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**AT JUNE MEETING, FCC EXPECTED TO ELIMINATE USF CONTRIBUTION ASSESSMENT
ON BROADBAND FOR RATE-OF-RETURN CARRIERS**

In response to a Petition for Forbearance filed by NTCA and USTelecom, the Federal Communications Commission (FCC) is expected to grant forbearance from applying the USF contribution requirements to rural LEC-provided broadband internet access transmission services offered on a common carrier basis. [The draft Order can be accessed from the PDF link on this page <https://www.fcc.gov/document/eliminating-disparate-treatment-rural-broadband-providers>]. The action is on the agenda for the FCC's June 7, 2018, Open Meeting. Since the Chairman of the FCC controls the agenda, it would be highly unusual for this agenda item not to be adopted. The contribution percentage is currently 18.4 percent and was 19.5 percent in the first quarter of 2018.

The FCC's Draft Order granting forbearance shows that it will be **effective upon its release** which is expected shortly after the Open Meeting. GVNW will inform you when the Order is released.

Companies should be ready to **modify their billing systems** to remove any USF assessment on broadband for end user customers following release of the Order. In addition, one other way that the operation of the Order may impact companies is the need for a quick turn around to revise Form 499s by extracting broadband internet transmission revenues by June 15, 2018, the revision deadline for Form 499Qs. GVNW believes that the one-week period is more than ample time to make the necessary revisions to meet the revision deadline for the Form 499Q filing.

The FCC accepted the associations' argument that the vast majority of broadband services provided by all other types of carriers are not subject to the USF contribution rules, and there is no good cause to treat certain rural LECs any differently from those other providers solely because they provide a separate broadband Internet access transmission service on a common carriage basis. The FCC recognized that assessing USF contributions on RLECs who recover those costs from their end users frustrated its universal service objective by distorting the competitive landscape and subjecting certain consumer to higher prices for broadband services. GVNW Consulting filed comments in support of the successful Petition for Forbearance.

Please contact your GVNW Consultant or Steve Gatto (830.895.7226), sgatto@gvnw.com with any additional questions you may have about the proposed new USF Contribution Rule for Rural Rate of Return Local Exchange Carriers' Broadband Internet Access Service.