



FCC REPORT

A Summary of Federal
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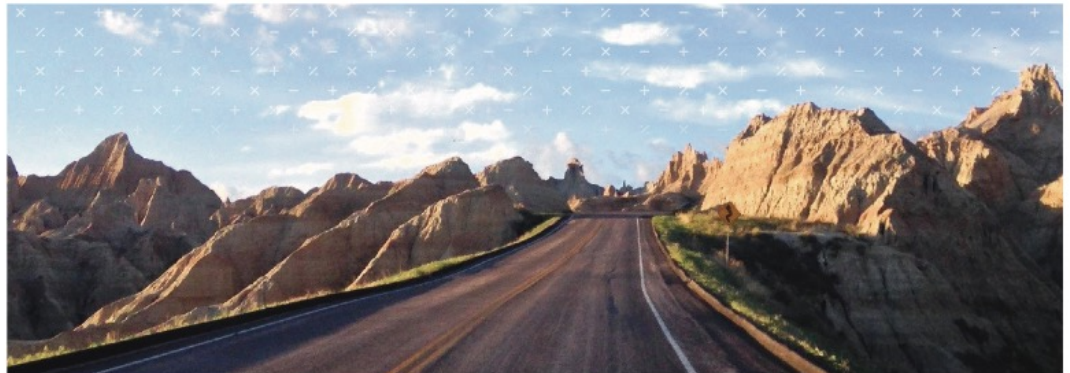
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FCC Form 481 Certification Deadline Extended to July 16th; USAC Addresses Confidentiality Issues

The deadline for certifying the FCC Form 481 has been extended from July 2nd to July 16th because revisions to the Form are currently pending approval by the Office of Management and Budget (OMB). Consequently, the certify functionality for the Form 481 is currently disabled in USAC's E-file system. It is anticipated that USAC will notify carriers when the certify functionality has been restored.

Beginning this year, the FCC Form 481s submitted by carriers will be made publicly available through a portal on USAC's website. However, USAC recently announced that information designated as confidential pursuant to FCC protective orders (i.e., rate-of-return carriers' detailed financial information) will not be included in the data that is made public. In addition, almost all narrative attachments to the Form will automatically be excluded from public access this year.

USAC has posted on its website a [481 Confidentiality Template](#), which provides a line-by-line breakdown of the Form 481 information that will and will not be made available to the public. (The FCC and state commissions will continue to have access to information withheld from public release.) Moss Adams has reviewed the confidentiality template and believes the information that is automatically being withheld from public disclosure is more than sufficient. In fact, the data being withheld from public inspection goes well beyond the information that carriers sought confidentiality for in prior years when the Form was filed with the FCC. Nevertheless, carriers that believe additional information on their Form 481 should be protected from public disclosure may request confidential treatment by July 16th. Information on the process for requesting confidentiality of additional Form 481 information is available on USAC's [website](#).

FCC Forbears from Applying USF Contribution Obligations on Rural ILEC Broadband Transmission Service

The FCC released an [Order](#) on June 8th that forbears from applying USF contribution requirements to rural ILECs' broadband Internet access transmission services that are offered on a common carriage basis. Forbearance became effective July 3, 2018 to coincide with the effective date of the 2018 annual access charge tariff filings.

In the Order, the FCC found that forbearance is necessary to eliminate the disparities in the USF contribution requirements imposed on those rural ILECs that choose to provide broadband transmission as a common carriage service. This will level the playing field and allow rural ILECs to compete more effectively with other broadband providers. In addition, forbearance supports the FCC's mission to promote competition, consumer protection, and universal service.

The Order also extended the deadline from June 15 to July 2, 2018 for revisions to the first quarter Form 499-Q. The first quarter 499-Q submissions projected revenues for the third quarter of 2018. This deadline extension applied only to those rural ILECs affected by the forbearance granted in the Order.

Third Quarter 2018 USF Contribution Factor Decreases to 17.9%

The FCC [announced](#) that the proposed universal service contribution factor for the third quarter of 2018 is 17.9 percent (0.179), down from the current contribution factor of 18.4 percent. All companies that assess their customers a Federal Universal Service Charge (FUSC) should have implemented the decrease in their billing systems.

FCC and USAC Announce National Lifeline Verifier Soft Launch in Six States

On June 18th, the FCC's [Wireline Competition Bureau](#) and [USAC](#) announced the soft launch of the Lifeline National Eligibility Verifier database for service providers in Colorado, Mississippi, Montana, New Mexico, Utah and Wyoming. The National Verifier was established to make Lifeline eligibility determinations and perform a variety of other functions necessary to enroll subscribers in the Lifeline program. Participation in the National Verifier during the soft launch window is optional for service providers in the initial launch states.

During the soft launch period, ETCs in the six states can begin using the National Verifier service provider portal to check consumers' eligibility for the Lifeline program but may also continue using the existing eligibility determination process. If an ETC uses existing eligibility processes to determine a subscriber's eligibility during the soft launch period, the ETC must comply with the FCC's existing rules for eligibility determinations. USAC

recommends that service providers take this time to use the system and ensure their processes and systems align with the National Verifier.

During the soft launch, only ETCs will have access to the National Verifier. Consumers will be able to access the National Verifier once the hard launch takes place.

USAC will announce the National Verifier's hard launch at a later date. At that time, all service providers in the initial launch states will be required to use the National Verifier to determine initial subscriber eligibility, and the National Verifier will conduct the annual recertification.

FCC Provides Guidance on 2019 Lifeline Recertification Process

In a [Public Notice](#) released June 19th, the FCC's Wireline Competition Bureau provided guidance for ETCs who wish to elect USAC to perform recertification of their Lifeline subscribers in 2019. ETCs that choose this option, including those that have previously elected to use USAC for recertification, must provide notice to USAC between July 16 and August 31, 2018. ETCs that do not make an election by August 31st will be responsible for recertification of their subscribers, except where the National Verifier, a state Lifeline administrator, or another state agency is responsible for the annual recertification of Lifeline eligibility.

For the 2019 recertification process, ETCs will perform their elections via an online form. USAC will post information on this process on their website.

Starting with the 2019 recertification period, USAC will no longer be manually processing, compiling, and sending results to ETCs. Instead, it will update the National Lifeline Accountability Database (NLAD) with the results of the recertification including all information required for ETCs to complete their FCC Form 555. USAC will automatically de-enroll from NLAD subscribers who do not recertify within five business days after the end of the 60-day recertification window. Also, because the USAC recertification process will rely on the Lifeline Claims System and NLAD data to automate the recertification process starting in 2019, USAC will not be performing recertification for subscribers in NLAD opt-out states.

As the Lifeline National Eligibility Verifier is launched in multiple waves, study areas in states where the National Verifier is active will be removed from the USAC recertification process. USAC will notify affected ETCs directly and provide additional guidance on the process.

FCC to Consider Order Eliminating Regulations that Hinder Nationwide Number Portability Including Remaining Toll Dialing Parity Rules

At its July 12th meeting, the FCC will vote on a [Report and Order](#) that eliminates and relaxes certain regulatory requirements that the Alliance for Telecommunications Industry Solutions (ATIS) has identified as barriers to enabling nationwide number portability.

First, the Order would extend forbearance from the Communications Act's interexchange dialing parity requirements to all carriers and customers, and eliminate the FCC's toll dialing parity rules. The Communications Act's dialing parity provisions were originally intended to ensure that ILECs provided the same access to stand-alone long distance service providers as they did to their own or their affiliates' long distance offerings. In 2015, the FCC forbore from applying the equal access and toll dialing parity requirements to ILECs. However, the requirements were left in place for CLECs and for "grandfathered" customers of ILECs who were already presubscribed to third-party long distance services. This Order, if adopted, will extend the forbearance to these formerly excluded categories. Specifically, CLECs would no longer be required to provide interexchange dialing parity. And ILECs would no longer be required to provide toll dialing parity to those previously "grandfathered" customers with preexisting stand-alone long distance plans.

Second, the Order would modify the N-1 query requirement, which mandates that the carrier immediately preceding the terminating carrier in a call flow be responsible for querying the local number portability database. If adopted, this Order will ease the N-1 rule by allowing any carriers earlier in the call chain, including the originating carrier, to voluntarily perform the number portability database query. However, if an upstream carrier does not perform the query, the responsibility for the query will continue to fall upon the N-1 carrier. In other words, the N-1 rule will become a default in the absence of other agreements. The FCC believes that amending the N-1 rule to allow for alternative voluntary arrangements will provide flexibility for anticipated changes to the number porting system, while still preserving the certainty and stability of the existing rule.

The revised rule changes, if adopted, will become effective 30 days after publication of the Order in the Federal Register.

FCC Qualifies 220 Bidders for CAF Phase II Auction; Workshop to be Held July 9th

The FCC released a [Public Notice](#) on June 25th announcing that it has identified 220 [qualified bidders](#) for the Connect America Fund Phase II Auction (Auction 903). A list of [non-qualified](#) auction applicants was also released. The auction, which is scheduled to begin on July 24th, will award up to \$1.98 billion over 10 years to service providers that commit to offer voice and broadband services to fixed locations in unserved high-cost price cap areas. The Notice also provides important information to qualified bidders regarding registration materials, the CAF II Bidding System, available educational materials, the mock auction, and the start of bidding in Auction 903.

The Commission will host a workshop on July 9th from 2:00-4:00 pm ET. The workshop will review the educational materials available for the auction and provide detailed information about the bidding system. Attendance is not required for bidding in the auction, but qualified bidders are strongly encouraged to attend the workshop or view the event online. The workshop will be broadcast over the Internet at www.fcc.gov/live, and a recording will later be posted on the FCC's [Auction 903 webpage](#).

Starks Nomination for FCC Commissioner Approved by Senate Commerce Committee; Sent to Full Senate for Confirmation Vote

On June 27th, the nomination of Geoffrey Starks to serve as an FCC Commissioner was approved by the Senate Commerce, Science and Transportation Committee. His nomination has now been sent to the full Senate for a vote on his confirmation. Starks currently serves as an assistant chief in the FCC's Enforcement Bureau. He previously served as a senior counsel at the U.S. Department of Justice. If confirmed, Starks would fill the open Democratic seat on the Commission previously held by Mignon Clyburn and his term would end June 30, 2022.

FCC Reporting Requirements

Jul 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.

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. Starting with the January 2018 data month (February 1, 2018 snapshot), all service providers were required to use the new Lifeline Claims System (LCS) online reimbursement process. Service providers can access the LCS online through the [National Lifeline Accountability Database \(NLAD\)](#). Detailed instructions are available by clicking on the "[Instructions](#)" link in the upper-right corner of the LCS interface.

Jul 13

FCC Form 507: CAF-BLS Line Count Report

All rate-of-return ILECs must annually file line count data as of December 31, 2017, with USAC to facilitate the calculation of their Connect America Fund-Broadband Loop Support (CAF-BLS). For rate-of-return ILECs that submit data to NECA, the [Line Count Data Collection site](#) (login required) will be open from **Monday, June 18 through Friday, July 13**. Certifications are due to NECA by Wednesday, July 18. The Form 507 and certifications must be submitted to USAC by July 31.

Jul 16

FCC Form 481: Carrier Annual Reporting Data Collection Form

All ETCs receiving universal service support from the High Cost or Lifeline programs must file FCC Form 481 with USAC on or before July 16, 2018. 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 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 the Form 481.