



Federal Communications Commission  
Washington, D.C. 20554

May 19, 2010

DA 10-819

## **Small Entity Compliance Guide**

### **Revised Rules for Universal Service Local Switching Support for Small Incumbent Local Exchange Carriers**

WC Docket No. 05-337  
CC Docket No. 80-286  
FCC 10-44  
Released: March 18, 2010

This Guide is prepared in accordance with the requirements of Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996. It is intended to help small entities—small businesses, small organizations (non-profits), and small governmental jurisdictions—comply with the new rules adopted in the above-referenced FCC rulemaking docket(s). This Guide is not intended to replace the rules and, therefore, final authority rests solely with the rules. Although we have attempted to cover all parts of the rules that might be especially important to small entities, the coverage may not be exhaustive. This Guide may, perhaps, not apply in a particular situation based upon the circumstances, and the FCC retains the discretion to adopt approaches on a case-by-case basis that may differ from this Guide, where appropriate. Any decisions regarding a particular small entity will be based on the statute and regulations.

In any civil or administrative action against a small entity for a violation of rules, the content of the Small Entity Compliance Guide may be considered as evidence of the reasonableness or appropriateness of proposed fines, penalties or damages. Interested parties are free to file comments regarding this Guide and the appropriateness of its application to a particular situation; the FCC will consider whether the recommendations or interpretations in the Guide are appropriate in that situation. The FCC may decide to revise this Guide without public notice to reflect changes in the FCC's approach to implementing a rule, or to clarify or update the text of the Guide. Direct your comments and recommendations, or calls for further assistance, to the FCC's Consumer Center:

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TTY: 1-888-TELL-FCC (1-888-835-5322)  
Fax: 1-866-418-0232  
[fccinfo@fcc.gov](mailto:fccinfo@fcc.gov)

**Background:** On March 18, 2010, the Commission released an order revising the rules on the receipt of universal service local switching support (LSS) by small incumbent local exchange carriers (LECs). The Commission took that action to permit incumbent LECs that lose lines to receive additional LSS when they fall below certain line count thresholds. Under the prior LSS rules, the amount of LSS that an incumbent LEC could receive decreased when its total line count increased above a particular threshold, but its LSS could not increase when its total line count decreased below that same threshold. The prior rules were adopted by the Commission at a time when incumbent LEC lines were increasing. In recent years, incumbent LEC line counts generally decreased, and thus, some small incumbent LECs that lost lines received less LSS than other incumbent LECs that maintained a similar number of lines. Under the revised rules, an incumbent LEC that loses lines will be eligible to receive additional LSS if its total line count falls below the relevant threshold. The amount of LSS depends on a weighting factor established at 10,000, 20,000, and 50,000 line count thresholds.

The Commission also granted incumbent LECs and States that are affected by these rule changes a waiver of the October 1, 2009 deadline by which an incumbent LEC must file its certain projected data for 2010 and by which a State must file a certification stating that all federal high-cost support provided to such incumbent LEC will be used only for the provision, maintenance, and upgrading of the facilities and services for which the support is intended. This waiver will allow affected eligible telecommunications carriers (ETCs), including certain incumbent LECs and competitive ETCs, to receive additional LSS for 2010.

**Who Must Comply:**

- (a) Incumbent LECs with 50,000 or fewer lines in a study area, that desire to receive LSS, and that have not been filing cost data with the Universal Service Administration Company (USAC) in accordance with section 54.301(b) of the Commission's rules.
- (b) States that desire ETCs within their jurisdiction to receive LSS, but have not already filed relevant certifications with the Commission and USAC in accordance with section 54.314 of the Commission's rules.

**How to Comply:** Incumbent LECs must submit the required cost data to USAC, pursuant to section 54.301(b) of the Commission's rules, within 60 days of the effective date of the Report and Order and by October 1 of each year thereafter in order to receive support for 2010 and subsequent years. States must file the annual certification with USAC and the Commission, pursuant to section 54.314 of the Commission's rules, within 60 days of the effective date of the Report and Order and by October 1 of each year thereafter. USAC will calculate each eligible carrier's LSS.

**Relevant Internet Links and Citations:**

*LSS Order*, FCC 10-44 (rel. Mar. 18, 2010),  
[http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/FCC-10-44A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-44A1.pdf)

47 C.F.R. §§ 36.125(f) and (j), 54.301(a)(2)(ii) and (b), 54.314.