

USF Tracker - January 31, 2022

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A New Wave of Audits Is Coming

Routine auditing has always been an integral part of USAC's oversight of the Universal Service Programs. However, our close watch of the USAC Board meetings (see our quarterly update below) indicates a period of more intense action on the audit front. First, USAC has been attempting to reduce its backlog of pending audits. In the past quarter, it released 20 audits, and announced plans to release another 20 in the first quarter of 2022. Second, USAC completed more audits in its prior fiscal year – 72 audits vs. 58 in the year prior. The increase is spread across several programs, with High Cost, Schools & Libraries each seeing the highest year-over-year increase. Third, for the upcoming quarter, USAC intends to initiate 25 new audits, with 10 of them planned for the new Supply Chain Audit Program. Lastly, with the announcement of another round of RDOF approvals, the FCC announced a new Rural Broadband Accountability Plan which will include doubling of the RDOF audits in 2022. So, overall, it appears that Chairwoman Rosenworcel's first year as permanent chair will be a busy one on the audit front.

Recent News

General (Including Non-USF Programs)

- On January 4, the FCC's Wireline Competition Bureau (WCB) released an [Order](#) (DA 22-6) granting a request to extend the initial comment and reply comment deadlines for the Report on the Future of the Universal Service Fund. On [December 15, 2021](#), the FCC released a Notice of Inquiry commencing the proceeding for the Report on the Future of the Universal Service Fund as required by section 60104(c) of the Infrastructure Investment and Jobs Act. Pursuant to this Order, the extended comment date is **February 17, 2022** and the extended reply comment date is **March 17, 2022**.

Lifeline/Emergency Broadband Benefit/Affordable Connectivity Program

- On January 21, the WCB released a [Report and Order and Further Notice of Proposed Rulemaking](#) (FCC 22-2) adopting final rules for the Affordable Connectivity Program (ACP). The ACP builds upon the Emergency Broadband Benefit Program (EBB Program), to offer eligible low-income households discounts off the cost of broadband service and connected devices.

- On January 18, the WCB issued a [Public Notice](#) (DA 22-54) approving the revised compliance plan of Boomerang Wireless, Inc. d/b/a enTouch Wireless filed pursuant to the requirements for the continued provision of Lifeline service.

High Cost Fund Programs

- On January 28, the FCC [announced](#) that it is ready to authorize more than \$1.2 billion in funding through the Rural Digital Opportunity Fund (RDOF) to fund deployment to over 1 million locations across 32 states. The announcement also included the Rural Broadband Accountability Plan, a new effort to monitor and ensure compliance for universal service high-cost programs including the RDOF.
- On January 14, the WCB with the Rural Broadband Auctions Task Force (RBATF) and the Office of Economics and Analytics issued a [Public Notice](#) (DA 22-38) authorizing Rural Digital Opportunity Fund (Auction 904) support for 2,521 winning bids.
- On January 12, the WCB released an [Order](#) (DA 22-35) designating Windstream Communications, LLC as an eligible telecommunications carrier (ETC) in certain eligible high-cost areas within Florida and New York.
- On January 11, the WCB released an [Order](#) (DA 22-27) addressing two petitions separately filed by Skybeam, LLC and Midwest Energy Cooperative d/b/a Midwest Energy & Communications, seeking waiver of the Rural Broadband Experiments (RBE) default rules and modification of their associated defined deployment obligations. The WCB reduced the defined deployment obligations of each of these petitioners to reflect the total number of actual, qualifying locations that the petitioners were able to identify during their build-out terms using reasonable and systematic methods. The WCB rejected Skybeam's arguments in favor of retaining all support awarded and, accordingly, make pro-rata adjustments to the petitioners' support amounts and directed USAC to prorate reductions in future payments.
- On January 3, the WCB released an [Order](#) (DA 22-1) addressing two petitions for waiver of Connect America Fund (CAF) performance testing rules. First, the WCB granted in part NTCA – The Rural Broadband Association's (NTCA's) petition for waiver for recipients of Alternative Connect America Cost Model I (A-CAM I) support, Rural Broadband Experiment support, and Alaska Plan support, and extend similar relief to Alternative Connect America Cost Model II (A-CAM II), Connect America Fund Broadband Loop Support (CAF BLS), and Connect America Fund (CAF) II Auction carriers. Second, the WCB denied NTCA's requests to adopt a simplified waiver process and to extend the pre-testing period for A-CAM/RBE/Alaska Plan carriers. Finally, they granted a petition for waiver filed by Reserve Communications and Computer, L.L.C.

Schools and Libraries (E-Rate)/Emergency Connectivity Fund (ECF)

- On January 28, the FCC released a [Report and Order](#) (FCC 22-8) updating the definition of “library” in its rules to provide clarity regarding the eligibility of Tribal libraries and promote increased participation of underrepresented Tribal libraries in the E-Rate program. The Commission stated that Tribal libraries would be eligible for the FY 22 funding year, for which applications are due in March.
- On January 25, the FCC [announced](#) that it is committing \$240,888,016 in its eighth wave of ECF program support. The funding commitments will support over 600,000 students, 693 schools and 55 libraries. Since June 2021, the ECF has committed over \$4.4 billion.
- On January 4, the WCB released an [Order](#) (22-7) addressing seven requests for waivers of the \$400 maximum reasonable support amount for connected devices reimbursed through the Emergency Connectivity Fund Program. They grant five of the petitions, finding that they petitioners have demonstrated special circumstances that justify a waiver of the \$400 reasonable support amount cap for connected devices in order to fully meet the remote learning needs of students, school staff and library patrons with disabilities. The WCB denied two requests as petitioners failed to present special circumstances to justify a waiver of the FCC’s rules.

Rural Health Care (RHC)

- On January 26, the WCB issued a [Public Notice](#) (DA 22-88) approving the sixth and final group of funding commitments under Round 2 of the COVID-19 Telehealth Program and commits \$47.89 million in funding to 100 health care providers. As of the Public Notice, 447 awardees have received funding commitments totaling \$256,378,567.
- On January 20, the FCC acknowledged the withdrawal of [Grady Health System](#) (DA 22-68) and [Heritage Clinic](#) (DA 22-67) from the Connected Care Pilot Program.
- On January 13, the WCB released an [Order](#) (DA 22-40) waiving the deadline for certain participants in the Connected Care Pilot Program to file their initial requests for funding with the USAC. The Order sets a new FCC Form 462 filing deadline of **April 27, 2022** deadline for program participants selected in January and June 2021.

USAC Board Meeting Materials

Each quarter, we provide selected highlights from the business updates presented at USAC’s quarterly board and committee meetings. This quarter, the USAC Board provided notable 2021 findings from each of the major USF programs. Click [HERE](#) to view the selected materials from the meetings. If you have any questions about the materials, please contact us.