

## Federal Communications Commission

## § 54.303

(1) The Commission shall submit a petition to the state commission according to that state commission's procedures. The petition submitted to the relevant state commission shall contain:

(i) The definition proposed by the Commission; and

(ii) The Commission's decision presenting its reasons for adopting the proposed definition, including an analysis that takes into account the recommendations of any Federal-State Joint Board convened to provide recommendations with respect to the definition of a service area served by a rural telephone company.

(2) The Commission's proposed definition shall not take effect until both the state commission and the Commission agree upon the definition of a rural service area, in accordance with paragraph (b) of this section and section 214(e)(5) of the Act.

(e) The Commission delegates its authority under paragraphs (c) and (d) of this section to the Chief, Wireline Competition Bureau.

[62 FR 32948, June 17, 1997, as amended at 67 FR 13226, Mar. 21, 2002]

### Subpart D—Universal Service Support for High Cost Areas

#### § 54.302 Monthly per-line limit on universal service support.

(a) Beginning July 1, 2012 and until June 30, 2013, each study area's universal service monthly support (not including Connect America Fund support provided pursuant to § 54.304) on a per-line basis shall not exceed \$250 per-line plus two-thirds of the difference between its uncapped per-line monthly support and \$250. Beginning July 1, 2013 and until June 30, 2014, each study area's universal service monthly support on a per-line basis shall not exceed \$250 per-line plus one third of the difference between its uncapped per-line monthly support and \$250. Beginning July 1, 2014, each study area's universal service monthly per-line support shall not exceed \$250. Beginning July 1, 2019, until June 30, 2021, each study area's universal service monthly per-line support shall not exceed \$225. Beginning July 1, 2021, each study area's universal

service monthly per-line support shall not exceed \$200.

(b) For purposes of this section, universal service support is defined as the sum of the amounts calculated pursuant to §§ 54.1304, 54.1310, 54.305, and 54.901 through 54.904. Line counts for purposes of this section shall be as of the most recent line counts reported pursuant to § 54.903(a)(1).

(c) The Administrator, in order to limit support for carriers pursuant to paragraph (a) of this section, shall reduce safety net additive support, high-cost loop support, safety valve support, and Connect America Fund Broadband Loop Support in proportion to the relative amounts of each support the study area would receive absent such limitation.

[76 FR 73870, Nov. 29, 2011, as amended at 79 FR 39188, July 9, 2014; 82 FR 14339, Mar. 20, 2017; 84 FR 4730, Feb. 19, 2019]

#### § 54.303 Eligible Capital Investment and Operating Expenses.

(a) *Eligible Operating Expenses.* Each study area's eligible operating expenses for purposes of calculating universal service support pursuant to subparts K and M of this part shall be adjusted as follows:

(1) Total eligible annual operating expenses per location shall be limited as follows: Calculate  $\text{Exp}(\hat{Y} + 1.5 * \text{mean square error of the regression})$ , where

$$\hat{Y} = \hat{\alpha} + \hat{\beta}_1 X_1 + \hat{\beta}_2 X_2 + \hat{\beta}_3 X_3$$

$\hat{\alpha}$ ,  $\hat{\beta}_1$ ,  $\hat{\beta}_2$ , and  $\hat{\beta}_3$  are the coefficients from the regression.

$X_1$  is the natural log of the number of housing units in the study area.

$X_2$  is the natural log of the number of density (number of housing units per square mile), and

$X_3$  is the square of the natural log of the density

(2) Eligible operating expenses are the sum of Cable and Wire Facilities Expense, Central Office Equipment Expense, Network Support and General Expense, Network Operations Expense, Limited Corporate Operations Expense, Information Origination/Termination Expense, Other Property Plant and Equipment Expenses, Customer Operations Expense: Marketing, and Customer Operations Expense: Services.