



PUBLIC NOTICE

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**WIRELINE COMPETITION BUREAU ANNOUNCES RESULTS OF
2016 URBAN RATE SURVEY FOR FIXED VOICE AND BROADBAND SERVICES,
POSTING OF SURVEY DATA AND EXPLANATORY NOTES, AND
REQUIRED MINIMUM USAGE ALLOWANCE FOR ETCs SUBJECT TO BROADBAND
PUBLIC INTEREST OBLIGATIONS**

WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) announces the 2016 rate floor for incumbent eligible telecommunications carriers (ETCs) and reasonable comparability benchmarks for fixed voice and broadband services.¹ In addition, we announce the posting of the fixed voice and broadband services data collected in the most recent urban rate survey, and explanatory notes regarding the data, on the Commission's website at <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>. The Bureau also announces the required minimum usage allowance for 2016 for ETCs subject to broadband public interest obligations.

Voice Rates. Based on the survey results, the 2016 rate floor for voice services is \$21.93,² and the reasonable comparability benchmark for voice services is \$41.07.³ Under the Commission's rules, by July 1, 2016, all ETCs that are incumbent local exchange carrier (ILEC) recipients of high-cost support must report in their annual FCC Form 481 the number of residential service lines for which the sum of the local rate and state fees (as of June 1, 2016) is below \$21.93.⁴ To the extent that an ILEC's local rates (plus state regulated fees) in 2016 are less than \$18, that carrier's high-cost support will be reduced on a dollar-for-dollar basis.⁵ In addition, each ETC, including competitive ETCs providing fixed voice services,⁶ must certify in the FCC Form 481 filed no later than July 1, 2016, that the pricing of its basic residential voice services is no more than \$41.07.⁷

¹ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order*), *aff'd sub nom*, *In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

² The *USF/ICC Transformation Order* defined the average urban rate to include local end-user rates plus state regulated fees (specifically, state subscriber line charges (SLCs), state universal service, and mandatory extended area service charges). *USF/ICC Transformation Order*, 26 FCC Rcd at 17751, para. 238.

³ *Id.* at 17694, para. 84.

⁴ 47 CFR § 54.313(h). The rate floor rule only applies to ILECs that receive high-cost loop support or frozen support to the extent support was based on high-cost loop support or former high-cost proxy model support. 47 CFR § 54.318(d).

⁵ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 29 FCC Rcd 7051, 7077-82, paras. 77-86 (2014) (waiving full impact of local rate floor over a four-year period).

⁶ The Bureau has adopted a benchmark only for fixed voice services because "the differences in rate plans and other attributes of fixed and mobile services would make it inordinately difficult to create a unified benchmark" that

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Broadband Rates. Recipients of high-cost and/or Connect America Fund support that are subject to broadband performance obligations are required to offer broadband service at rates that are at or below the relevant reasonable comparability benchmark.⁸

Under the approach adopted by the Bureau in 2014, the reasonable comparability broadband benchmark varies, depending upon the supported service’s download and upload bandwidths and usage allowance.⁹ The following table provides the 2016 benchmark for a number of different broadband service offerings:¹⁰

| Download Speed (Mbps) | Upload Speed (Mbps) | Usage Allowance (GB) | Benchmark |
|-----------------------|---------------------|----------------------|-----------|
| 10 ¹¹ | 1 | 100 | \$69.14 |
| 10 | 1 | 150 | \$71.17 |
| 10 | 1 | 250 | \$73.72 |
| 10 | 1 | Unlimited | \$75.20 |
| 25 ¹² | 5 | 250 | \$87.76 |
| 25 | 5 | Unlimited | \$89.24 |

To facilitate benchmark calculations, the Bureau will post an Excel file and online tool in which providers can plug the relevant variables to determine the benchmark for specific service characteristics at <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>.

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applied to both fixed and mobile services. *See Connect America Fund*, WC Docket No. 10-90, Order, 28 FCC Rcd 4242, para. 6 (WCB 2014).

⁷ 47 CFR § 54.313(a)(10); *see also USF/ICC Transformation Order* at 18046-47, para. 1026. In the *USF/ICC Transformation Order*, the Commission required that as a condition of receiving high-cost support, ETCs must offer voice and broadband services in supported areas at rates that are reasonably comparable to rates for similar services in urban areas. *USF/Transformation Order*, 26 FCC at 17693, 17695, paras. 81, 86.

⁸ ETCs will be required to certify that their rates meet this benchmark in their annual FCC Form 481, due July 1, 2016, subject to Paperwork Reduction Act approval. *See December 2014 CAF Order*, 29 FCC Rcd at 15686-88, paras. 120-122. The Bureau will issue a public notice when it has obtained Paperwork Reduction Act approval for this certification. *See Federal Communications Commission, Information Collection Being Reviewed by the Federal Communications Commission*, 81 Fed. Reg. 8065 (Feb. 17, 2016) (publication of 60-day notice).

⁹ *Connect America Fund*, WC Docket No. 10-90, Report and Order, 29 FCC Rcd 13485 (WCB 2014).

¹⁰ We emphasize that carriers subject to broadband public interest obligations may offer their customers services other than those meeting the defined benchmark and minimum usage allowance. As long as the carrier offers at least one broadband service plan that meets the relevant metrics, it is free to offer other plans and packages to meet the varying needs of consumers. We note that usage allowance requirements do not apply to those areas that rely exclusively on satellite backhaul. *See USF/ICC Transformation Order*, 26 FCC Rcd at 17699-700, para. 101; *see also* 47 CFR § 54.313(g).

¹¹ This is the required minimum offering for entities authorized to receive funding for category 3 projects in the Commission’s rural broadband experiments. *See Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8769, 8779, para. 27 (2014).

¹² This is the required minimum offering for those entities authorized to receive funding for category one projects in the Commission’s rural broadband experiments. *See Rural Broadband Experiments Order*, 29 FCC Rcd at 8779, para. 26.

Minimum Usage Allowance. Under the *USF/ICC Transformation Order*, ETCs subject to broadband public interest obligations must provide broadband with usage allowances reasonably comparable to those available through comparable offerings in urban areas.¹³ The Commission delegated to the Bureau the task of setting a specific minimum usage allowance and specified that minimum should be adjusted over time.¹⁴

In 2013, the Bureau concluded that price cap carriers accepting model-based support are required to offer a minimum usage allowance over the course of Phase II's term that (1) remains consistent with trends in usage for 80 percent of consumers using cable or fiber-based fixed broadband services, or alternatively, (2) is at least 100 GB and at or above the usage level for 80 percent of all of that carrier's broadband subscribers, including those subscribers that live outside of Phase II-funded areas.¹⁵

According to the Commission's 2015 Measuring Broadband America data, 80 percent of cable broadband subscribers used 156 GB or less per month.¹⁶ For simplicity, for 2016, we specify a minimum monthly usage allowance of 150 GBs for price cap carriers receiving Phase II model-based support.

In the *December 2014 Connect America Order*, the Commission codified for rate-of-return carriers the requirement adopted in 2011 that ETCs subject to broadband public interest obligations offer usage capacity that is reasonably comparable to comparable offerings in urban areas.¹⁷ We conclude that we will use the same approach for annually determining the required minimum usage allowance and therefore apply the monthly usage allowance of 150 GBs to rate-of-return carriers as well. The Bureau will annually announce the relevant minimum usage allowance for rate-of-return carriers.

For further information, please contact Suzanne Yelen, Industry Analysis and Technology Division, Wireline Competition Bureau, at (202) 418-7400 or TTY (202) 418-0484, or Suzanne.Yelen@fcc.gov.

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¹³ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17699, para. 99.

¹⁴ *Id.*

¹⁵ See *Connect America Fund*, WC Docket No. 10-90, Report and Order, 28 FCC Rcd 15060, 15068, paras. 18 (WCB 2013) (*Phase II Service Obligations Order*). In 2013, the Bureau specified an initial minimum usage allowance of 100 GB per month for Phase II based the most recent Measuring Broadband America data available at that time. See *id.* at 15066, para. 16 & n.38.

¹⁶ See Validated Data Sets – Measuring Broadband America 2015 – Statistical Averages, at <http://data.fcc.gov/download/measuring-broadband-america/2015/statistical-averages-2014%20v20151117.xlsx>.

¹⁷ See 47 CFR § 54.308(a); *Connect America Fund et al.*, WC Docket No. et al., Report and Order, 29 FCC Rcd 15644, 15705 (2014).