# Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
Petition for Declaratory Ruling by the Rural	)	
Independent Competitive Alliance  Request for Review of a Decision of the Universal	)	
Service Administrative Company by Blackfoot	)	
Communications, Inc.	)	

## DECLARATORY RULING AND ORDER

Adopted: November 25, 2013 Released: November 25, 2013

By the Chief, Wireline Competition Bureau:

#### I. INTRODUCTION

- 1. In this Declaratory Ruling and Order (Order), we address a petition for declaratory ruling filed by the Rural Independent Competitive Alliance (RICA) and a request for review filed by Blackfoot Communications, Inc. (BCI) (collectively, Petitioners). At issue in both petitions is whether competitive local exchange carriers (CLECs) are required to allocate to the interstate jurisdiction a portion of their fixed local service revenue for federal Universal Service Fund (USF) contribution purposes. In its petition for declaratory ruling, RICA asks the Commission to clarify that CLECs are under no binding legal obligation to report on their FCC Form 499-A any portion of their end-user revenues that are not received by them pursuant to rates explicitly designated as charges for the provision of interstate service. In its request for review, BCI seeks review and reversal of a decision by the Universal Service Administrative Company (USAC) to reclassify as interstate revenue a portion of the fixed local service revenues reported by BCI on its 2010 FCC Form 499-A.
- 2. For the reasons discussed below, we grant the Petitioners' requests to the extent described herein. Specifically, we direct USAC to review BCI's 2010 FCC Form 499-A and supporting documentation, including information explaining how BCI records revenues in its books of accounts and records, and to adjust invoices and issue refunds as appropriate, consistent with the clarifications and

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<sup>&</sup>lt;sup>1</sup> Petition of the RICA Members for Declaratory Ruling Regarding Imputation of Interstate Revenue, WC Docket No. 06-122 (filed Apr. 26, 2011) (RICA Petition); Request for Review of Blackfoot Communications, Inc., WC Docket No. 06-122 (filed July 22, 2011) (BCI Request for Review). The Wireline Competition Bureau sought comment on each of the petitions. See Wireline Competition Bureau Seeks Comment On a Petition for Declaratory Ruling Filed by the Rural Independent Competitive Alliance, WC Docket No. 06-122, Public Notice, 26 FCC Rcd 6741 (Wireline Comp. Bur. 2011); Wireline Competition Bureau Seeks Comment on a Request for Review by Blackfoot Communications, Inc. of a Decision by the Universal Service Administrative Company, WC Docket No. 06-122, 26 FCC Rcd 11186 (Wireline Comp. Bur. 2011). A list of commenters on each of the petitions is provided in the Appendix.

<sup>&</sup>lt;sup>2</sup> RICA Petition at 1, 5-7.

<sup>&</sup>lt;sup>3</sup> BCI Request for Review at 5-6.

findings herein.<sup>4</sup> We also allow the RICA members who filed amended FCC Forms 499-A under protest, based on USAC's direction to identify an interstate portion of fixed local exchange services, a period of 60 days within which to revise their filings and provide any relevant documentation in support of such filings, and we direct USAC to refund any resulting overpayments to these parties, consistent with the findings herein, based on its review of those filings and other relevant information.<sup>5</sup>

## II. BACKGROUND

- 3. Section 254(d) of the Communications Act of 1934, as amended (the Act), directs that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service." Section 254(d) further provides that "[a]ny other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires." To this end, the Commission has determined that providers of interstate telecommunications to others for a fee generally must contribute to the USF based on their interstate and international end-user telecommunications revenues 8
- 4. Pursuant to the Commission's rules, contributors report their revenues for USF contribution purposes by filing FCC Forms 499-A and 499-Q with USAC. USAC, as the designated

<sup>&</sup>lt;sup>4</sup> We note that this issue is also before us in a request for review filed by Grande Communications. *See* Request for Review of Decision of the Universal Service Administrator by Grande Communications, WC Docket No. 06-122, (filed Dec. 28, 2009). *See also* Reply Comments of Summit Broadband Inc., WC Docket No. 06-122 et al. (filed Jun. 20, 2011) (commenting on the RICA Petition, stating that Summit Broadband had received a Letter of Inquiry from USAC instructing the company to revise its 2010 FCC Form 499-A and reallocate a portion of its revenues as interstate).

<sup>&</sup>lt;sup>5</sup> Generally, filers must submit any revised FCC Form 499-A that would result in decreased contributions by March 31 of the year after the original filing date. See Federal-State Joint Board on Universal Service; 1998 Biennial Regulatory Review—Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanism; Changes to the Board of Directors of the National Exchange Carrier Association, Inc., CC Docket Nos. 96-45, 98-171, 97-21, Order, 20 FCC Rcd 1012 (Wireline Comp. Bur. 2004) (applications for review pending); 2013 FCC Form 499-A Instructions at 8. As discussed below, we waive the one-year deadline to enable USAC's processing of the revised filings of RICA members who previously filed FCC Forms 499-A under protest and allocated a portion of their fixed local exchange revenues to the interstate jurisdiction. See infra para.

<sup>&</sup>lt;sup>6</sup> 47 U.S.C. § 254(d).

<sup>&</sup>lt;sup>7</sup> *Id*.

<sup>&</sup>lt;sup>8</sup> See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9183-84, para. 795 (1997) (Universal Service First Report and Order) (subsequent history omitted). Although the Commission exercised its permissive authority to assess private carriage providers, it exempted certain government entities, broadcasters, schools, libraries, systems integrators, and self-providers from the contribution requirement. 47 C.F.R. § 54.706(d). The Commission also requires certain other providers of interstate telecommunications to contribute to the USF. See, e.g., Universal Service Contribution Methodology et al., CC Docket Nos. 96-45 et al., Report and Order and Notice of Proposed Rulemaking, 21 FCC Rcd 7518, 7544, para. 52 (2006) (requiring interconnected voice over Internet protocol providers to contribute to the USF).

<sup>&</sup>lt;sup>9</sup> 47 C.F.R. § 54.711(a) (setting forth reporting requirements in accordance with Commission announcements in the Federal Register). Contributors report historical revenue on the annual FCC Form 499-A, which is generally filed on April 1 each year. *See* Universal Service Administrative Company, Schedule of Filings, *at* http://www.usac.org/cont/499/filing-schedule.aspx (last visited Mar. 5, 2013) (USAC Form 499 Filing Schedule). (continued...)

entity responsible for administering the universal service support mechanisms, <sup>10</sup> reviews these filings, verifies the information provided by the contributors and bills contributors for their universal service contributions. <sup>11</sup>

- 5. In the *Universal Service Second Order on Reconsideration*, the Commission set forth the specific methodology for contributors to use to compute their USF contributions. <sup>12</sup> Filers are required to allocate their total telecommunications revenues among the intrastate, interstate, and international jurisdictions based on information from their books of account or other internal data reporting systems, where possible. <sup>13</sup> Where the amount of intrastate, interstate, and international revenues cannot be determined directly from the corporate books of account or subsidiary records, the Commission's orders and the FCC Form 499 Instructions direct filers to provide good-faith estimates of those amounts. <sup>14</sup>
- 6. RICA Petition for Declaratory Ruling. RICA is a national association of rural CLECs that are affiliated with rural incumbent local exchange carriers (ILECs).<sup>15</sup> RICA states that its members provide local exchange service that allows customers to place and receive calls within the boundaries of the exchange.<sup>16</sup> Customers also have access to long distance service and the ability to place and receive intrastate and interstate interexchange calls. A separate charge is made for such calls in accordance with the rate schedule of the long distance service provider.<sup>17</sup>
- 7. In December 2010, USAC sent letters to several RICA members advising them that they had failed to identify and report a portion of their fixed local exchange service revenues as interstate. <sup>18</sup> USAC relied on the 2010 FCC Form 499-A instructions to Line 404 of the Form, which stated that "filers without subscriber line charge revenue must identify the interstate portion of fixed local exchange service revenues in column (d) of the appropriate line 404.1-404.5." In response to the letters, some RICA members notified USAC that they would amend their 2010 FCC Forms 499-A under protest, but that they

<sup>&</sup>lt;sup>10</sup> See Changes to the Board of Directors of the National Exchange Carrier Association, Inc.; Federal-State Joint Board on Universal Service, CC Docket Nos. 96-45, 97-21, Report and Order and Second Order on Reconsideration, 12 FCC Rcd 18400, 18423-24, para. 41 (1997) (Universal Service Second Order on Reconsideration); 47 C.F.R. § 54.701.

<sup>&</sup>lt;sup>11</sup> 47 C.F.R. §§ 54.711(a), 54.702(b).

<sup>&</sup>lt;sup>12</sup> Universal Service Second Order on Reconsideration, 12 FCC Rcd at 18498-18513, App. C (Appendix A to Universal Service Worksheet, FCC Form 457).

<sup>&</sup>lt;sup>13</sup> *Id.* at 18512, App. C; see also 2013 FCC Form 499-A Instructions at 14.

<sup>&</sup>lt;sup>14</sup> See Federal-State Joint Board on Universal Service; Changes to the Board of Directors of the National Exchange Carrier Association, Inc., CC Docket Nos. 96-45, 97-21, Order on Reconsideration, Second Report and Order, and Further Notice of Proposed Rulemaking, 12 FCC Rcd 12444, 12453, para. 21 (1997) (concluding that contributors that cannot derive interstate revenues from their books of account, or that cannot derive the line-by-line revenue breakdowns required by FCC Form 499-A from their books of account, may report good faith estimates of these figures); Universal Service Second Order on Reconsideration, 12 FCC Rcd at 18512, App. C; 2013 FCC Form 499-A Instructions at 14.

<sup>&</sup>lt;sup>15</sup> RICA Petition at 1.

<sup>&</sup>lt;sup>16</sup> *Id.* at 2-3.

<sup>&</sup>lt;sup>17</sup> *Id.* at 3.

<sup>&</sup>lt;sup>18</sup> *Id.* at 2.

<sup>&</sup>lt;sup>19</sup> *Id.* (citing 2010 FCC Form 499-A Instructions at 25).

would pursue the matter further with the Commission.<sup>20</sup> In April 2011, RICA filed a petition for declaratory ruling requesting that the Commission clarify that end-user revenues received by CLECs pursuant to rates charged for exchange access service entirely within one state are intrastate revenues, and that CLECs are not required to report on the FCC Form 499-A any portion of their end-user revenues that are not received by them pursuant to rates explicitly designated as fees for the provision of interstate service.<sup>21</sup> RICA argues that rate regulation of CLECs by the Commission is limited to section 61.26 of the Commission's rules,<sup>22</sup> which controls CLEC tariffed switched access charges. RICA acknowledges that CLECs, like ILECs, incur costs for originating and terminating long distance calls. It argues, however, that unlike rules applicable to ILECs under Part 69 of the Commission's rules,<sup>23</sup> there is no requirement that CLECs recover some portion of the costs of originating and terminating interstate toll calls from their customers in the form of a subscriber line charge (SLC). Rather, a CLEC may determine that the interstate access charges by the CLEC to long distance carriers recover all of its costs of providing interstate switched access to its local customers.<sup>24</sup>

BCI Request for Review. BCI is a small CLEC that provides local exchange and exchange access service, and resold long distance service.<sup>25</sup> After conducting a review of BCI's 2010 FCC Form 499-A, USAC sent a letter to BCI seeking information as to why BCI had not allocated and reported as interstate revenue a portion of its fixed local service revenues, based on the FCC Form 499-A Instructions.<sup>26</sup> In response, BCI explained that it does not charge or pass through to its end-user customers a SLC, has no rate element targeted to recovering the interstate costs of the local loop, and does not bundle interstate services with its local exchange service charges.<sup>27</sup> BCI acknowledges that it includes a line item labeled "subscriber access charge" on the customer bill to allow its residential customers to compare BCI's rates to those of its competitors, but states that it treats all of its fixed service revenues as intrastate revenues for all purposes.<sup>28</sup> On June 1, 2011, USAC issued a decision letter stating that the FCC Form 499 Instructions require that when a filer does not charge a SLC, the filer is required to identify and report the interstate portion of fixed local exchange service revenues.<sup>29</sup> USAC informed BCI that if it did not provide additional information regarding the interstate portion of BCI's fixed local service revenues, USAC would reclassify a portion of BCI's fixed local service revenues as interstate for USF contribution purposes.<sup>30</sup> BCI asserts that USAC erred by reclassifying a portion of BCI's fixed local exchange revenues and seeks reversal of that decision.<sup>31</sup>

<sup>&</sup>lt;sup>20</sup> RICA Petition at 2.

<sup>&</sup>lt;sup>21</sup> *Id.* at 1.

<sup>&</sup>lt;sup>22</sup> 47 C.F.R. § 61.26.

<sup>&</sup>lt;sup>23</sup> See 47 C.F.R. Part 69.

<sup>&</sup>lt;sup>24</sup> RICA Petition at 6-7.

<sup>&</sup>lt;sup>25</sup> BCI Request for Review at 2.

<sup>&</sup>lt;sup>26</sup> *Id.* at 2-3.

<sup>&</sup>lt;sup>27</sup> *Id.* at 3.

<sup>&</sup>lt;sup>28</sup> *Id.* BCI states that all of its reported fixed local service revenues are intrastate, and that BCI has consistently treated them as such for all purposes (*e.g.*, accounting and state tax). *Id.* at 6.

<sup>&</sup>lt;sup>29</sup> *Id.* at 3-4. USAC previously had informed BCI that "carriers must identify the interstate portion of fixed local exchange service revenues as those revenues correspond to the costs associated with allowing customers to originate and terminate interstate calls." *Id.* at Attach. A (Letter from Debbi Tosi, Sr. Financial Analyst, USAC, to Brenda Marsh, BCI (Oct. 27, 2010)).

<sup>&</sup>lt;sup>30</sup> BCI Request for Review at 4. USAC stated that it would estimate the amount to be reclassified based on the national average percentage of fixed local revenues from calendar year 2008 reported as interstate by the Regional (continued...)

9. Both Petitioners argue that there is no legal basis for requiring CLECs to recover a portion of the cost of originating and terminating interstate toll calls from subscribers of the CLEC's local exchange telephone service.<sup>32</sup> RICA argues that its members bill and collect interstate access charges from the providers of interstate long distance service in accordance with tariffs filed pursuant to section 61.26 of the Commissions' rules.<sup>33</sup> Similarly, BCI argues that while it provides exchange access service to its customers, it bills and collects access charges from the providers of interstate interexchange service pursuant to BCI's applicable interstate access tariff.<sup>34</sup> BCI contends that it does not intend or purport to recover the cost of providing access to interstate interexchange service other than through its applicable access charges.<sup>35</sup>

## III. DISCUSSION

- 10. There is no existing Commission rule or order mandating that CLECs allocate and report for USF contributions purposes a portion of the revenues derived from their fixed local revenues to the interstate jurisdiction.<sup>36</sup> Therefore, unless a CLEC chooses to recover the non-traffic-sensitive costs of providing interstate or interstate exchange access service from their end-user customers, and records such revenue as such in its supporting books and records, there is no obligation to report those revenues in the interstate jurisdiction as a SLC.<sup>37</sup>
- 11. The Commission's jurisdictional separation rules provide that ILECs must allocate to the interstate jurisdiction 25 percent of the costs assigned to the subscriber or common lines that are used jointly for local exchange and exchange access services.<sup>38</sup> In addition, the Commission's rules set forth

(continued...)

<sup>&</sup>lt;sup>31</sup> *Id.* at 1, 8.

<sup>&</sup>lt;sup>32</sup> RICA Petition at 6; BCI Request for Review at 5-6. Petitioners state that when they function as the long distance carrier, they report the revenues for interstate interexchange calls on FCC Form 499-A. *See* RICA Petition at 3; BCI Request for Review at 6.

<sup>&</sup>lt;sup>33</sup> RICA Petition at 3.

<sup>&</sup>lt;sup>34</sup> BCI Request for Review at 2.

<sup>35</sup> Id

<sup>&</sup>lt;sup>36</sup> See supra para. 5. The issue of how providers allocate between the interstate and intrastate jurisdictions was raised in the Commission's pending proceeding on contributions reform. See Universal Service Contribution Methodology; A National Broadband Plan For Our Future, WC Docket No. 06-122, GN Docket No. 09-51, Further Notice of Proposed Rulemaking, 27 FCC Rcd 5357, 5405-12, paras. 121-42 (2012).

<sup>&</sup>lt;sup>37</sup> Carriers are required to report their access charge revenues in Block 3 of the FCC Form 499-A. *See* 2013 FCC Form 499-A Instructions at 22.

<sup>&</sup>lt;sup>38</sup> 47 C.F.R. § 36.154 (c). Jurisdictional separations is the third step in a four-step regulatory process that begins with an ILEC's accounting system and ends with the establishment of tariffed rates for the ILEC's interstate and intrastate regulated services. First, carriers record their costs, including investments and expenses, into various accounts in accordance with the Uniform System of Accounts prescribed by Part 32 of the Commission's rules. *See* 47 C.F.R. Part 32. Second, carriers assign the costs in these accounts to regulated and nonregulated activities in accordance with Part 64 of the Commission's rules, to ensure that the costs of non-regulated activities will not be recovered in regulated interstate service rates. *See* 47 C.F.R. §§ 64.901-904. Third, carriers separate the regulated costs between the intrastate and interstate jurisdictions in accordance with the Commission's Part 36 separations rules. *See* 47 C.F.R. Part 36. The intrastate costs that result from application of the Part 36 rules form the foundation for state determination of carriers' intrastate rate base, expenses, and taxes. Finally, carriers apportion the interstate regulated costs among the interexchange services and rate elements that form the cost basis for their

precisely how ILECs must recover from their end-user subscribers and interexchange carriers the costs assigned to the interstate jurisdiction.<sup>39</sup> In particular, the rules require ILECs to recover a portion of the local loop through a flat-rate SLC assessed on the end-user customer.<sup>40</sup> Consistent with these rules, revenues derived from the SLC must be reported as interstate revenue on the FCC Form 499 for USF contribution purposes.<sup>41</sup>

- 12. There is no corresponding requirement for CLECs. We agree with Petitioners that neither the Commission's formal separation process that governs how ILECs assign their costs to intrastate and interstate jurisdictions, nor the access charge rules that govern how ILECs recover those costs from their customers apply to CLECs. Although CLECs must report their end-user interstate revenues on the FCC Forms 499, no Commission rule or order requires them to identify and recover from their end-user customers a SLC or equivalent charge for the non-traffic-sensitive costs of providing interstate or interstate exchange access service. Rather, under existing rules and requirements, CLECs are free to recover those interstate costs from their interexchange carriers in whatever manner they deem appropriate, within the limitations of section 61.26 of the Commission's rules.

<sup>&</sup>lt;sup>39</sup> See 47 C.F.R. §§ 69.104, 69.152.

<sup>&</sup>lt;sup>40</sup> SLCs are flat, non-traffic sensitive charges assessed on end-users to recover LECs' interstate-allocated common line costs. *See Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers et al.*, CC Docket No. 00-256 et al., Notice of Proposed Rulemaking, 16 FCC Rcd 460, 462, para. 7 n.12 (2000). Part 69 of the Commission's rules contains two provisions that mandate the collection of a SLC. The first, section 69.104, states that the rule "is applicable only to incumbent local exchange carriers not subject to price cap regulation." 47 C.F.R. § 69.104(a). The second, section 69.152, governs the collection of an interstate SLC by price cap carriers. 47 C.F.R. § 69.152.

<sup>&</sup>lt;sup>41</sup> See, e.g., 2013 FCC Form 499-A Instructions at 16.

<sup>&</sup>lt;sup>42</sup> RICA Petition at 6-7; BCI Request for Review at 5-6.

<sup>&</sup>lt;sup>43</sup> 47 C.F.R. § 36.154(c) (intra-interstate jurisdictional separations requirements); 47 C.F.R.§ 69.104(a) (rate regulation); see Access Charge Reform; Reform of Access Charges Imposed by Competitive Local Exchange Carriers, CC Docket No. 96-262, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923, 9926, para. 8 (2001); see generally Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Transport Rate Structure and Pricing End User Common Line Charges, CC Docket No. 96-262 et al., Report and Order, 12 FCC Rcd 15982 (1997) (subsequent history omitted); Universal Service First Report and Order, 12 FCC Rcd at 8970, para. 366 (noting that carriers other than ILECs do not participate in the formal separations process that the rules mandate for incumbents and hence do not charge SLCs nor distinguish between the interstate and intrastate portion of their charges and costs). We recently modified the FCC Form 499-A Instructions to delete the language that directed filers without SLC revenues to identify an interstate portion of their fixed local exchange service revenues. Wireline Competition Bureau Releases 2013 Telecommunications Reporting Worksheets and Accompanying Instructions, WC Docket No. 06-122, Public Notice, 28 FCC Rcd 1933, 1938-39 (Wireline Comp. Bur. 2013).

<sup>&</sup>lt;sup>44</sup> See 47 C.F.R. § 61.26. Part 61 of the Commission's rules prescribes the procedures for filing and updating interstate tariffs. See 47 C.F.R. Part 61.

<sup>&</sup>lt;sup>45</sup> See supra paras. 5, 10.

example, to the extent that a contributor has an interstate tariff for non-traffic-sensitive charges, then revenues for such charges must be allocated to interstate revenues for USF reporting purposes. CLECs that record end-user customer charges on their general ledger as a SLC or equivalent charge for the non-traffic sensitive costs of providing interstate or interstate exchange access service should continue to treat and report revenues from such charges as interstate for contribution purposes. On the other hand, if a CLEC bills its end-user customers a separately stated line item for a service not contained in an interstate tariff and records those revenues as "fixed local exchange" revenues in its general ledger, it is not required to report those revenues as interstate for contribution purposes.

- 14. For the above-stated reasons, we grant the Petitioners' requests to the extent described herein. Specifically, we direct USAC to review BCI's 2010 FCC Form 499-A and supporting documentation, including any relevant information regarding how BCI records revenues in its books of accounts and records, and to adjust invoices and issue refunds as appropriate, consistent with the clarifications and findings herein. In addition, we allow the RICA members who filed amended FCC Forms 499 under protest, based on USAC's directive to identify an interstate portion of fixed local exchange services, a period of 60 days within which to revise their filings and provide any relevant documentation in support of such filings, <sup>48</sup> and we direct USAC to refund any resulting overpayments to these parties, consistent with the findings herein, based on its review of those filings and supporting documentation.
- 15. On our own motion, we find good cause to waive the one-year filing deadline for this group of contributors, to enable USAC's processing of any such revised filings. <sup>49</sup> We caution contributors, however, that the relief provided in this order does not permit them to modify retroactively how they have recorded revenues in their general ledger for past periods. If, for instance, revenues previously were recorded in the general ledger as "subscriber line charges," "subscriber access charges," "interstate access," or similar terms, those filers may not now claim such revenues should be treated as intrastate revenues.

#### IV. ORDERING CLAUSES

- 16. Accordingly, IT IS ORDERED that pursuant to the authority contained in sections 1-4 and 254 of the Communications Act, 47 U.S.C. §§ 151-154 and 254, and pursuant to sections 0.91, 0.291, and 1.2 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.2, the Petition for Declaratory Ruling filed by the Rural Independent Competitive Alliance on April 26, 2011 is hereby GRANTED to the extent described herein.
- 17. IT IS FURTHER ORDERED that pursuant to the authority contained in sections 1-4 and 254 of the Communications Act, 47 U.S.C. §§ 151-154 and 254, and pursuant to sections 0.91, 0.291, and 54.722 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722, the Request for Review filed by

<sup>&</sup>lt;sup>46</sup> Such charges could include revenues from line items described on the general ledger as "subscriber access charges" or "interstate access."

<sup>&</sup>lt;sup>47</sup> Although we clarify that CLECs are free to recover their interstate costs in whatever manner they deem appropriate, our clarification herein does not permit CLECs to avoid reporting and contributing on their assessable interstate revenues. We will strictly enforce compliance with our contribution rules and requirements.

<sup>&</sup>lt;sup>48</sup> Such documentation could include information regarding how revenues are recorded in the contributor's underlying books and records.

<sup>&</sup>lt;sup>49</sup> The Commission's rules may be waived for good cause shown. 47 C.F.R. § 1.3; *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969); *appeal after remand*, 459 F.2d 1203 (D.C. Cir. 1972), *cert. denied*. 409 U.S. 1027 (1972); *Northeast Cellular Tel. Co. v. FCC*, 897 F.2d 1164 (D.C. Cir. 1990).

Blackfoot Communications, Inc. on July 22, 2011 is hereby GRANTED to the extent described herein and REMANDED to the Universal Service Administrative Company for further action and consideration in accordance with the terms of this Order.

- 18. IT IS FURTHER ORDERED that pursuant to the authority contained in sections 1-4 and 254 of the Communications Act, 47 U.S.C. §§ 151-154 and 254, and pursuant to sections 0.91, 0.291, 1.3 and 54.722 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.3 and 54.722, the one-year deadline for filing revisions to the FCC Forms 499-A IS WAIVED to the extent described herein, and the Universal Service Administrative Company SHALL ACCEPT from the Rural Independent Competitive Alliance members who filed FCC Forms 499 under protest revised FCC Forms 499 consistent with the terms of this Order, if such revisions are filed within 60 days of this Order.
- 19. IT IS FURTHER ORDERED that pursuant to sections 1.2 and 1.103(a) of the Commission's rules, 47 C.F.R. §§ 1.2, 1.103(a), this Order SHALL BECOME EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Julie A. Veach Chief Wireline Competition Bureau

## **APPENDIX**

## **Commenters on RICA Petition**

Grande Communications Networks, LLC United States Telecom Association National Association of Telecommunications Officers and Advisors Summit Broadband Inc.

# **Commenters on BCI Request for Review**

Grande Communications Networks, LLC