

## Federal Communications Commission

## § 54.901

the end of the calendar year immediately preceding the issuance of the letter of credit (determined on a U.S. dollar equivalent basis as of such date);

(B) Has a branch office in the District of Columbia or such other branch office agreed to by the Commission;

(C) Has a long-term unsecured credit rating issued by a widely-recognized credit rating agency that is equivalent to a BBB- or better rating by Standard & Poor's; and

(D) Issues the letter of credit payable in United States dollars

(3) A winning bidder for Remote Areas Fund support shall provide with its letter of credit an opinion letter from its legal counsel clearly stating, subject only to customary assumptions, limitations, and qualifications, that in a proceeding under Title 11 of the United States Code, 11 U.S.C. 101 *et seq.* (the "Bankruptcy Code"), the bankruptcy court would not treat the letter of credit or proceeds of the letter of credit as property of the winning bidder's bankruptcy estate under section 541 of the Bankruptcy Code.

(4) Authorization to receive Remote Areas Fund support is conditioned upon full and timely performance of all of the requirements set forth in this section, and any additional terms and conditions upon which the support was granted.

(i) Failure by a Remote Areas Fund support recipient to meet its service milestones as required by § 54.310 will trigger reporting obligations and the withholding of support as described in § 54.320(c). Failure to come into full compliance within 12 months will trigger a recovery action by the Universal Service Administrative Company. If the Remote Areas Fund recipient does not repay the requisite amount of support within six months, the Universal Service Administrative Company will be entitled to draw the entire amount of the letter of credit and may disqualify the Remote Areas Fund support recipient from the receipt of Remote Areas Fund support or additional universal service support.

(ii) The default will be evidenced by a letter issued by the Chief of the Wireline Competition Bureau or the Wireless Telecommunications Bureau, or their respective designees, which

letter, attached to a standby letter of credit draw certificate, shall be sufficient for a draw on the standby letter of credit for the entire amount of the standby letter of credit.

[81 FR 44952, July 7, 2016, as amended at 83 FR 18454, Apr. 27, 2018]

### § 54.805 [Reserved]

### § 54.806 Remote Areas Fund reporting obligations.

Recipients of Remote Areas Fund support shall be subject to the reporting obligations set forth in § 54.313.

## Subpart K—Interstate Common Line Support Mechanism for Rate-of-Return Carriers

SOURCE: 66 FR 59728, Nov. 30, 2001, unless otherwise noted.

### § 54.901 Calculation of Connect America Fund Broadband Loop Support.

(a) Connect America Fund Broadband Loop Support (CAF BLS) available to a rate-of-return carrier shall equal the Interstate Common Line Revenue Requirement per Study Area, plus the Consumer Broadband-Only Revenue Requirement per Study Area as calculated in accordance with part 69 of this chapter, minus:

(1) The study area revenues obtained from end user common line charges at their allowable maximum as determined by § 69.104(n) and (o) of this chapter;

(2) Imputed Consumer Broadband-only Revenues, to be calculated as:

(i) The lesser of  $\$42 * \text{the number of consumer broadband-only loops} * 12$  or the Consumer Broadband-Only Revenue Requirement per Study Area; or

(ii) For the purpose of calculating the reconciliation pursuant to § 54.903(b)(3), the greater of the amount determined pursuant to paragraph (a)(2)(i) of this section or the carrier's allowable Consumer Broadband-only rate calculated pursuant to § 69.132 of this chapter \* the number of consumer broadband-only loops \* 12;

(3) The special access surcharge pursuant to § 69.115 of this chapter; and

(4) The line port costs in excess of basic analog service pursuant to § 69.130 of this chapter.