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FCC ELIMINATES 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) granted forbearance ([Press Release](#)) from applying the USF contribution requirements to rural LEC-provided broadband Internet access transmission services offered on a common carrier basis. The action was taken by a vote of 3 Republican Commissioners with Commissioner Rosenworcel concurring at the FCC's June 7, 2018, Open Meeting. The contribution percentage is currently 18.4 percent and was 19.5 percent in the first quarter of 2018.

The FCC's Order granting forbearance is effective upon its release which is expected shortly. GVNW will inform you when the Order is released.

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 the 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.