

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Assessment and Collection of Regulatory Fees for)	MD Docket No. 17-134
Fiscal Year 2017)	

REPLY COMMENTS OF CENTURYLINK

CenturyLink, Inc., on behalf of itself and its regulated affiliates, submits these Reply Comments in response to comments filed by the Satellite Industry Association (SIA), Frontier Communications Corporation (Frontier) and ITTA – The Voice of America’s Broadband Providers (ITTA) in response to the Notice of Proposed Rulemaking released by the Commission on May 23, 2017 (the “*Notice*”)¹.

I. INTRODUCTION AND SUMMARY

In the *Notice*, the Commission proposed among other things to reallocate 38 of the 51 Full Time Employees (or FTEs) in the Wireline Competition Bureau who work on Universal Service Fund (USF) issues from direct FTEs to indirect FTEs. The Commission also proposed to reallocate four of the Wireline Competition Bureau FTEs that work on numbering issues to the Wireless Telecommunications Bureau as direct FTEs for regulatory fee purposes. No commenter opposed either of these two proposals.

Frontier and ITTA filed comments in support of the Commission’s proposals to reallocate 38 USF FTEs as indirect FTEs and to reallocate four FTEs working on numbering issues to the Wireless Telecommunications Bureau as direct FTEs. However, both Frontier and ITTA correctly point out that the Commission’s two proposals do not go far enough in addressing the

¹ *Assessment and Collection of Regulatory Fees for Fiscal Year 2017*, MD Docket No. 17-134, FCC 17-62 (rel. May 23, 2017).

disparity in which Wireline Competition Bureau regulatees bear a disproportionate share of the Commission's regulatory fees.

For the reasons that follow, the Commission should at a minimum reallocate 38 USF FTEs in the Wireline Competition Bureau as indirect FTEs and reallocate four FTEs working on numbering issues to the Wireless Telecommunications Bureau as direct FTEs. The Commission should also adopt the additional proposals made by Frontier and ITTA.

II. THE COMMISSION SHOULD ALLOCATE 38 USF FTEs IN THE WIRELINE COMPETITION BUREAU AS INDIRECT FTEs

In the *Notice*, the Commission gave four reasons for reallocating 38 USF FTEs in the Wireline Competition Bureau as indirect FTEs.² First, the Commission noted that contributions to the Universal Service Fund are required from every provider using any technology that has end-user interstate telecommunications revenue, not just Wireline Competition Bureau regulatees. Second, the Commission noted that three of the distribution programs—E-Rate, Lifeline, and Rural Healthcare—tie funding to beneficiaries who are not Commission regulatees. Third, the Commission noted that wireless carriers now serve a substantial, if not majority, of Lifeline subscribers, and satellite operators, Wi-Fi network installers, and fiber builders may all receive funding through the E-Rate and Rural Healthcare programs. Fourth, the Commission noted that treating USF FTEs as indirect would be more consistent with how FTEs working on USF issues are treated elsewhere in the Commission. No commenter directly challenged these four reasons for reallocating 38 USF FTEs as indirect FTEs.

² *Notice*, ¶ 10.

The only commenter to oppose reallocation of USF FTEs as indirect FTEs was SIA. SIA did not address the Commission's proposal to reallocate 38 USF FTEs as indirect FTEs. Rather, SIA opposed reallocation of High Cost Fund FTEs as indirect FTEs based on a concern that satellite operators would not be able to participate when funding rounds and reverse auctions are opened for bidding.³ SIA conceded, however, that satellite operators have recently been approved to participate in USF distribution programs.⁴ Thus, it is appropriate for satellite operators to bear some portion of the FTEs that work on USF.

SIA does not dispute that Wireline Competition Bureau regulatees today bear a disproportionate share of the Commission's regulatory fees. Indeed, as ITTA points out, on a per-subscriber basis, wireline providers paid regulatory fees in FY2016 amounting to more than five times wireless providers and four times satellite providers.⁵ Reallocating 38 USF FTEs as indirect FTEs will help reduce this disparity.

However, as Frontier and ITTA both point out, the reallocation of 38 USF FTEs in the Wireline Competition Bureau as indirect FTEs does not go far enough. The Commission should consider reallocating FTEs in the Wireline Competition Bureau (13 FTEs) and the Wireless Telecommunications Bureau (3 FTEs) that work on the High Cost Fund as indirect FTEs as well, and should do so notwithstanding SIA's objection. The recent adoption of the Mobility Fund Phase II and the Connect America Fund Phase II reverse auctions open eligibility to all providers of broadband networks, including satellite, wireless and cable.⁶ Furthermore, all providers and

³ Comments of Satellite Industry Association, pp. 2-3 (filed June 22, 2017) (SIA Comments).

⁴ *Id.*, at 2.

⁵ Comments of ITTA – The Voice of America's Broadband Providers, p. 2 (filed June 22, 2017) (ITTA Comments).

⁶ Comments of Frontier Communications Corporation, p. 4 (filed June 22, 2017) (Frontier Comments); ITTA Comments, p. 6.

users benefit from the network effects when all consumers have access to the network, an end that the High Cost Fund advances.⁷

SIA contends that reallocating the 16 FTEs working on High Cost Fund issues as indirect FTEs would be premature.⁸ According to SIA, the work completed by these FTEs has thus far accrued almost entirely to the regulatees of their respective Bureaus, and will not shift to the wider Commission until the reverse auctions are fully implemented.⁹ On this point, SIA is simply wrong. The 16 High Cost Fund FTEs that ITTA and Frontier propose be reallocated will be working to implement the reverse auctions, which will benefit regulatees other than Wireline Competition Bureau regulatees regardless of when the reverse auctions take place. Thus, reallocation of the 16 FTEs working on High Cost Fund issues is appropriate now and should not be delayed.

Furthermore, as ITTA notes, at least four of the approximately nine FTEs in the Wireline Competition Bureau attributable to the Lifeline program should be shifted to the Wireless Telecommunications Bureau as direct FTEs, rather than reallocating them as indirect FTEs. Today, wireless carriers now serve over 90% of Lifeline subscribers.¹⁰

Finally, there are a host of other issues that FTEs assigned to the Wireline Competition Bureau work on that involve both wireline and wireless regulatees. Those issues include numbering, Restoring Internet Freedom/Open Internet, business data services, rate integration,

⁷ *Id.*, at 4.

⁸ SIA Comments, p. 3.

⁹ *Id.*

¹⁰ Frontier Comments, p. 3, *citing* Universal Service Administrative Company, 2016 Annual Report at 14 (2016) available at: <http://bit.ly/2swrLEa> (reporting that for 2016, the average number of mobile monthly Lifeline subscribers was 11.5 million of the total of 12.7 million monthly Lifeline subscribers).

customer proprietary network information and privacy, and pole attachments.¹¹ ITTA has proposed combining wireless providers into the ITSP category to comply with Section 9 of the Communications Act, which requires the Commission to update its schedule of regulatory fees each fiscal year to ensure that the fees collected are “reasonably related to the benefits provided to the payor of the fee by the Commission’s activities[.]”¹² The Commission should give ITTA’s proposal serious consideration. At a minimum, the Commission should provide data on the FTEs working on these issues, as the Commission has done for USF FTEs, so that the allocation of regulatory fees can be improved in the future.

III. THE COMMISSION SHOULD REASSIGN FOUR FTEs WORKING ON NUMBERING ISSUES TO THE WIRELESS TELECOMMUNICATIONS BUREAU AS DIRECT FTEs

No commenters opposed the Commission’s proposal to reallocate four of the FTEs working on numbering issues from the Wireline Competition Bureau to the Wireless Telecommunications Bureau as direct FTEs. Indeed, based on the initial comments filed, four FTEs may not be enough. As Frontier points out, wireless connections make up over 73% of all retail telephone connections and wireless regulatees likely control over 50% of assigned numbers today.¹³ In any event, the record in this proceeding certainly supports a reallocation of four numbering FTEs to the Wireless Telecommunications Bureau as direct FTEs.

¹¹ ITTA Comments, p. 3.

¹² 47 U.S.C. §159(b)(1)(A).

¹³ Frontier Comments, pp. 5-6.

IV. CONCLUSION

For the foregoing reasons, the Commission should at a minimum adopt the proposals made in the *Notice* to (1) reallocate 38 of the 51 FTEs in the Wireline Competition Bureau who work on USF issues from direct FTEs to indirect FTEs and (2) reallocate four of the Wireline Competition Bureau FTEs that work on numbering issues to the Wireless Telecommunications Bureau as direct FTEs for regulatory fee purposes. The Commission should also adopt the additional proposals made by Frontier and ITTA.

Respectfully submitted,

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