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# Alexicon *insider*

INFORMATION AND ADVOCACY FOR THE  
RURAL TELECOMMUNICATIONS INDUSTRY

## Regulatory Headlines

### Regulatory Fee Payments Due Sept 26

The FCC has announced its fiscal year 2017 regulatory fee schedule. Pursuant to its 2017 appropriation, the Commission will collect \$356,710,992 in regulatory fees.

### Pai Praises Broadcasters

One of the first things FCC Chairman Ajit Pai said in his keynote address during the 2017 Radio Show luncheon had nothing to do with regulation, or government. Rather, it had everything to do with observation, reinforcing the belief among many radio industry leaders that Pai has their back — as opposed to his predecessor, Tom Wheeler.

### ETC Certification Deadline Delayed

On its own motion, the FCC's Wireline Competition Bureau (Bureau) has extended the filing deadline for Section 54.314 certifications from October 1 to November 17, 2017.

### FirstNet Opt-Out States

Rivada Networks and U.S. Cellular are the latest companies to challenge AT&T's pro-

gress in gaining agreements to build a nationwide mobile broadband public safety network known as FirstNet. Just a few weeks after Verizon said it would build a core public safety network core in competition with one planned by AT&T, Rivada and U.S. Cellular said today that they have submitted a public safety network plan for the state of New Hampshire that might be implemented should the governor decide to opt out of FirstNet plans from AT&T.

### Apple Breaks Silence on Net Neutrality

Apple broke its silence on net neutrality Thursday, urging the Federal Communications Commission (FCC) to keep in place rules on how broadband providers treat web traffic. It laid out its case for net neutrality by focusing on five areas: consumer choice, fast lanes, transparency, competition, innovation and investment.



## Market Watch

[Gigabit Report: 57.5m Americans in Reach](#)

[All West to Acquire Sweetwater Television](#)

[TDS Acquires K2 Communications](#)

[MEF/ATIS Carrier Ethernet Standards](#)



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Questions? Comments?  
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# Technology Trends

*New and notable technology and services*

## Gfast Certifications Jump to 24 Platforms

As AT&T, CenturyLink and other providers ramp up their Gfast plans, the Broadband Forum reported that the number of certified interoperable platforms has risen from 7 to 24 in less than three months. Adtran, Exfo and Viavi are amongst the latest vendors that have completed the Gfast certification program developed by the Broadband Forum and University of New Hampshire InterOperability Laboratory (UNH-IOL).

## Verizon Cites Cybersecurity Defense Link

As cybercriminals have stepped up their methods to compromise credit cards, Verizon is seeing payment card security increasingly becoming a focus for companies and consumers alike. In its 2017 Payment Security Report (2017 PSR), Verizon demonstrated a link between organizations being compliant with the standard, and their ability to defend them-

selves against cyberattacks.

## AT&T, Arris Blasted by Security Firm

In a scathing post on its blog, information security consulting and software development firm Nomotion blasted both modem vendor Arris and U-verse operator AT&T as opening “gaping security holes” in potentially hundreds of thousands of customer devices.

## Considerations for Cloud Transformation

Using multiple cloud vendors has become the reality for many enterprises. Once a company begins to migrate to the cloud, infrastructure lives not only on-premises and in the domain of one cloud provider, but often winds up split among many providers. This hybrid cloud architecture can happen organically (one team spins up a test environment on Microsoft Azure and another subscribes to a SaaS provider, for example) or it can be part of a proactive disaster recovery and business continuity...

## Equifax Hack Affects 143 million

Equifax Inc, a provider of consumer credit scores, said on Thursday that personal details of as many as 143 million U.S. consumers were accessed by hackers between mid-May and July, in what could be one of the largest data breaches in the United States. The company’s shares fell nearly 19 percent in after-market trading as investors reacted to possible consequences of the exposure...



## **IN FOCUS:** ***Budgeting the Universal Service Fund***

Since 2011, when the FCC adopted, for the first time, an overall budget for the federal universal service fund, the difference between support calculated versus support distributed has grown steadily. The FCC adopted a \$2b budget for all rural carrier high cost support mechanisms, the amount for which was based on actual support paid out during 2010. As such, this budget has little to do with the requirements for support faced by many rural carriers.

NTCA recently filed an [Ex Parte communication](#) with the FCC that spells out part of the issue:

“...demand for high-cost USF support currently exceeds the RLEC annual high-cost USF budget by at least \$173 million (and by approximately \$110 million more, if one counts those RLECs electing model-based support, although these carriers are not subject to a budget control mechanism that affirmatively reduces support they would otherwise have received).”

The \$173m quoted relates only to the budget control mechanism (BCM) adopted in the 2016 RoR USF Reform Order. This mechanism distributes any budget overage to recipients using a mix of pro rata and per-line reductions.

As NTCA states, the BCM creates an immediate underfunding problem for RoR carriers—the FCC’s own calculations generate a certain level of support, and the constraints adopted over time

(including the BCM and others) ensure the RoR carriers never receive the necessary amount of support. In addition, the Rural Growth Mechanism (RGF) adopted by the FCC in 2001, which was designed to limit (not halt) growth in the HCLS mechanism is now ensuring a substantial reduction in support before the BCM even kicks in.

All this means that a renewed push for an overall budget review, and perhaps contributions reform, is warranted and necessary if the FCC wants rural America to benefit from the broadband economy.



## Alexicon at Work

### ***CAF Phase II Auction***

Alexicon will participate in a September 11 webinar hosted by the FCC covering CAF Phase II auction procedures. The webinar will cover a number of topics, including application procedures, and bidding procedures such as descending clock auction basics, submitting bids, and how winning bids are assigned. More information is available [here](#).

### ***Conferences and Meetings***

Doug Kitch and Rob Strait will attend the WTA Fall Conference in Coeur d’Alene on September 17-20.

Doug and Rob are also planning on attending the NTCA Fall Conference in Philadelphia on September 24-27.



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Questions? Comments?

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