

safety valve loop cost expense adjustment for all eligible study areas pursuant to this paragraph. The safety valve loop cost expense adjustment of an individual rural incumbent local exchange carrier also may be further reduced as described in paragraph (d)(3) of this section.

(f) Once an acquisition is complete, the acquiring rural incumbent local exchange carrier shall provide written notice to the Administrator that it has acquired access lines that may be eligible for safety valve support. Rural telephone companies also shall provide written notice to the Administrator defining their index year for those years after the first year of operation for purposes of calculating the safety valve loop cost expense adjustment.

[70 FR 10060, Mar. 2, 2005, as amended at 76 FR 73871, Nov. 29, 2011; 79 FR 39188, July 9, 2014; 81 FR 24339, Apr. 25, 2016]

**§ 54.306 Alaska Plan for Rate-of-Return Carriers Serving Alaska.**

(a) *Election of support.* For purposes of subparts A, B, C, D, H, I, J, K and M of this part, rate-of-return carriers (as that term is defined in § 54.5) serving Alaska have a one-time option to elect to participate in the Alaska Plan on a state-wide basis. Carriers exercising this option shall receive the lesser of;

(1) Support as described in paragraph (c) of this section or

(2) \$3,000 annually for each line for which the carrier is receiving support as of the effective date of this rule.

(b) *Performance plans.* In order to receive support pursuant to this section, a rate-of-return carrier must be subject to a performance plan approved by the Wireline Competition Bureau. The performance plan must indicate specific deployment obligations and performance requirements sufficient to demonstrate that support is being used in the public interest and in accordance with the requirements adopted by the Commission for the Alaska Plan. Performance plans must commit to offer specified minimum speeds to a set number of locations by the end of the fifth year of support and by the end of the tenth year of support, or in the alternative commit to maintaining voice and Internet service at a specified minimum speeds for the 10-year term. The

Bureau may reassess performance plans at the end of the fifth year of support. If the specific deployment obligations and performance requirements in the approved performance plan are not achieved, the carrier shall be subject to § 54.320(c) and (d).

(c) *Support amounts and support term.* For a period of 10 years beginning on or after January 1, 2017, at a date set by the Wireline Competition Bureau, each Alaska Plan participant shall receive monthly Alaska Plan support in an amount equal to:

(1) One-twelfth (1/12) of the amount of Interstate Common Line Support disbursed to that carrier for 2011, less any reduction made to that carrier's support in 2012 pursuant to the corporate operations expense limit in effect in 2012, and without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012; plus

(2) One-twelfth (1/12) of the total expense adjustment (high cost loop support) disbursed to that carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012.

(d) *Transfers.* Notwithstanding any provisions of § 54.305 or other sections in this part, to the extent an Alaska Plan participant (as defined in § 54.306 or § 54.317) transfers some or all of its customers in Alaska to another eligible telecommunications carrier, it may also transfer a proportionate amount of its Alaska Plan support and any associated performance obligations as determined by the Wireline Competition Bureau or Wireless Telecommunications Bureau if the acquiring eligible telecommunications carrier certifies it will meet the associated obligations agreed to in the approved performance plan.

[81 FR 69712, Oct. 7, 2016]

**§ 54.307 Support to a competitive eligible telecommunications carrier.**

(a) *Calculation of support.* A competitive eligible telecommunications carrier shall receive universal service support to the extent that the competitive eligible telecommunications carrier captures the subscriber lines of an incumbent local exchange carrier (LEC)

or serves new subscriber lines in the incumbent LEC's service area.

(1) A competitive eligible telecommunications carrier serving loops in the service area of a rural incumbent local exchange carrier, as that term is defined in § 54.5 of this chapter, shall receive support for each line it serves in a particular service area based on the support the incumbent LEC would receive for each such line, disaggregated by cost zone if disaggregation zones have been established within the service area pursuant to § 54.315 of this subpart. A competitive eligible telecommunications carrier serving loops in the service area of a non-rural incumbent local exchange carrier shall receive support for each line it serves in a particular wire center based on the support the incumbent LEC would receive for each such line. A competitive eligible telecommunications carrier serving loops in the service area of a rate-of-return carrier shall be eligible to receive Interstate Common Line Support for each line it serves in the service area in accordance with the formula in § 54.901.

(2) A competitive eligible telecommunications carrier that uses switching purchased as unbundled network elements pursuant to § 51.307 of this chapter to provide the supported services shall receive the lesser of the unbundled network element price for switching or the per-line DEM support of the incumbent LEC, if any. A competitive eligible telecommunications carrier that uses loops purchased as unbundled network elements pursuant to § 51.307 of this chapter to provide the supported services shall receive the lesser of the unbundled network element price for the loop or the incumbent LEC's per-line payment from the high-cost loop support, LTS, and Interstate Common Line Support mechanisms, if any. The incumbent LEC providing nondiscriminatory access to unbundled network elements to such competitive eligible telecommunications carrier shall receive the difference between the level of universal service support provided to the competitive eligible telecommunications carrier and the per-customer level of support that the incumbent LEC would have received.

(3) A competitive eligible telecommunications carrier that provides the supported services using neither unbundled network elements purchased pursuant to § 51.307 of this chapter nor wholesale service purchased pursuant to section 251(c)(4) of the Act will receive the full amount of universal service support that the incumbent LEC would have received for that customer.

(b) In order to receive support pursuant to this subpart, a competitive eligible telecommunications carrier must report to the Administrator the number of working loops it serves in a service area pursuant to the schedule set forth in paragraph (c) of this section. For a competitive eligible telecommunications carrier serving loops in the service area of a rural incumbent local exchange carrier, as that term is defined in § 54.5, the carrier must report, by customer class, the number of working loops it serves in the service area, disaggregated by cost zone if disaggregation zones have been established within the service area pursuant to § 54.315. For a competitive eligible telecommunications carrier serving loops in the service area of a non-rural telephone company, the carrier must report the number of working loops it serves in the service area, by customer class if the non-rural telephone company receives Interstate Common Line Support pursuant to § 54.901 and by disaggregation zone if disaggregation zones have been established within the service area pursuant to § 54.315 of this subpart, and the number of working loops it serves in each wire center in the service area. For universal service support purposes, working loops are defined as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service. Competitive eligible telecommunications carriers providing mobile wireless service in an incumbent LEC's service area shall use the customer's billing address for purposes of identifying the service location of a mobile wireless customer in a service area.

(c) A competitive eligible telecommunications carrier must submit the data required pursuant to paragraph (b) of this section according to the schedule.

(1) No later than July 31st of each year, submit data as of December 31st of the previous calendar year;

(2) No later than September 30th of each year, submit data as of March 31st of the existing calendar year;

(3) No later than December 30th of each year, submit data as of June 30th of the existing calendar year;

(4) No later than March 30th of each year, submit data as of September 30th of the previous calendar year.

(d) *Newly designated eligible telecommunications carriers.* Notwithstanding the deadlines in paragraph (c) of this section, a carrier shall be eligible to receive support as of the effective date of its designation as an eligible telecommunications carrier under section 214(e)(2) or (e)(6), provided that it submits the data required pursuant to paragraph (b) of this section within 60 days of that effective date. Thereafter, the eligible telecommunications carrier must submit the data required in paragraph (b) of this section pursuant to the schedule in paragraph (c) of this section.

(e) *Support Beginning January 1, 2012.* Competitive eligible telecommunications carriers will, beginning January 1, 2012, receive support based on the methodology described in this paragraph and not based on paragraph (a) of this section.

(1) *Baseline Support Amount.* Each competitive eligible telecommunication carrier will have a “baseline support amount” equal to its total 2011 support in a given study area, or an amount equal to \$3,000 times the number of reported lines for 2011, whichever is lower. Each competitive eligible telecommunications carrier will have a “monthly baseline support amount” equal to its baseline support amount divided by twelve.

(i) “Total 2011 support” is the amount of support disbursed to a competitive eligible telecommunication carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by the Administrator on January 31, 2012.

(ii) For the purpose of calculating the \$3,000 per line limit, the average of lines reported by a competitive eligible telecommunication carrier pursuant to line count filings required for December 31, 2010, and December 31, 2011 shall be used. The \$3,000 per line limit shall be applied to support amounts determined for each incumbent study area served by the competitive eligible telecommunications carrier.

(2) *Monthly Support Amounts.* Competitive eligible telecommunications carriers shall receive the following support amounts, except as provided in paragraphs (e)(3) through (e)(6) of this section.

(i) From January 1, 2012, to June 30, 2012, each competitive eligible telecommunications carrier shall receive its monthly baseline support amount each month.

(ii) From July 1, 2012 to June 30, 2013, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(iii) From July 1, 2013, to June 30, 2014, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(iv) From July 1, 2014, to June 30, 2015, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

(v) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.

(vi) Beginning July 1, 2016, no competitive eligible telecommunications carrier shall receive universal service support pursuant to this section.

(3) *Delayed Phase Down for Remote Areas in Alaska.* Certain competitive eligible telecommunications carriers serving remote areas in Alaska shall have their support phased down on a later schedule than that described in paragraph (e)(2) of this section.

(i) *Remote Areas in Alaska.* For the purpose of this paragraph, “remote areas in Alaska” includes all of Alaska except;

(A) The ACS-Anchorage incumbent study area;

(B) The ACS-Juneau incumbent study area;

(C) The fairbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and

(D) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the Matanuska Telephone Association incumbent study area.

(ii) *Carriers Subject to Delayed Phase Down.* A competitive eligible telecommunications carrier shall be subject to the delayed phase down described in paragraph (e)(3) of this section to the extent that it serves remote areas in Alaska, and it certified that it served covered locations in its September 30, 2011, filing of line counts with the Administrator. To the extent a competitive eligible telecommunications carrier serving Alaska is not subject to the delayed phase down, it will be subject to the phase down of support on the schedule described in paragraph (e)(2) of this section.

(iii) *Baseline for Delayed Phase Down.* For purpose of the delayed phase down for remote areas in Alaska, the baseline amount for each competitive eligible telecommunications carrier subject to the delayed phase down shall be the annualized monthly support amount received for June 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later.

(iv) *Monthly Support Amounts.* Competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall receive the following support amounts, except as provided in paragraphs (e)(4) through (e)(6) of this section.

(A) From July 1, 2014 to June 30, 2015, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(B) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(C) From July 1, 2016, to June 30, 2017, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

(D) From July 1, 2017, to June 30, 2018, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.

(E) Beginning July 1, 2018, no competitive eligible telecommunications carrier serving remote areas in Alaska shall receive universal service support pursuant to this section.

(v) *Interim Support for Remote Areas in Alaska.* From January 1, 2012, until June 30, 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later, competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall continue to receive the support, as calculated by the Administrator, that each competitive telecommunications carrier would have received under the frozen per-line support amount as of December 31, 2011 capped at \$3,000 per year, provided that the total amount of support for all such competitive eligible telecommunications carriers shall be capped pursuant to paragraph (e)(3)(v)(A) of this section.

(A) *Cap Amount.* The total amount of support available on an annual basis for competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall be equal to the sum of “total 2011 support,” as defined in paragraph (e)(1)(i) of this section, received by all competitive eligible telecommunications carriers subject to the delayed phase down for serving remote areas in Alaska.

(B) *Reduction Factor.* To effectuate the cap, the Administrator shall apply a reduction factor as necessary to the support that would otherwise be received by all competitive eligible telecommunications carriers serving remote areas in Alaska subject to the delayed phase down. The reduction factor will be calculated by dividing the total amount of support available amount by the total support amount calculated for those carriers in the absence of the cap.

(4) *Further reductions.* If a competitive eligible telecommunications carrier ceases to provide services to high-cost areas it had previously served, the

Commission may reduce its baseline support amount.

(5) *Eligibility for support after Mobility Fund Phase II auction.* (i) A mobile competitive eligible telecommunications carrier that receives monthly baseline support pursuant to this section and is a winning bidder in the Mobility Fund Phase II auction shall receive support at the same level as described in paragraph (e)(2)(iii) of this section for such area until the Wireless Telecommunications and Wireline Competition Bureaus determine whether to authorize the carrier to receive Mobility Fund Phase II support.

(A) Upon the Wireless Telecommunications and Wireline Competition Bureaus' release of a public notice approving a mobile competitive eligible telecommunications carrier's application submitted pursuant to §54.104(b) and authorizing the carrier to receive Mobility Fund Phase II support, the carrier shall no longer receive support at the level of monthly baseline support pursuant to this section for such area. Thereafter, the carrier shall receive monthly support in the amount of its Mobility Fund Phase II winning bid, provided that USAC shall adjust the amount of the carrier's support to the extent necessary to account for any difference in support the carrier received during the period between the close of the Mobility Fund Phase II auction and the release of the public notice authorizing the carrier to receive Mobility Fund Phase II support.

(B) A mobile competitive eligible telecommunications carrier that is a winning bidder in the Mobility Fund Phase II auction but is not authorized to receive Mobility Fund Phase II support shall receive monthly support as set forth in paragraphs (e)(5)(iii) and (iv) of this section for such area, as applicable, provided that USAC shall decrease such amounts to account for support payments received prior to the Wireless Telecommunications and Wireline Competition Bureaus' authorization determination that exceed the amount of support for such area as set forth in paragraphs (e)(5)(iii) and (iv), and the monthly support in the mobile competitive eligible telecommunications carrier's winning Mobility Fund Phase II, which USAC shall treat

as the carrier's monthly baseline support for purposes of paragraphs (e)(5)(iii) and (iv) to the extent the carrier's winning bid is below that amount.

(ii) A mobile competitive eligible telecommunications carrier that receives monthly baseline support pursuant to this section shall receive the following monthly support amounts for areas that are ineligible for Mobility Fund Phase II support, as determined by the Wireless Telecommunications and Wireline Competition Bureaus:

(A) For 12 months starting the first day of the month following the close of the Mobility Fund Phase II auction, each mobile competitive eligible telecommunications carrier shall receive two-thirds ( $\frac{2}{3}$ ) of the carrier's support pursuant to paragraph (e)(2)(iii) of this section for the ineligible area.

(B) For 12 months starting the month following the period described in paragraph (e)(5)(ii)(A) of this section, each mobile competitive eligible telecommunications carrier shall receive one-third ( $\frac{1}{3}$ ) of the carrier's support pursuant to paragraph (e)(2)(iii) of this section for the ineligible area.

(C) Following the period described in paragraph (e)(5)(ii)(B) of this section, no mobile competitive eligible telecommunications carrier shall receive monthly baseline support for the ineligible area pursuant to this section.

(iii) Except as provided in paragraph (e)(3) of this section, to the extent Mobility Fund Phase II support is not awarded at auction for an eligible area, as determined by the Wireless Telecommunications and Wireline Competition Bureaus, the mobile competitive eligible telecommunications carrier receiving the minimum level of sustainable support for the eligible area shall continue to receive support at the level described in paragraph (e)(2)(iii) of this section until further Commission action, but such support shall not extend for more than 60 months from the first day of the month following the close of the Mobility Fund Phase II auction. The "minimum level of sustainable support" is the lowest monthly baseline support received by a mobile competitive eligible telecommunications carrier that deploys the highest technology for the eligible area.

(iv) All other mobile competitive eligible telecommunications carriers shall receive the following monthly support amounts for areas that are eligible for Mobility Fund Phase II support, as determined by the Wireless Telecommunications and Wireline Competition Bureaus:

(A) For 12 months starting the first day of the month following the close of the Mobility Fund Phase II auction, each mobile competitive eligible telecommunications carrier shall receive two-thirds ( $\frac{2}{3}$ ) of the carrier's support pursuant to paragraph (e)(2)(iii) of this section for the eligible area.

(B) For 12 months starting the month following the period described in paragraph (e)(5)(iv)(A) of this section, each mobile competitive eligible telecommunications carrier shall receive one-third ( $\frac{1}{3}$ ) of the carrier's support pursuant to paragraph (e)(2)(iii) of this section for the eligible area.

(C) Following the period described in paragraph (e)(5)(iv)(B) of this section, no mobile competitive eligible telecommunications carrier shall receive monthly baseline support for the eligible area pursuant to this section.

(v) Notwithstanding the foregoing schedule, the phase-down of identical support below the level described in paragraph (e)(2)(iii) of this section shall be subject to the restrictions in Consolidated Appropriations Act, 2016, Public Law 114–113, Div. E, Title VI, section 631, 129 Stat. 2242, 2470 (2015), unless and until such restrictions are no longer in effect.

(6) [Reserved]

(7) *Line Count Filings.* Competitive eligible telecommunications carriers, except those subject to the delayed phase down described in paragraph (e)(3) of this section, shall no longer be required to file line counts beginning January 1, 2012. Competitive eligible telecommunications carriers subject to the delayed phase down described in paragraph (e)(3) of this section shall no longer be required to file line counts beginning July 1, 2014, or the date after the first line count filing following the implementation of Mobility Fund Phase II, whichever is later.

(8) *Eligibility for support after Connect America Phase II auction.* Starting the first day of the month following the

first authorization of Connect America Phase II auction support nationwide, fixed competitive eligible telecommunications carriers shall have the option of receiving support pursuant to paragraph (e)(2)(iii) of this section as described in the following paragraphs (e)(8)(i) through (iv):

(i) For 12 months following the first authorization of Connect America Phase II auction support nationwide, each fixed competitive eligible telecommunications carrier shall receive two-thirds ( $\frac{2}{3}$ ) of the carrier's total support pursuant to paragraph (e)(2)(iii) of this section.

(ii) For 12 months starting the month following the period described in paragraph (e)(8)(i) of this section, each fixed competitive eligible telecommunications carrier shall receive one-third ( $\frac{1}{3}$ ) of the carrier's total support pursuant to paragraph (e)(2)(iii) of this section.

(iii) Following the period described in paragraph (e)(8)(ii) of this section, no fixed competitive eligible telecommunications carrier shall receive any support pursuant to paragraph (e)(2)(iii) of this section.

(iv) Notwithstanding the foregoing schedule, the phase-down of support below the level described in paragraph (e)(2)(iii) of this section shall be subject to the restrictions in Consolidated Appropriations Act, 2016, Public Law 114–113, Div. E, Title VI, section 631, 129 Stat. 2242, 2470 (2015), unless and until such restrictions are no longer in effect.

[62 FR 32948, June 17, 1997, as amended at 63 FR 2128, Jan. 13, 1998; 64 FR 67431, Dec. 1, 1999; 65 FR 26516, May 8, 2000; 66 FR 30087, June 5, 2001; 66 FR 59726, Nov. 30, 2001; 68 FR 31623, May 28, 2003; 69 FR 34602, June 22, 2004; 70 FR 29979, May 25, 2005; 76 FR 73871, Nov. 29, 2011; 77 FR 14302, Mar. 9, 2012; 77 FR 30913, May 24, 2012; 77 FR 52618, Aug. 30, 2012; 82 FR 15449, Mar. 28, 2017; 84 FR 8623, Mar. 11, 2019]

**§ 54.308 Broadband public interest obligations for recipients of high-cost support.**

(a) Rate-of-return carrier recipients of high-cost support are required to offer broadband service, at speeds described below, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable