
STAFF MEMORANDUM

TO: COMMISSIONERS AND ADVISORS
FROM: KRISTEN EDWARDS AND JOSEPH REZAC
RE: STAFF RECOMMENDATION FOR DOCKET AA18-001
DATE: MARCH 28, 2018

BACKGROUND

With its April 26th, 2013 Order in Docket TC13-027, the Commission waived certain Eligible Telecommunications Carrier (ETC) requirements for 2013 Universal Service Fund (USF) Filings. The Commission voted to waive the June 1 deadline as set forth in ARSD 20:10:32:52 and allow ETCs to file their annual certification petitions on or before July 1. With respect to ARSD 20:10:32:54(1), the Commission found that if an ETC is filing a five-year plan with the FCC and the Commission, that ETC is not required to file a two-year plan pursuant to the Commission's rule. All other ETCs must continue to file their two-year plans. With respect to ARSD 20:10:32:54(2), the Commission found that all ETCs are still required to file progress reports on their previously filed service quality improvement plans; however, the minor differences in this provision as compared to the FCC's similar progress report provision are waived. With respect to ARSD 20:10:32:54(4) and (5), the Commission waived the portions of these subdivisions that are not consistent with the federal requirements. With respect to ARSD 20:10:32:54(8) and (9), the Commission waived these requirements in their entirety.

FCC FORM 481 AND PROGRESS REPORTS

In recent years, the Federal Communications Commission (FCC) has made changes to the Annual Reporting Requirements for ETCs receiving high-cost support. Prior to last year's annual state certifications filings, the FCC released Order 16-33 which included provisions to eliminate the five-year plan and progress report for rate-of return carriers. As a result, in Docket AA17-001 the Commission did not continue the waiver of ARSD 20:10:32:54(1) and (2) in 2017. Staff would recommend the same approach be taken when looking at waivers of rules for 2018.

On July 7, 2017, the FCC released Order 17-87 which intends to streamline the federal reporting requirements for ETCs that receive high-cost support. From the FCC's order:

2. In the *Rate-of-Return Reform FNPRM*, we proposed to modify or eliminate several ETC reporting obligations in order to reduce unnecessary regulatory reporting burdens on ETCs, particularly those that are small businesses. Specifically, we sought comment on modifying or eliminating ETCs' obligations to report (1) network outage information; (2) unfulfilled service requests; (3) the number of complaints received by an ETC per 1,000 subscribers for both voice and broadband services; and (4) pricing for voice and broadband services. We also sought comment on eliminating the requirements that ETCs certify compliance with applicable service

quality standards and that they file duplicate copies of Form 481 with the FCC, and with states, and/or Tribal governments.

3. Based on the record before us, we find that we can eliminate all elements of the Commission's annual high-cost reporting rules on which we sought comment without compromising our ability to monitor whether ETCs are using high-cost universal service support for its intended purpose.

With the eliminations from the abovementioned FCC order, Staff examined whether continuing the waivers of ARSD 20:10:32.54(4) and (5) would still be appropriate at this time.

HIGH COST UNIVERSAL BROADBAND (HUBB)

A primarily driver in the FCC's decision to no longer to require five-year plans and progress reports is the new requirement for carriers to report geocoded locations the show where they are building out broadband by precise location. This new High Cost Universal Broadband (HUBB) portal will eventually be able to display this information on a public map with the intention of showing the impact of the Connect America funding on Broadband expansion.

Carriers had a March 1, 2018 deadline to file latitude and longitude coordinates for all newly deployed or upgraded broadband locations for 2017. Requirements to file data in the HUBB differ by Company and can depend upon receipt of CAF Phase II, A-CAM, or CAF-BLS funding. Those selecting CAF II or A-CAM funding must report newly deployed or upgraded broadband locations deployed in 2017. Those Companies that receive CAF-BLS must report newly deployed location between May 25, 2016 and December 31, 2017¹. Although, only a few of the study area codes for South Dakota fall under the 80 percent threshold as will report deployments through the HUBB.

The new data as required by the March 1, 2018 deadline has yet to be updated in the HUBB by USAC for Staff to view. In reaching out to USAC, Staff was informed that the tool would be updated next month. For the reasons mentioned above, Staff would recommend not continuing the waivers of ARSD 20:10:32:54(1) and (2).

FCC FORM 477

In 2015 and 2016, the Commission required companies to file their most recent FCC Form 477 data with their annual recertification filings. As was the case in 2017, Staff and the Commission now has access to this data via the FCC and no longer need companies to file their Form 477 with their annual filings.

RECOMMENDATION

In the past few years, the FCC has revised many of the reporting requirement for Companies. Since 2013, Commission has waived State rules to the extent that they were duplicative with some of the Federal requirements. As some of the requirements are no longer duplicative or easily accessible via federal reporting, Staff would recommend not continuing those waivers.

¹ Carriers Participating in CAF-BLS that are 80 percent or more deployed at 10/1 based on their 2015 Form 477 filings do not have to report deployment data through the HUBB portal.

At this time Staff would recommend waivers of ARSD 20:10:32:54(8) and (9), and a waiver of the June 1st filing deadline found in ARSD 20:10:32:52, and instruct companies to file by the Federal deadline of July 2nd, 2018, with their most recent Form 481 attached.