



FCC REPORT

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FCC Releases Draft Procedures for RDOF Phase I Auction

On May 19th, the FCC released a [draft Public Notice](#) that establishes detailed application and bidding procedures for the Rural Digital Opportunity Fund (RDOF) Phase I auction (Auction 904). The auction will award up to \$16 billion over 10 years to service providers that commit to offer voice and broadband services to fixed locations in eligible unserved high-cost census blocks in price cap areas. The Commission will vote on the Public Notice at its June 9th open meeting. The draft is subject to revisions prior to being adopted.

The RDOF Phase I auction is scheduled to begin on October 29th. All FCC documents, data, and tutorials pertaining to the auction will be accessible from the Commission's [Auction 904 website](#).

Auction Dates and Deadlines

The draft Public Notice provides a timetable for the availability of materials and deadlines related to the RDOF Phase I auction:

- Auction application tutorial available online **by June 15th**
- Short-form application filing window opens **July 1st; 12 pm Eastern**
- Short-form application filing window closes **July 15th; 6 pm Eastern**
- Auction bidding tutorial available online **by October 14th**
- Mock auction begins **October 26th**
- Auction begins **October 29th**

Requirements for Participation

Service providers that want to participate in the RDOF Phase I auction must submit a short-form application (FCC Form 183) electronically via the FCC's Auction Application System by 6:00 pm Eastern on July 15th. Instructions for electronically filing Form 183 will be released in advance of the opening of the short-form application filing window.

Public Interest Obligations

In the RDOF Phase I auction, the FCC will accept bids for service at one of four performance tiers, each with its own minimum download and upload speeds and usage allowance, and for either high or low latency service. Winning bidders that become authorized to receive RDOF support must deploy broadband service that meets the performance tier and latency requirements associated with their winning bids. There are interim service milestones that require RDOF support recipients to offer service to a portion of the number of locations in the eligible census blocks in their winning bid areas in a state. RDOF support recipients are required to offer service to 100 percent of the eligible locations in their winning bid areas, based on an updated location count that will be made available before the end of milestone year six. This will have to be achieved by the end of either the sixth or eighth year, depending upon whether the revised location count is less than or greater than the original location count. Support recipients must also test and certify compliance with the relevant performance requirements following the FCC's framework for measuring speed and latency performance. The deployment obligations for winning bidders are described in more detail in the [RDOF Framework Order](#). (See the [February 2020](#) issue of the FCC Report for a detailed article.)

Eligible Areas

The minimum biddable area in the auction will be census block groups containing one or more eligible census blocks. On March 17th, the Wireline Competition Bureau released an [initial list of eligible census blocks](#) for the RDOF Phase I auction, based on June 30, 2019 Form 477 data. Prior to the short-form application deadline, the Bureau will release an updated list and map of eligible census blocks based on the most recent publicly available Form 477 data and incorporating comments received during the limited challenge process. The Bureau will release a final list of eligible census blocks at least 14 days prior to the auction start date, which will remove any areas that will be substantially overlapped by an awardee of the RUS ReConnect Program.

General Information on Short-Form Applications

The information an interested bidder provides on the short-form application is used by the FCC to determine whether they have the legal, technical, and financial qualifications to participate in an auction for universal service support. Among other things, an entity must submit certain operational and financial information demonstrating that it can meet the service requirements associated with the performance tier and latency combination(s) for which it intends to bid. The Public Notice explains in detail the specific information disclosures and certifications required in the short-form application.

After the initial short-form application filing deadline, FCC staff will review all timely-submitted applications. Following the review, a public notice will be released with applicants' initial application status identifying (1) those that are complete, and (2) those that are incomplete or deficient due to minor defects that may be corrected. There will be an application resubmission filing window, during which applicants may make minor modifications to their applications to address identified deficiencies. Following the FCC's review of the resubmitted applications, a public notice will be released identifying the applicants that are qualified to bid in the auction.

In addition, an auction applicant is subject to the FCC's rule prohibiting certain communications. The prohibition begins at the deadline for filing short-form applications, July 15th at 6 pm Eastern, and ends at the long-form application deadline.

Bidder Education

Prior to the opening of the short-form application filing window, the FCC will make available: (1) step-by-step instructions for completing the short-form application, and (2) an online tutorial on the application procedures that will cover information on pre-auction preparation, completing short-form applications, and the application review process.

The Commission will also provide separate educational materials on the bidding process, including: (1) a user guide for the bidding system and bidding system file formats, and (2) an online bidding procedures tutorial.

In addition, all qualified bidders will be eligible to participate in a mock auction, which will begin on October 26th. The mock auction will enable qualified bidders to become familiar with the bidding system and to practice submitting bids prior to the auction.

Bidding in the RDOF Phase I Auction

The RDOF Phase I auction will use a multi-round, descending clock auction format. At a very high level, bidding in the auction will work as follows: In each round of the auction, a bidder will be asked to indicate whether it is willing to provide service to an area, at a performance tier and latency it indicates, in exchange for a support amount that is at least as high as an amount announced by the bidding system. In each subsequent round, the announced support amount will be less than the amount from the previous round. To the extent that the bidder is willing to accept the announced amount, it will indicate that by submitting a “bid” on a spreadsheet indicating the area, the performance tier and latency, and the current amount it accepts. If the current round’s announced support amount becomes too low for the bidder, they can simply stop bidding for the area or, alternatively, can enter a bid that indicates the lowest amount they will accept (an amount higher than the current round’s announced amount and lower than the previous round’s announced amount) in exchange for providing the service.

The bidding system will announce a clock percentage before each round. The clock percentage is used to limit the range of acceptable bid percentages in each round of the auction and as a common unit to compare bids for different performance tiers and latencies, which are assigned weights. The clock percentage will begin at a high level, implying a support amount that is equal or close to the full reserve price, and descend from one round to the next. The clock percentage will continue to descend in a series of bidding rounds, implying diminishing support amounts, until the aggregate amount of requested support represented by the bids placed in a round at the clock percentage is no greater than the auction budget. At that point, when the budget “clears,” the bidding system will begin to assign support, prioritizing bids with lower performance tier and latency weights. Bidding will continue for areas that were bid at the round’s clock percentage and have not been assigned, and the clock will continue to descend in subsequent rounds. When there is no longer competition for any area, the auction will end. The Public Notice explains in detail all of the bidding procedures for the auction.

General Information on Long-Form Applications

In the second phase of the auction application process, each winning bidder will be required to file a more comprehensive long-form application, which the Commission will review to determine if they should be authorized to receive support for their winning bids.

Shortly after bidding has ended, the FCC will issue a public notice declaring the auction closed, identifying the winning bidders, and establishing the deadline for the long-form application. Details regarding the submission and processing of long-form applications will be provided in a public notice after the close of the bidding. After a winning bidder's long-form application has been reviewed and is considered to be complete, and after they have submitted an acceptable letter of credit and accompanying Bankruptcy Code opinion letter, a public notice will be released authorizing the entity to receive RDOF support. Note that if a long-form applicant has not yet been designated as an ETC in the relevant areas, within 180 days after the close of the auction they will be required to submit documentation of their ETC designation in all the areas for which they will receive support. The Public Notice provides more detailed information on all of the post-auction procedures.

Comments on Telephone Access Charges NPRM Due July 6th

On April 1st, the FCC released a [Notice of Proposed Rulemaking](#) that proposes to eliminate *ex ante* pricing regulation of all end-user interstate Telephone Access Charges, including the Subscriber Line Charge (SLC), the Access Recovery Charge (ARC), the Presubscribed Interexchange Carrier Charge (PICC), and the Special Access Surcharge. The proposed rules would also require all local exchange carriers to detariff these charges and prohibit carriers from listing the charges as separate line items on customer telephone bills. (See the [April 2020](#) issue of the FCC Report for details on the NPRM.)

The NPRM was published in the [Federal Register](#) on May 21st. Comments are due July 6th; reply comments are due August 4th. Moss Adams intends to file comments in this proceeding on behalf of clients. If your company would like to participate in these comments, please e-mail Jaye Rishard at jaye.rishard@mossadams.com as soon as possible.

FCC Eases Lifeline Application Process for Rural Tribal Consumers Until August 31st

In an [Order](#) released June 1st, the FCC temporarily eases the Lifeline program application and enrollment process during the COVID-19 pandemic for those consumers who reside in rural areas on Tribal lands and qualify for Lifeline benefits.

During the Lifeline application process, if a consumer's application fails an automated check used to confirm the consumer's qualification for the Lifeline program, they must submit supporting documentation to complete their application prior to receiving Lifeline-supported service. The Order temporarily waives this requirement through August 31st for any consumer residing in a rural area on Tribal lands. Instead, a Lifeline provider may choose to immediately begin providing a rural Tribal consumer with Lifeline-supported service, and the consumer will have 45 days from the time of application to provide such documentation and prove their eligibility. If the rural Tribal consumer is unable to provide documentation to resolve the automated check error(s) by the end of the 45-day period, the consumer will no longer be able to receive Lifeline service.

A Lifeline provider that chooses to provide service to a consumer in a rural Tribal area pursuant to this waiver may not claim that subscriber for Lifeline support reimbursement until the subscriber has submitted the necessary documentation and received a positive eligibility determination. The Lifeline provider may then claim Lifeline support for up to 45 days of service provided prior to the eligibility determination.

In addition, the Order extends the FCC's recent waivers of the Lifeline program's recertification, reverification, general de-enrollment, usage requirements, and income documentation requirements through August 31st. (See the [May 2020](#) issue of the FCC Report for a detailed article.)

FCC Initiates FY 2020 Regulatory Fees Proceeding

On May 13th, the FCC issued a [Report and Order and Notice of Proposed Rulemaking](#) that initiates the Commission's annual regulatory fee proceeding for fiscal year 2020. The NPRM proposes to collect \$339 million in regulatory fees for FY 2020.

In the NPRM, the FCC seeks comment on the economic effects of the COVID-19 pandemic, noting that it is not possible to forecast how quickly or to what extent businesses affected by the pandemic will return to normal levels of operation. Recognizing that some companies may require assistance in meeting their regulatory fee obligations, the Commission seeks comment on how to provide assistance.

The level in which the FCC may provide assistance is constrained in three aspects. First, the Commission is statutorily required to collect its FY 2020 appropriation of \$339 million. Second, the Communications Act requires that regulatory fees be allocated in a proportional manner to reflect the cost of FCC employees' work to benefit the companies the Commission regulates. Finally, the Commission cannot exempt regulatees that are not expressly exempted under the law. Thus, the FCC is unable to reduce the proposed FY 2020 fees across the board, nor can it reapportion fees among categories based on relative ability to pay. The Commission also cannot exempt regulatees based on financial circumstances.

The FCC seeks comment on how it may be able to assist within these constraints. For example, it has the authority to offer extended payment terms at nominal interest rates for regulatory fee payors that demonstrate significant financial challenges. The FCC previously offered extended payment terms for regulatory fee payors whose businesses were devastated by hurricanes in 2017 and 2018. The Commission seeks comment on how to facilitate similar or additional relief for FY 2020.

Comments are due June 12th; reply comments are due June 29th.

FCC Reporting Requirements

Jun 9

MOSS ADAMS REGULATORY WEBCAST

8:30 am PT - 9:30 am MT - 10:30 am CT – 11:30 am ET

As part of Moss Adams' monthly regulatory compliance webcast series, we will discuss upcoming FCC, NECA, and USAC regulatory compliance reports that are due. Moss Adams will provide an overview of monthly reporting requirements followed by an opportunity for questions and answers. In addition, Moss Adams staff will discuss key FCC issues that have an immediate business impact.

Jun 8

Lifeline Claims Reporting

Service providers that file certified reimbursement claims through USAC's E-File system by the eighth day of the month can receive payment for the claim at the end of the same month. Service providers that do not file by the eighth day of the month will receive payment the following month. All service providers are required to use the Lifeline Claims System (LCS) online reimbursement process. Service providers can access the LCS online through [USAC's E-File portal](#). Detailed instructions are available by clicking on the "[Instructions](#)" link in the upper-right corner of the LCS interface.

Jul 1

FCC Form 481: Carrier Annual Reporting Data Collection Form

All ETCs receiving universal service support from the High Cost or Lifeline USF programs must file FCC Form 481 with USAC on or before July 1st. The Form is completed electronically in [E-File](#), USAC's online filing system. Filing a duplicate copy of Form 481 with the FCC is no longer required for recipients of High Cost support. Although the FCC also eliminated the requirement to file a duplicate copy of Form 481 with states (and Tribal governments), some state commissions are still requiring that the Form be filed with them. We recommend you check with your state commission if you are uncertain whether it continues to require submission of a copy of Form 481.

Jul 8

Lifeline Claims Reporting

Service providers that file certified reimbursement claims through USAC's E-File system by the eighth day of the month can receive payment for the claim at the end of the same month. Service providers that do not file by the eighth day of the month will receive payment the following month. All service providers are required to use the Lifeline Claims System (LCS) online reimbursement process. Service providers can access the LCS online through [USAC's E-File portal](#). Detailed instructions are available by clicking on the "[Instructions](#)" link in the upper-right corner of the LCS interface.

Jul 31

Carrier Identification Code (CIC) Reports

Carrier Identification Code (CIC) Entity Access and Usage Reports covering the period from January 1 through June 30, 2020 must be filed by July 31st. These reports are required of all carriers who have been assigned a CIC code by the North American Numbering Plan Administrator (NANPA). The report form and guidelines are available in the CIC Assignment Guidelines published by ATIS ([ATIS- 0300050](#)).

Aug 1

FCC Form 502, Number Utilization and Forecast Report

Any wireless or wireline carrier (including paging companies) that have received number blocks--including 100, 1,000, or 10,000 number blocks--from the North American Numbering Plan Administrator (NANPA), a Pooling Administrator, or from another carrier, must file Form 502 by August 1st. Carriers porting numbers for the purpose of transferring an established customer's service to another service provider must also report, but the carrier receiving numbers through porting does not. Resold services should also be treated like ported numbers, meaning the carrier transferring the resold service to another carrier is required to report those numbers but the carrier receiving such numbers should not report them. Reporting carriers file utilization and forecast reports semiannually on or before February 1st for the preceding six-month reporting period ending December 31st, and on or before August 1st for the preceding six-month reporting period ending June 30th.