



# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU AND OFFICE OF ECONOMICS AND ANALYTICS ANNOUNCE RESULTS OF 2021 URBAN RATE SURVEY FOR FIXED VOICE AND BROADBAND SERVICES, POSTING OF SURVEY DATA AND EXPLANATORY NOTES, AND REQUIRED MINIMUM USAGE ALLOWANCE FOR ELIGIBLE TELECOMMUNICATIONS CARRIERS

### WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) and the Office of Economics and Analytics (Office) announce the 2021 reasonable comparability benchmarks for fixed voice and broadband services for eligible telecommunications carriers (ETCs) that are subject to broadband public interest obligations. These ETCs include incumbent local exchange rate-of-return carriers, incumbent price-cap carriers that are receiving Connect America Fund (CAF) Phase II support, Rural Broadband Experiment providers, CAF Phase II Auction (Auction 903) winners, and Rural Digital Opportunity Fund Auction winners.<sup>1</sup> 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 and Office also announce the required minimum usage allowance for ETCs subject to public interest obligations for fixed broadband.

*Voice Rates.* Based on the survey results, the 2021 urban average monthly rate is \$33.73.<sup>2</sup> Therefore, the reasonable comparability benchmark for voice services, two standard deviations above the urban average, is \$54.75.<sup>3</sup> Under the Commission's rules, each ETC, including competitive ETCs providing fixed voice services,<sup>4</sup> must certify in the FCC Form 481 filed no later than July 1, 2021, that the pricing of its basic residential voice services is no more than \$54.75.<sup>5</sup>

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<sup>1</sup> 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); *Rural Digital Opportunity Fund*, WC Docket No. 19-126, *Connect America Fund*, WC Docket No. 10-90, Report and Order, 35 FCC Rcd 686, 707, para. 42 (2020).

<sup>2</sup> 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. The reasonable comparability benchmark for voice services applies to mainland providers and those in Alaska.

<sup>3</sup> *Id.* at 17694, para. 84.

<sup>4</sup> 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 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).

<sup>5</sup> 47 CFR § 54.313(a)(10); see also *USF/ICC Transformation Order*, 26 FCC Rcd at 18046-47, para. 1026. In the *USF/ICC Transformation Order*, the Commission required that as a condition of receiving high-cost support, ETCs (continued....)

*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.<sup>6</sup> Carriers subject to the Alaska Plan are required to meet Alaska-specific benchmarks<sup>7</sup> and to certify that they are meeting the relevant reasonable comparability benchmark for their broadband service offering in the FCC Form 481 filed no later than July 1, 2021.<sup>8</sup>

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.<sup>9</sup> Alaska-specific benchmarks were developed in the same manner using data from Alaska carriers serving Alaska urban areas.

The following table provides the 2021 benchmark for a number of different broadband service offerings, though providers will need to determine the benchmark for services with characteristics not shown in the table:<sup>10</sup>

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must offer voice service in supported areas at rates that are reasonably comparable to rates for similar services in urban areas. *USF/Transformation Order*, 26 FCC Rcd at 17693, para. 81.

<sup>6</sup> *USF/Transformation Order*, 26 FCC Rcd at 17695, para. 86.

<sup>7</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139, 10149, para 28 (2016).

<sup>8</sup> 47 CFR § 54.313(a)(12). The Commission has directed the Bureau to develop an Alaska-specific reasonable comparability benchmark. See *Connect America Fund; Universal Service Reform–Mobility Fund; Connect America Fund–Alaska Plan*, WC Docket Nos. 10-90, 16-271, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139, 10149, para. 28 (2016); *Connect America Fund*, WC Docket No. 10-90, Order, 31 FCC Rcd 12086, 12092, para. 21 (2016).

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

<sup>10</sup> 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).

Download Bandwidth (Mbps)	Upload Bandwidth (Mbps)	Capacity Allowance (GB)	2021 U.S.	2021 AK
4	1	350	\$70.69	\$107.50
4	1	Unlimited	\$75.72	\$113.17
10	1	350	\$79.51	\$119.67
10	1	Unlimited	\$85.11	\$125.90
25	3	350	\$80.97	\$127.66
25	3	Unlimited	\$86.72	\$134.04
25	5	350	\$89.13	\$138.94
25	5	Unlimited	\$94.89	\$145.33
50	5	Unlimited	\$102.04	\$148.34
100	10	Unlimited	\$106.20	\$152.93
250	25	Unlimited	\$125.78	\$174.67
500	50	Unlimited	\$131.51	\$182.24
1000	100	Unlimited	\$140.80	\$191.20

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

*Minimum Usage Allowance.* Under the *USF/ICC Transformation Order* and subsequent orders, ETCs subject to broadband public interest obligations must provide broadband with usage allowances reasonably comparable to those available through comparable offerings in urban areas.<sup>11</sup> The Commission delegated to the Bureau the task of setting a specific minimum usage allowance and specified that minimum should be adjusted over time.<sup>12</sup> For the reasons explained below, the Bureau adopts a minimum monthly usage allowance of 350 GB for 2021.

In the 2016 *Rate-of-Return Reform Order*, the Commission specified that the required minimum usage allowance for rate-of-return carriers receiving model-based support would be 150 GB per month, or a usage allowance reflecting the average usage of a majority of fixed broadband customers, using Measuring Broadband America (MBA) data or a similar data source, whichever is higher.<sup>13</sup> The usage allowance adopted by the Commission for the baseline performance tier is: 150 GB per month, or a usage allowance that reflects the average usage of a majority of fixed broadband customers, using MBA data or a similar data source, whichever is higher.<sup>14</sup> However, the baseline usage allowance for carriers receiving support from the Rural Digital Opportunity Fund is 250 GB or the average usage calculated by the Bureau.<sup>15</sup>

<sup>11</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17699, para. 99. See 47 CFR §§ 54.308(a), 54.309(a).

<sup>12</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17699, para. 99.

<sup>13</sup> *Connect America Fund et al.*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3099, para. 27 (2016). See 47 CFR § 54.308(a)(1).

<sup>14</sup> *Connect America et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 5949, 5959-60, para. 25 (2016). See 47 CFR § 54.309(a)(2)(ii).

<sup>15</sup> Rural Digital Opportunity Fund, WC Docket No. 19-126, Connect America Fund, WC Docket No. 10-90, Report and Order, 35 FCC Rcd 686, 702-03, para. 31 (2020).

Using 2018 MBA usage data, the Bureau specified a minimum monthly usage allowance of 215 GB for 2019. However, MBA data may not fully represent the current average usage among a majority of fixed broadband customers. MBA data shows the same increasing trend in usage as other national average sources but have consistently shown lower numbers. This is likely because the MBA was designed to measure performance, not usage, and may not contain a representative sample of broadband customers, such as cord-cutters, i.e., those that receive all video programming via the Internet rather than cable or satellite subscription services, customers in rural areas, or customers served by small providers.

The 2019 MBA usage data shows an average monthly usage of approximately 250 GB. However, 2020 MBA data has shown a substantial increase in usage, with an average of 335 GB in the third quarter of 2020. Therefore, we look to “a similar data source.” Specifically, OpenVault, which aggregates data for the broadband and financial industries, stated in its Broadband Insights Report for the second quarter of 2020 that average broadband consumption has increased to 380 GB.<sup>16</sup> Further, OpenVault reported that cord-cutters use almost twice as much usage as those who subscribe to traditional pay-television services,<sup>17</sup> and the number of cord-cutters is steadily increasing.<sup>18</sup> With current reported average usage reports of 335 and 380 GB and the likelihood of continued increases, 350 GB is a reasonable minimum monthly usage allowance for 2021.

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<sup>16</sup> Ovbi: Upstream Broadband Usage, Faster Speeds Spike Higher in Q2 2020, <https://openvault.com/ovbi-upstream-broadband-usage-faster-speeds-spike-higher-in-q2-2020/>.

<sup>17</sup> See, e.g., Joan Engebretson, Broadband Data Usage Report: Internet-only Homes Use Almost Twice as Much Data as Bundled Homes, Telecompetitor (May 22, 2019), <https://www.telecompetitor.com/broadband-data-usage-report-internet-only-homes-use-almost-twice-as-much-data-as-bundled-homes/>.

<sup>18</sup> See, e.g., Aaron Pressman, Cord cutting is speeding up as the coronavirus pandemic squeezes consumers, Fortune (May 5, 2020), <https://fortune.com/2020/05/05/cord-cutting-coronavirus-cable-satellite-tv-comcast-verizon-charter-altice-att-dish/>.