

IOWA UTILITIES BOARD

Regulatory Analysis Section

Docket No.: M-0001
Utilities: Eligible Carriers
Memo Date: September 29, 2020

TO: M-0001

FROM: Jim Langenberg

SUBJECT: Annual Universal Service Fund (USF) High-Cost Certifications

Note: **Annual USF High-Cost Certifications must be submitted to the FCC and USAC on or before October 1, 2020.**

I. Background

Annual USF High Cost Certifications

Annual certification requirements apply to Eligible Telecommunication Carriers (ETCs) and Competitive ETCs (CETCs) that receive high-cost support. Carriers certified by the Board will be eligible to receive support in the 2020 calendar year.

On November 18, 2011, the Federal Communications Commission (FCC) issued a comprehensive order reforming the federal Universal Service Fund (USF) and intercarrier compensation system (ICC) (USF/ICC Transformation Order).¹ The FCC's rules relevant to Iowa's annual certification are listed below.

II. Legal Standards

§ 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 and the Commission 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. High-cost support

¹ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and further notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011).

shall only be provided to the extent that the State has filed the requisite certification pursuant to this section.

(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 both the Office of the Secretary of the Commission clearly referencing WC Docket No. 14-58, and with the Administrator of the high-cost support 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. All certificates filed by a State pursuant to this section shall become part of the public record maintained by the Commission.

(d) Filing deadlines. 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 both the Administrator and the Commission 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 the 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.

(2) Grace period. If an eligible telecommunications carrier or State submits the annual certification required by this section after October 1 but before October 4, the eligible telecommunications carrier subject to the 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)(8) have not missed the October 1 deadline in any prior year.

III. Analysis

The FCC's USF/ICC Transformation Order modified various reporting requirements for ETCs that receive high-cost support. The FCC now requires the Board to certify that all federal high-cost support was used in the preceding calendar year and will be used in the upcoming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. In addition, the Board revised its rules regarding the annual certifications which became effective on February 20, 2019. All ETCs that receive high-cost support are required to submit a use-of-funds affidavit.²

Section 54.313 of the FCC's rules lists the federal annual reporting requirements for high-cost recipients. In 2020, ETCs that receive high-cost support are required to complete FCC Form 481 and submit it into the USAC electronic portal only. The 2020 FCC Form 481 includes the following: Carrier contact information; information on their holding company, operating companies, and affiliates; for those ETCs that serve Tribal lands, a report on Tribal government engagement pursuant to section 54.313(a)(9); low-income information; a certification regarding voice/broadband services rate comparability; and for price cap carriers only, certifications pursuant to 54.313 (c), (d), and (e), as appropriate; for rate-of-return carriers only, their financial data pursuant to section 54.313(f)(1) and (2), as appropriate; and for those ETCs without access to terrestrial backhaul that are compelled to rely exclusively on satellite backhaul in their study areas, certifications pursuant to section 54.313(g); ETCs that receive high cost loop support need to file rate floor data pursuant to 54.313(h), as appropriate. Beginning in 2019, rate-of-return carriers that use a consultant to prepare data submitted to the FCC and the National Exchange Carrier Association also provide the name of the consulting firm and the individual consultant(s), pursuant to section 54.313(f)(4). Beginning in 2020, Phase II auction reporting requirements and for price cap and fixed competitive ETCs phase down reporting requirements were added to the FCC Form 481.

Staff notes that the carriers on the attached list have submitted filings to substantially comply with the aforementioned orders, rules, and notices. Based on these individual eligible carrier affidavits, staff recommends the Board certify the eligible carriers.

IV. Recommendation: Submit the annual certification letter to Universal Service Administrative Company and the FCC.

/jl
attachment

² See 199 IAC 39.7(2)(c).