■ 8. Amend § 54.310 by revising paragraph (c) introductory text to read as follows:

§ 54.310 Connect America Fund for Price Cap Territories—Phase II.

* * * * *

(c) *Deployment obligation.* Recipients of Connect America Phase II model-based support must complete deployment to 40 percent of supported locations by December 31, 2017, to 60 percent of supported locations by December 31, 2018, to 80 percent of supported locations by December 31, 2019, and to 100 percent of supported locations by December 31, 2020. Recipients of Connect America Phase II awarded through a competitive bidding process, including New York's New NY Broadband Program, must complete deployment to 40 percent of supported locations by December 31, 2022, to 60 percent of supported locations December 31, 2023, to 80 percent of supported locations by December 31, 2024, and to 100 percent of supported locations by December 31, 2025. Compliance shall be determined based on the total number of supported locations in a state.

* * * * *

■ 9. Amend § 54.313 by revising paragraphs (a)(2) and (3) and (i), the first sentence of paragraph (j)(1), paragraph (j)(2), and adding paragraphs (j)(3) and (4) to read as follows:

§ 54.313 Annual reporting requirements for high-cost recipients.

(a) * * *

(2) A certification that the pricing of the company's voice services during the prior calendar year is no more than two standard deviations above the applicable national average urban rate for voice service, as specified in the public notice issued by the Wireline Competition Bureau and the Office of Economics and Analytics;

(3) A certification that the pricing of a service that meets the Commission's broadband public interest obligations during the prior calendar year is no more than the applicable benchmark to be announced annually in a public notice issued by the Wireline Competition Bureau and the Office of Economics and Analytics, or is no more than the non-promotional price charged for a comparable fixed wireline service in urban areas in the states or U.S. Territories where the eligible telecommunications carrier receives support;

* * * * *

(i) All reports pursuant to this section shall be filed with the Administrator.

(j) * * *

(1) *Annual deadline.* In order for a recipient of high-cost support to continue to receive support or to retain its eligible telecommunications carrier designation, it must submit the annual reporting information required by this section annually by July 1 of each year. * * *

(2) *Grace period.* An eligible telecommunications carrier that submits the annual reporting information required by this section after July 1, or the quarterly reporting required by subparagraph (j)(3) of this section after the required date, but within 4 business days will not receive a reduction in support if the eligible

telecommunications carrier and its holding company, operating companies, and affiliates as reported pursuant to paragraph (a)(4) of this section have not missed the July 1 deadline in any prior year.

(3) *Performance testing reports.* Reports of network performance testing results pursuant to subparagraph (a)(6) of this section shall be filed quarterly on the first day of the second month following the quarter in the tests were conducted, except reports for the first quarter of each year may be reported on July 1 in conjunction with the annual reports.

(4) *Support reductions.* Any support reductions resulting from a failure to make required filing pursuant to this section shall be applied in the next month following the missed deadline.

* * * * *

■ 10. Revise § 54.314 to read as follows:

§ 54.314 Certification of support for eligible telecommunications carriers.

(a) *Certification.* States that desire eligible telecommunications carriers to receive support pursuant to the high-cost program must file an annual certification with the Administrator stating that all federal high-cost support provided to such carriers within that State was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

(b) *Carriers not subject to State jurisdiction.* An eligible telecommunications carrier not subject to the jurisdiction of a State that desires to receive support pursuant to the high-cost program must file an annual certification with the Administrator stating that all federal high-cost support provided to such carrier was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

(c) *Certification format.* (1) A certification pursuant to this section may be filed in the form of a letter from the appropriate regulatory authority for the State, and must be filed with the Administrator of the high-cost universal mechanism, on or before the deadlines set forth in paragraph (d) of this section. If provided by the appropriate regulatory authority for the State, the annual certification must identify which carriers in the State are eligible to receive federal support during the applicable 12-month period, and must certify that those carriers only used support during the preceding calendar year and will only use support in the coming calendar year for the provision, maintenance, and upgrading of facilities and services for which support is intended. A State may file a supplemental certification for carriers not subject to the State's annual certification.

(2) An eligible telecommunications carrier not subject to the jurisdiction of a State shall file a sworn affidavit executed by a corporate officer attesting that the carrier only used support during the preceding calendar year and will only use support in the coming calendar year for the provision, maintenance, and upgrading of facilities and services for which support is intended. The affidavit must be filed with the Administrator of the high-cost universal service support mechanism, on or before the deadlines set forth in paragraph (d) of this section.

(d) *Filing deadlines*—(1) *Annual deadline.* In order for an eligible telecommunications carrier to receive Federal high-cost support, the state or the eligible telecommunications carrier, if not subject to the jurisdiction of a state, must file an annual certification, as described in paragraph (c) of this section, with the Administrator by October 1 of each year. If a state or eligible telecommunications carrier files the annual certification after the October 1 deadline, the carrier subject to the certification shall receive a reduction in its support pursuant to the following schedule:

(i) An eligible telecommunications carrier subject to certifications filed after the October 1 deadline, but by October 8, will have its support reduced in an amount equivalent to seven days in support;

(ii) An eligible telecommunications carrier subject to certifications filed on or after October 9 will have its support reduced on a pro-rata daily basis equivalent to the period of non-compliance, plus the minimum seven-day reduction.

(iii) Any support reductions resulting from a failure to make required filing pursuant to this section shall be applied in the next month following the missed deadline.

(2) *Grace period.* If an eligible telecommunications carrier or state submits the annual certification required by this section after October 1 but within 4 business days, the eligible telecommunications carrier subject to the certification will not receive a reduction in support if the eligible telecommunications carrier and its holding company, operating companies, and affiliates as reported pursuant to § 54.313(a)(4) have not missed the October 1 deadline in any prior year.

■ 11. Amend § 54.316 by revising paragraphs (a)(1), (b) introductory text, (b)(4) and (7), and (c) to read as follows.

§ 54.316 Broadband deployment and certification requirements for high-cost recipients.

(a) * * *

(1) Recipients of high-cost support with defined broadband deployment obligations pursuant to § 54.308(a), 54.308(c), or § 54.310(c) shall provide to the Administrator information regarding the locations to which the eligible telecommunications carrier is offering broadband service in satisfaction of its public interest obligations, as defined in either § 54.308 or § 54.309.

* * * * *

(b) *Broadband deployment certifications.* ETCs that receive support to serve fixed locations shall have the following broadband deployment certification obligations:

* * * * *

(4) Recipients of Connect America Phase II auction support, including New York's New NY Broadband Program, shall provide: No later than March 1, 2023, and every year thereafter ending March 1, 2026 a certification that by the end of the prior calendar year, it was offering broadband meeting the requisite public interest obligations specific in § 54.309 to the required percentage of its supported locations in each state as set forth in § 54.310(c).

* * * * *

(7) Recipients of Uniendo a Puerto Rico Fund Stage 2 fixed and Connect USVI Fund fixed Stage 2 fixed support shall provide: No later than March 1 following each service milestone in § 54.1506, a certification that by the end of the prior support year, it was offering broadband meeting the requisite public interest obligations specified in § 54.1507 to the required percentage of its supported locations in Puerto Rico and the U.S. Virgin Islands as set forth in § 54.1506. The annual certification shall quantify the carrier's progress toward or, as applicable, completion of deployment in accordance with the resilience and redundancy commitments in its application and in accordance with the detailed network plan it submitted to the Wireline Competition Bureau.

* * * * *

(c) *Filing deadlines.* In order for a recipient of high-cost support to continue to receive support for the following calendar year, or retain its eligible telecommunications carrier designations, it must submit the annual reporting information by March 1 as described in paragraphs (a) and (b) of this section. ETCs that file their reports after the March 1 deadline shall receive a reduction in support pursuant to the following schedule:

(1) An ETC that certifies after the March 1 deadline, but by March 8, will have its support reduced in an amount equivalent to seven days in support.

(2) An ETC that certifies on or after March 9 will have its support reduced on a pro-rata daily basis equivalent to the period of non-compliance, plus the minimum seven-day reduction;

(3) An ETC that certifies the information required by this section within 4 business days of March 1 will not receive a reduction in support if the ETC and its holding company, operating companies, and affiliates as reported pursuant to § 54.313(a)(4) in their report due July 1 of the prior year, have not missed the deadline in any prior year.

(4) Any support reductions resulting from a failure to make a required filing pursuant to this section shall be applied in the next month following the missed deadline.

(5) An ETC that met the March 1 deadline by reporting locations pursuant to paragraph (a)(1), is permitted to report locations after the March 1 deadline (untimely reported locations) but shall have support reduced based on the percentage of the ETC's total locations for the reporting year being reported after March 1 and the number of days after March 1. The grace period in paragraph (c)(3) does not apply to support reductions for untimely reported locations.

■ 12. Revise the heading of subpart K to read as follows:

Subpart K—Connect America Fund Broadband Loop Support

■ 13. Amend § 54.902 by revising paragraphs (a) introductory text and (b) to read as follows:

§ 54.902 Calculation of CAF BLS Support for Transferred Exchanges.

(a) In the event that a rate-of-return carrier receiving CAF BLS acquires exchanges from an entity that also receives CAF BLS, CAF BLS for the transferred exchanges shall be distributed as follows:

* * * * *

(b) In the event that a rate-of-return carrier receiving CAF BLS acquires exchanges from an entity receiving frozen support, model-based support, or auction-based support, absent further action by the Commission, the exchanges shall receive the same amount of support and be subject to the same public interest obligations as specified pursuant to the frozen, model-based, or auction-based program.

* * * * *

■ 14. Amend § 54.903 by revising the first sentence of paragraph (a)(2) to read as follows:

§ 54.903 Obligations of rate-of-return carriers and the Administrator.

(a) * * *

(2) A rate-of-return carrier may submit quarterly updates of the information in paragraph (a)(1) of this section, reporting data as of the last day of a quarter on the final day of the next quarter. * * *

* * * * *

■ 15. Amend § 54.1302 by adding two sentences to the end of paragraph (a) to read as follows:

§ 54.1302 Calculation of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment for rate-of-return carriers.

(a) * * * Beginning January 1, 2021, and each calendar year thereafter, the base amount of the nationwide loop cost expense adjustment shall be the annualized amount of the final six months of the preceding calendar year. The total amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment for the first six months of the calendar year shall be the base amount divided by two and for the second six months of the calendar year shall be the base amount divided by two, multiplied times one plus the Rural Growth Factor calculated pursuant to § 54.1303.

* * * * *

■ 16. Amend § 54.1307 by adding a sentence to the end of paragraph (a)(2) to read as follows:

§ 54.1307 Submission of Information by the National Exchange Carrier Association

(a) * * *

(2) * * * The amounts for January 1 to June 30 and for July 1 to December 31 shall be shown separately.

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