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[FR Doc. 01-31496 Filed 12-20-01; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION**47 CFR Part 36****Federal-State Joint Board on Universal Service****AGENCY:** Federal Communications Commission.**ACTION:** Correcting amendment.

SUMMARY: This document contains corrections to the final regulations in the *Fourteenth Report and Order*, which were published in the **Federal Register** of Tuesday, June 5, 2001, 66 FR 30080. Specifically, this correction revises the language in section 36.605(c)(3)(ii) to make it clear.

DATES: Effective January 22, 2002.

FOR FURTHER INFORMATION CONTACT: Greg Guice, Attorney, Common Carrier Bureau, Accounting Policy Division, (202) 418-0095.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's *Twenty-Third Order on Reconsideration* in CC Docket No. 96-45 released on July 11, 2001. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 Twelfth Street, S.W., Washington, D.C., 20554.

I. Introduction

1. In this document, the Commission makes a correction to section 36.605(c)(3)(ii) of its rules adopted in the *Fourteenth Report and Order*, 66 FR 30080, June 5, 2001. The correction concerns the calculation of safety net additive support in the years following qualification for such support and is necessary to make the rule consistent with the text of the underlying order. Specifically, this correction revises the language in section 36.605(c)(3)(ii) to make it clear that rural telephone companies receive the lesser of either: (1) the sum of capped support and the safety net additive support in each year or (2) uncapped support in each year when the cap is not triggered.

Need for Correction

As published, the final regulations contain errors which may prove to be misleading and need to be clarified.

List of Subjects in 47 CFR Part 36

Communications common carriers, Telephone.

Federal Communications Commission.

Magalie Roman Salas,
Secretary.

Accordingly, 47 CFR part 36 is corrected by making the following correcting amendment:

PART 36—JURISDICTIONAL SEPARATIONS

1. The authority citation for part 36 continues to read as follows:

Authority: 47 U.S.C. §§ 151-154, 201-205, 218-220, 254, 303(r), 403, 405, and 410.

2. Section 36.605(c)(3)(ii) is revised to read as follows:

§ 36.605 Calculation of safety net additive.

* * * * *

(c) * * *

(3) * * *

(ii) Continue to pay safety net additive support in any of the four succeeding years in which the total carrier loop expense adjustment is limited by the provisions of § 36.603. Safety net additive support in the succeeding four years shall be the lesser of:

(A) The sum of capped support and the safety net additive support received in the qualifying year;

or

(B) The rural telephone company's uncapped support.

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FEDERAL COMMUNICATIONS COMMISSION**47 CFR Part 54****[CC Docket No. 96-45; FCC 01-321]****Federal-State Joint Board on Universal Service; Petition for Reconsideration Filed by the United States Telecom Association****AGENCY:** Federal Communications Commission.**ACTION:** Final rule, denial.

SUMMARY: In this document, the Commission denies the request of the United States Telecom Association to reconsider portions of the *Contribution Interval Order* modifying the methodology used to assess contributions that carriers make to the federal universal service support mechanisms.

FOR FURTHER INFORMATION CONTACT: Richard D. Smith, Attorney, Common Carrier Bureau, Accounting Policy Division, (202) 418-7400.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Order on

Reconsideration in CC Docket No. 96-45 released on November 6, 2001. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 Twelfth Street, S.W., Washington, D.C., 20554.

I. Introduction

1. In this Order on Reconsideration, we deny the request of the United States Telecom Association (USTA) to reconsider portions of the *Contribution Interval Order*, 66 FR 16145, March 23, 2001, modifying the methodology used to assess contributions that carriers make to the federal universal service support mechanisms. Specifically, we deny USTA's request to reconsider the imposition of additional filing requirements and the method of calculating contributions from carriers that either under-report or over-report quarterly revenue. In so doing, we affirm our prior conclusion that the provision of sufficient and competitively neutral funding for the universal service support mechanisms depends on the timely submission of accurate revenue information from contributors.

II. Discussion

2. We deny the request of USTA to reconsider portions of the *Contribution Interval Order*. We find that USTA has raised no new issues or facts to persuade us to reconsider the decisions made in the *Contribution Interval Order*. Specifically, we conclude that the accurate submission of quarterly revenue data is essential to ensure that sufficient contributions are made to the federal universal service support mechanisms on a competitively neutral basis. The Commission carefully considered the implications of imposing additional reporting requirements on carriers in the *Contribution Interval Order* and concluded that such requirements were necessary. In addition, we conclude that the method adopted by the Commission of calculating contributions from carriers that under-report or over-report revenues provides an appropriate incentive for carriers to accurately report quarterly revenues to USAC.

3. *Reporting Requirements.* We deny USTA's request to reconsider the Commission's decision to increase carriers' reporting requirements. USTA's petition raises no new arguments that would convince us to reconsider the conclusion that the benefits of substantially reducing the contribution interval outweigh any increased

administrative burden on carriers. Although the Commission acknowledged that the prior contribution methodology was competitively neutral and satisfied the requirements of the Act, as discussed, the Commission concluded that revisions were necessary to ensure that the contribution methodology remains competitively neutral in light of recent changes in the telecommunications marketplace, such as the entry of new carriers into the interexchange market and the declining revenue bases faced by some existing carriers. The submission of quarterly revenue data allows us to reduce the interval, from 12 months to six months, between the accrual and assessment of revenues for contribution to the universal service fund. The shortened interval between the accrual and assessment of revenues therefore reduces the possibility that certain carriers will be placed at a competitive disadvantage as they lose market share. As a result, the revised methodology furthers the Commission's goal of maintaining competitive neutrality.

4. *Under and Over-Reporting of Revenues.* We find no basis to reconsider the method adopted by the Commission to calculate refunds from carriers that over-report revenue or the collection of additional contributions from carriers that under-report revenue. Contrary to USTA's contention, we do not find the method of calculating such adjustments to be punitive. A true-up mechanism merely ensures that carriers' contributions to the universal service mechanisms are based on accurate revenue data over the course of the year.

Moreover, the Commission allows carriers up to three months after each filing to correct errors that appear on the Form 499-Q. Thus, we find unpersuasive USTA's contention that carriers will be penalized as a result of insufficient time to ensure the complete accuracy of the information submitted. Only if such errors are not corrected in a timely fashion will USAC apply the refund and additional collection rules. Based on the record before us, we have no reason to overturn the prior conclusion that three months should be sufficient time for carriers to compute, and correct if necessary, revenue information.

5. We affirm our conclusion that the methodology adopted in the *Contribution Interval Order* encourages carriers to provide accurate data and discourages "gaming." For example, the methodology will deter carriers that otherwise might be tempted to under-report revenue to reduce their current contributions and free up capital for other uses. A carrier that did so would be forced to contribute additional funds following the annual true-up based on the average of the two highest quarterly contribution factors for the year. We are convinced that assessment of contributions based on this higher contribution rate will reduce the incentive for such conduct while giving carriers ample time to correct honest mistakes.

6. We are not persuaded by USTA's contention that it is sufficient to rely on existing federal law prohibiting willful false statements to protect against abuse of our rules. The methodology set forth in the *Contribution Interval Order* also

provides incentives to carriers to avoid negligent or careless errors in reporting revenues to USAC. In order to maintain sufficient and competitively neutral support mechanisms, it is essential that carriers provide accurate revenue information to USAC in a timely manner. For similar reasons, we also decline to adopt USTA's alternative proposal to exclude from this calculation methodology those carriers whose reported quarterly revenues fall within 10 percent of their reported annual revenues. This proposed 10 percent margin of acceptable error may translate into significant contributions for some carriers, who would be able to avoid payment by intentionally under-reporting their revenues by 10 percent or less. Thus, USTA's proposal may provide carriers with a substantial incentive to under-report their revenues. In light of the opportunity provided each quarter to correct such errors, we believe that adopting this proposal would also be contrary to our goal of encouraging carriers to report accurate information.

III. Ordering Clause

1. It is ordered, pursuant to sections 1, 4(i) and 254 of the Communications Act of 1934, as amended, and § 1.429 of the Commission's rules, that the Petition for Reconsideration filed April 23, 2001 by USTA is denied.

Federal Communications Commission.

Magalie Roman Salas,

Secretary.

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