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# Alexicon *insider*

JANUARY 21, 2016

## SPECIAL BULLETIN

### USF Reform Update

As part of the continuing effort to present the FCC with a workable plan for rate-of-return carrier USF reform, the “30 Day group” (including NTCA, WTA, USTelecom and ITTA) met with the FCC yesterday and had a follow-up call this morning to discuss the implications of the meeting. Commissioners O’Reilly and Clyburn were both in attendance themselves as well as their wireline advisors, staff from the Chairman’s office and key staff members of the Wireline Competition Bureau. The FCC started the meeting by stating that they had reconsidered their stance on a bifurcated support approach and were abandoning it in favor of “more straightforward reforms of existing mechanisms.”

They have high level concepts that they want to incorporate but no direction on mechanisms or policies were given at the meeting. They made it clear that reforms should address the following:

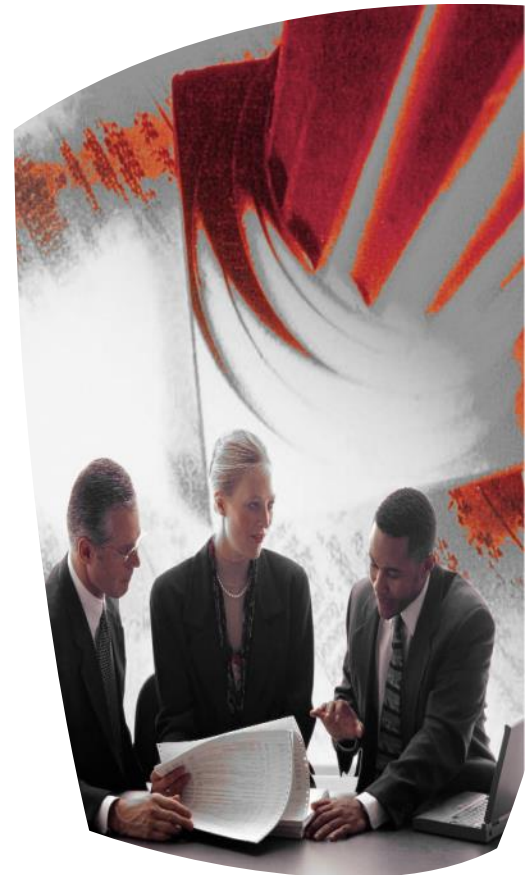
1. OpEx limits
2. CapEx limits
3. Budget control
4. Competitive Overlap Adjustments
5. Buildout Obligations
6. Model Option
7. Represcription of rate-of-return

As a result, it is likely that the Rural Associations are going to propose:

- a stand-alone broadband fund to work in conjunction with HCLS and ICLS (either DCS or a version of it)
- the double log opex limit run at two standard deviations
- the use of the Capital Budgeting Mechanism as revised in the [August 2015 ex parte](#) filing as the capex limit
- a total budget control mechanism that reduces support 50% on a per line basis and 50% on a percentage basis
- no USF for new investment in census blocks that are 100% served by an unsubsidized competitor with a challenge process similar to that used in the 100% study area competition overlay
- reporting and accountability standards instead of build-out obligations for HCLS and ICLS as they are reimbursement funds and should not be double obligated
- ACAM model option on a voluntary basis
- no RoR represcription without a full proceeding

The next step in the process will be for the associations to put together a joint response containing the above items, along with proposals addressing stand-alone broadband service support.

Please let us know if you have any questions.



Alexicon

Questions? Comments?  
Contact Vince Wiemer

[vince@alexicon.net](mailto:vince@alexicon.net)