



**6712-01**

**FEDERAL COMMUNICATIONS COMMISSION**

**47 CFR Part 64**

**[WC Docket No. 13-39; FCC 14-175]**

**Rural Call Completion**

**AGENCY:** Federal Communications Commission.

**ACTION:** Final rule.

**SUMMARY:** This document affirms the Commission's commitment to ensuring that high quality telephone service must be available to all Americans. In the underlying Order, the Commission established rules to combat extensive problems with successfully completing calls to rural areas, and created a framework to improve the ability to monitor call problems and take appropriate enforcement action. In the Order on Reconsideration, the Commission denies several petitions for reconsideration that, if granted, would impair the Commission's ability to monitor, and take enforcement action against, call completion problems. The Commission does, however, grant one petition for reconsideration because the Commission finds that modifying its original determination will significantly lower providers' compliance costs and burdens without impairing the Commission's ability to obtain reliable and extensive information about rural call completion problems.

**DATES:** Effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, except for amendments to §§ 64.2101, 64.2103, and 64.2105, which contain new or modified information collection requirements that will not be effective until approved by the Office of Management and Budget. The Federal Communications Commission will publish a document in the Federal Register announcing the effective date.

**ADDRESSES:** Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554.

**FOR FURTHER INFORMATION CONTACT:** Claude Aiken, Wireline Competition Bureau, Competition Policy Division, (202) 418-1580, or send an email to [claude.aiken@fcc.gov](mailto:claude.aiken@fcc.gov)

**SUPPLEMENTARY INFORMATION:** This is a summary of the Commission's Order on Reconsideration in WC Docket No. 13-39, adopted and released November 13, 2014. The full text of this document is available for public inspection during regular business hours in the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC 20554. The document may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone (800) 378-3160 or (202) 863-2893, facsimile (202) 863-2898, or via the Internet at <http://www.bcpweb.com>. It is available on the Commission's Web site at <http://www.fcc.gov>.

### **Summary**

1. In the Order on Reconsideration, October 28, 2013, the Commission adopted the Rural Call Completion Order, WC Docket No. 13-39, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 16154 (2013), Rural Call Completion Order or (Order). That Order established rules to combat extensive problems with successfully completing calls to rural areas, and created a framework to improve the ability to monitor call problems and take appropriate enforcement action. The Rural Call Completion Order reflected the Commission's commitment to ensuring that high quality telephone service must be available to all Americans. In this Order on Reconsideration, we affirm that commitment. We deny several petitions for reconsideration that, if granted, would impair the Commission's ability to monitor, and take enforcement action against, call completion problems. We do, however, grant one petition for reconsideration because we find that modifying our original determination will significantly lower providers' compliance costs and burdens without impairing the Commission's ability to obtain reliable and extensive information about rural call completion problems.

2. Specifically, we grant the petition filed by USTelecom and ITTA. In doing so,

we modify rules adopted in the Order so that the recordkeeping, retention, and reporting requirements adopted in the Order do not apply to a limited subset of calls: intraLATA toll calls that are carried entirely over the covered provider's network, and intraLATA toll calls that are handed off by the covered provider directly to the terminating local exchange carrier (LEC) or to the tandem that the terminating LEC's end office subtends. The decision to grant reconsideration reflects a focused analysis of the costs of applying the rules to this limited set of traffic, the fact that this traffic represents a small portion of total toll traffic, and the modest incremental benefit that such data would likely yield.

3. We deny the petitions for reconsideration filed by Carolina West and COMPTTEL, deny and dismiss the petition for reconsideration filed by Sprint Corporation, as described below, and dismiss the petition for reconsideration filed by Transcom Enhanced Services, Inc.

## **I. Background**

4. In a February 2013 Notice of Proposed Rulemaking (NPRM), the Commission sought comment on how to address rural call completion issues and sought comment on proposed rules. In October 2013, the Commission adopted recordkeeping, retention, reporting, and ring signaling rules designed to help the Commission and communications providers ensure that long-distance calls to rural Americans are completed.

5. The recording, retention, and reporting rules we adopted in the Rural Call Completion Order apply to providers of long-distance voice service that make the initial long-distance call path choice for more than 100,000 domestic retail subscriber lines, counting the total of all business and residential fixed subscriber lines and mobile phones and aggregated over all of the providers' affiliates. These "covered providers" must record and retain specific information about each call attempt to a rural operating company number (OCN) from subscriber lines for which the providers make the initial long-distance call path choice. This information must be

stored in a readily retrievable form and must include the six most recent complete calendar months. Covered providers must submit to the Commission, on a quarterly schedule, a certified report containing information on long-distance call attempts from subscriber lines for which the covered providers make the initial call path choice. The reports must separate out call attempts by month. The Commission adopted a safe harbor to reduce certain qualifying providers' reporting obligations and reduce their data retention obligations from six months to three months. Further, the Commission adopted a process enabling covered providers that have taken additional steps, beyond the safe harbor requirements, to ensure that calls to rural areas are being completed to receive a waiver of the data reporting and retention obligations. The Commission also adopted a rule prohibiting false audible ringing that applies to all originating long-distance voice service providers and intermediate providers. This ring signaling rule prohibits providers from causing audible ringing to be sent to the caller before the terminating provider has signaled that the called party is being alerted to the existence of an inbound call.

6. The Commission received five petitions for reconsideration of portions of the Rural Call Completion Order. Various parties filed comments in support of or in opposition to the petitions.

## **II. Discussion**

### **A. USTelecom/ITTA Petition: IntraLATA Toll Calls**

7. The requirements described above apply to “intraLATA toll traffic and interLATA traffic carried on [the covered provider’s] own network and handed off directly by the originating provider to the terminating LEC.” The Commission initially declined to exclude this traffic, “[e]ven if [such traffic] would incur fewer call completion issues,” because data on this traffic would “provide[] an important benchmark for issue-free performance,” especially “where a provider may be using both on-net and off-net routes to deliver calls to the same terminating provider.

8. In their petition for reconsideration, USTelecom and ITTA (USTelecom/ITTA or Petitioners) request that the Commission reconsider the decision to require recordkeeping, retention, and reporting of “on-network” intraLATA interexchange/toll calls. Specifically, Petitioners seek reconsideration of application of the recordkeeping, retention, and reporting rules adopted in the Order for “intraLATA interexchange/toll calls that are either carried entirely over the originating LEC’s network (that is, originated and terminated by the same carrier) or handed off by the originating LEC directly to the terminating LEC.”

9. We remain committed to both the goals of the Rural Call Completion Order, and the rules the Commission adopted therein to identify and address rural call completion and call quality problems. Excluding on-net intraLATA toll traffic from the recordkeeping, retention, and reporting requirements will reduce the burden of compliance without undermining these goals. Based on new information that was not available to the Commission when the Rural Call Completion Order was adopted, we conclude that the burdens associated with applying our rules to on-net intraLATA toll calls exceed the marginal benefit of obtaining this limited incremental information. Accordingly, we grant USTelecom/ITTA’s petition for reconsideration.

10. Excluding on-net intraLATA toll traffic from the scope of these rules will not undermine the goals of the Rural Call Completion Order and will not impair the Commission’s ability to monitor and address problems associated with completing calls to rural areas. First, the Commission will continue to have access to information about on-net interLATA toll traffic, as well as all off-net traffic, and this traffic comprises the significant majority of all calls. Petitioners assert that the volume of on-network intraLATA toll traffic is relatively small — less than three percent of the total traffic on the network of one of USTelecom’s largest members. CenturyLink estimates that less than one percent of its traffic is on-net intraLATA toll traffic. Although the data samples available to establish on-net delivery benchmarks will be slightly reduced by removing the intraLATA toll component, we are persuaded both by new evidence

from Petitioners and supporting commenters and by the nature of these on-net intraLATA toll calls that on-net delivery benchmarks will not significantly change. Covered providers remain obligated to follow our recordkeeping, retention, and reporting rules for all interLATA and off-net intraLATA toll traffic. Second, the Commission will still be able to use on-net interLATA traffic as a benchmark for assessing off-net traffic performance, which was the stated reason for requiring providers to record, retain and report on-net traffic data. Because the vast majority of on-net long distance traffic is interLATA traffic, the Commission will continue to have an effective benchmark by which to compare off-net long distance call failure rates for a particular carrier.

11. The cost of including on-net intraLATA toll traffic in the recording and reporting requirements exceeds the limited incremental benefit from collecting this data. After analyzing the requirements of the Rural Call Completion Order, USTelecom/ITTA and Verizon provided new information regarding the compliance costs of applying the recordkeeping, retention, and reporting obligations to on-net intraLATA toll traffic and the compliance cost reductions associated with excluding on-net intraLATA toll traffic from these requirements. Petitioners explain that their members currently lack the ability to capture call attempt information for this traffic because their members generally only collect data for billable calls and consequently had no reason to record this information. While this category of traffic reportedly represents a relatively small percentage of Petitioner's traffic, Petitioners estimate that, industry-wide, implementing such capability into legacy networks to comply with recordkeeping, retention, and reporting requirements for this traffic would take "at least 18 to 24 months and cost in excess of \$100 million." In comments supporting the USTelecom/ITTA Petition, Verizon states that it would cost in excess of \$20 million and take two years to collect and report data for intraLATA interexchange/toll traffic. As explained above, the Commission can establish an on-net benchmark against which to compare off-net performance without on-net intraLATA toll traffic

data. Therefore, we find that at this time the compliance costs for reporting information on this small category of calls are not justified. We are committed to balancing the costs and benefits of regulatory obligations in the public interest.

12. The Commission considered and denied a broader request to exclude both intraLATA and interLATA on-net information in the Rural Call Completion Order; USTelecom/ITTA's reconsideration request is much narrower and does not seek exclusion of on-net interLATA call data. Moreover, when it made that decision, the Commission did not have the benefit of data regarding the costs and benefits specifically associated with retaining and reporting on on-net intraLATA toll traffic. As a result, the new evidence regarding both: (1) the compliance cost reductions associated with excluding on-net intraLATA toll traffic from our rules; and (2) the fact that on-net intraLATA toll traffic is only a small fraction of on-network traffic, are relevant to our decision to reconsider and we find that consideration of this data is in the public interest.

13. Petitioners also assert that on-net intraLATA toll traffic is unlikely to be a source of call completion problems. Petitioners report that the on-network intraLATA toll traffic for which they seek relief in their petition does not involve the use of intermediate providers and that, rather than having multiple carriers in the call completion path, these calls are typically carried by a single provider on its own network or are handed off directly to the terminating LEC. We need not and do not decide whether on-net traffic might ever present concerns about call quality or completion. Our decision to exclude on-network intraLATA toll traffic from our recordkeeping, retention, and reporting requirements reflects an overall balancing of the costs and benefits, including consideration of the small portion of traffic that is on-net intraLATA toll traffic. Moreover, our rules remain in effect for the remainder of covered provider traffic, which includes on-net interLATA toll traffic, as well as off-net intraLATA toll traffic and off-net interLATA traffic.

14. We implement the exclusion discussed above by amending the recordkeeping, retention, and reporting rules adopted in the Order to exclude their applicability to intraLATA toll calls carried entirely over the covered provider's network or handed off by the covered provider directly to the terminating LEC or directly to the tandem switch serving the terminating LEC's end office. We also amend the definition of "long-distance voice service" in section 64.2101 of our rules to include intraLATA toll voice services. We make this amendment to harmonize the rule language with the Commission's intent expressed in the Order, where it defined "long-distance voice service provider" for purposes of the Order as any person engaged in the provision of specific voice services, including intraLATA toll voice services.

15. Some entities argue that the Commission should not make these changes to its new call completion rules until it collects and analyzes a year's worth of call data or opens an inquiry into the matter. As explained above, the industry-wide costs of compliance are substantial, and exceed the potential value of the incremental data we would collect. A large portion of the costs associated with complying with the recordkeeping, retention and reporting would occur at the outset, because providers would have to develop and implement systems to collect this information. Having concluded that the potential value of the data is outweighed by the significant burden of compliance, we cannot conclude that such costs are justified on a one-time or short-term basis. While we decline to impose the burden of collecting and reporting data on such traffic on a temporary basis, we can revisit this decision if evidence later suggests that on-net intraLATA calls to rural areas are not being completed properly. For example, we will continue to monitor information and complaints submitted about call completion problems and will be attentive to the jurisdictional nature about such complaints.

16. All parties generally agree that any relief granted should be limited to calls carried on-network or handed off directly from the originating carrier to the terminating carrier. USTelecom/ITTA and Verizon assert that the relief should encompass calls delivered directly to



the terminating tandem, as well as to the terminating carrier. USTelecom/ITTA and Verizon state that many rural LECs can only be reached through these tandems, and that covered providers have no involvement in the selection or performance of these tandems. USTelecom/ITTA note that these tandems exist largely due to the legacy structure of the networks and are the equivalent of a direct network connection. They note that the Commission declined to count the tandem as an additional intermediate provider for purposes of safe harbor eligibility. The Rural Associations did not specifically address whether any relief granted on reconsideration should include calls delivered directly to the terminating tandem. We find Petitioner's arguments compelling and grant the request for relief from the recordkeeping, retention, and reporting requirements for intraLATA toll calls that are delivered by the covered provider directly to the tandem that the terminating LEC's end office subtends.

17. The Rural Associations also assert that any relief should be limited to "only the intraLATA traffic that is originated by the LEC's retail customers." The Rural Associations did not, however, provide any reasons for limiting relief to retail traffic. Verizon opposes such limitation, arguing that it "has wholesale arrangements through which it provides intraLATA interexchange/toll service in the same manner as it carries traffic for its [retail] customers" and that the same implementation obstacles exist for this traffic. In the absence of specific or substantiated arguments to support limiting relief to calls originated by retail customers, we decline to do so.

**B. COMPTTEL Petition: Smaller Covered Provider Exception**

18. COMPTTEL seeks reconsideration of the smaller covered provider exception. As noted above, in the Order, the Commission concluded that it should require only providers of long-distance voice service that make the initial long-distance call path choice for more than 100,000 domestic retail subscriber lines to comply with the recording, retention, and reporting rules. COMPTTEL argues, on various grounds, that the Commission should reconsider this

conclusion, so that more providers qualify for the smaller provider exception. For the reasons set forth below, we deny COMPTEL's Petition.

### **1. Administrative Procedure Act**

19. COMPTEL asserts that the Commission violated the Administrative Procedure Act (APA) because the Commission (1) did not provide an explanation for the change in the smaller covered provider exception from the proposal in the NPRM that referred to "subscribers" to the rule ultimately adopted that instead refers to "subscriber lines," and (2) did not give adequate notice and opportunity to comment on the definition of smaller provider adopted in the Rural Call Completion Order. We find these arguments to be without merit.

20. Reasoned Explanation. The rule that the Commission adopted to except smaller providers from recordkeeping and reporting requirements was reasonable, and the Commission's decision to base the exception on the number of a provider's subscriber lines for which the provider makes the initial long-distance call path choice, rather than the number of its subscribers, was also reasonable. The purpose of the exception, as COMPTEL recognized in its petition for reconsideration, was to exempt smaller providers from the record-keeping and reporting requirements. In the notice, the Commission asked commenters about ways to minimize burdens on smaller providers, "without compromising the goals of [the] rules." The rule that the Commission selected was a reasonable means of achieving this balance. Although COMPTEL objects to the decision to adopt an exception based on the number of subscriber lines, it does not assert that the adoption of such an exception will compromise the Commission's goals when implementing these rules.

21. Excepting providers on the basis of subscriber lines, rather than subscribers, is reasonably designed to minimize burdens on smaller providers without compromising the effectiveness of the rules. The number of lines better reflects a provider's size and share of traffic than does the number of subscribers. For example, a provider that serves a modest number of

very large business customers (each with hundreds of subscriber lines) may handle a substantial portion of traffic to rural areas. Thus, excepting providers on the basis of subscribership would not have been as well suited, relative to an exclusion based on subscriber lines, to ensure that only smaller covered providers are subject to the exception. In addition, the Commission noted that the 100,000 subscriber-line threshold should capture as much as 95 percent of all callers. Thus, the exception will not compromise the effectiveness of the rules.

22. Additionally, the use of “subscriber lines” is easier to administer than a subscriber-based exception would be. The Commission collects data, via FCC Form 477, on subscriber lines. The Commission does not routinely collect data that provides an equally reliable count of “subscribers.” By defining the smaller covered provider exception in terms consistent with the Commission’s Form 477 collection of voice telephony data, the Commission will be able to verify that entities claiming the exception are in fact eligible for it.

23. COMPTTEL argues that far more smaller providers will be required to comply with the adopted recordkeeping, retention, and reporting requirements, and that compliance will be expensive and burdensome for providers to implement, especially smaller providers. We recognize that, as a result of the change from subscribers to subscriber lines, some additional providers will need to expend the resources necessary to comply with these rules. However, we find that the importance of obtaining the data necessary to address rural call completion problems and the benefits described above of the adopted exception outweigh the burden these providers will encounter. We note that only providers that actually make the initial call path choice for more than 100,000 subscriber lines are required to comply with the rules. Additionally, in the Order, the Commission reduced the compliance burden, relative to the proposed rules, in a number of ways. We further reduce compliance burdens today by excluding intraLATA on-net toll traffic from the recordkeeping, retention, and reporting requirements. Finally, although COMPTTEL argues that far more providers will be required to comply with the recordkeeping,

retention, and reporting requirements as a result of the change from “subscribers” to “subscriber lines” we believe that the number of affected providers will be more modest. COMPTEL’s assertion is premised on an erroneous interpretation of Paperwork Reduction Act of 1995 (PRA) filings. While suggesting that there could be more, COMPTEL has identified only four entities affected by this change.

24. NPRM. COMPTEL alleges that the Commission’s decision to exclude from the requirements providers that make the initial long-distance call path choice for 100,000 or fewer subscriber lines, rather than adopting the specific proposal set forth in the NPRM, failed to provide adequate notice and opportunity to comment. COMPTEL asserts that no commenter advocated adoption of a rule that defined smaller provider based on “subscriber lines,” and that far fewer providers are eligible for the exception as a result of the change.

25. We disagree that the Commission failed to provide adequate notice and an opportunity to comment. We find that the smaller covered provider exception adopted in the Order is a logical outgrowth of the smaller provider exception proposed in the NPRM and is well within the scope of the inquiry initiated by the NPRM. As discussed below, the Commission determined that a smaller covered provider exception, albeit a revised version of the originally proposed exception, is warranted.

26. Section 553(b) and (c) of the APA requires agencies to give public notice of a proposed rulemaking that includes “either the terms or substance of the proposed rule or a description of the subjects and issues involved” and to give interested parties an opportunity to submit comments on the proposal. The notice “need not specify every precise proposal which [the agency] may ultimately adopt as a rule”; it need only “be sufficient to fairly apprise interested parties of the issues involved.” In particular, the APA’s notice requirements are satisfied where the final rule is a “logical outgrowth” of the actions proposed. As long as parties could have anticipated that the rule ultimately adopted was possible, it is considered a “logical

outgrowth” of the original proposal, and there is no violation of the APA’s notice requirements.

27. The Commission provided the required notice by seeking comment on the proposed smaller covered provider exception. The Commission provided notice that it might exclude smaller providers, and proposed a threshold of 100,000 subscribers, but it also sought comment on whether the proposed exception would compromise the Commission’s ability to monitor rural call completion problems. Among other things, the Commission explained that it was proposing rules to “help [it] monitor originating providers’ call-completion performance and ensure that telephone service to rural consumers is as reliable as service to the rest of the country.”

28. We find that it is a logical outgrowth of such notice that the Commission would, and did, adopt a rule that represents a compromise position. Interested parties could reasonably anticipate that the Commission might consider the pros and cons of excluding smaller carriers and adopt a narrower exception than the one specifically proposed. Indeed, numerous parties responded to this opportunity to comment, some supporting the exception as proposed, some opposing any exception, and some arguing for a narrower exception. In fact, two commenters specifically noted that the Commission could define the smaller covered provider exception using lines. These comments support our conclusion that relying on subscriber lines rather than subscribers represents an adjustment that parties reasonably could have anticipated.

29. As discussed above, beyond seeking comment on a proposed 100,000 subscriber cut-off, the Commission gave notice that it might not exclude any providers, or might only exclude some different universe of providers. Commenters were on notice that any exclusion would be designed to ensure that it did not “compromise the Commission’s ability to monitor rural call completion problems effectively.” In the Order, the Commission made clear that it wanted “a complete picture of the rural call completion problem” in order to “address it effectively.” The 100,000 subscriber line threshold ultimately adopted better ensures “the

Commission’s ability to monitor rural call completion problems effectively” than the exclusion proposed in the Notice because a subscriber line-based threshold is more verifiable and administrable than a subscriber-based threshold. Moreover, the exclusion reflects and reasonably balances the range of views in the record regarding the scope of any exclusion—including some advocating no exclusion at all.

30. In short, the Notice contained sufficient notice to generate a full record on the smaller covered provider exception. The final rule, which reflects input from commenters, deviated from the proposal in the Notice only in ways specifically designed to ensure that the exemption did not “compromise the Commission’s ability to monitor rural call completion problems effectively.” The exception adopted in the Order was thus a logical outgrowth of the original proposal in the Notice. There is no violation of the APA’s notice requirements and thus, contrary to COMPTTEL’s assertion, no need for an additional round of comments on the smaller covered provider exception.

## **2. Regulatory Flexibility Act**

31. For many of the same reasons it challenged the Commission’s decision to adopt a smaller covered provider exception based on 100,000 subscriber lines instead of 100,000 subscribers, COMPTTEL argues that the Commission failed to comply with section 604 of the Regulatory Flexibility Act. COMPTTEL asserts that the FRFA attached to the Rural Call Completion Order did not include a statement of the factual, policy or legal reasons for selecting the 100,000 subscriber line threshold or explain why the 100,000 subscriber threshold proposed in the Notice was rejected. As discussed below, the FRFA complies with the Regulatory Flexibility Act.

32. The Commission has complied with the Regulatory Flexibility Act, and COMPTTEL’s argument on this issue is without merit. We therefore deny COMPTTEL’s Petition. In the FRFA, the Commission specifically noted that “[t]o the extent we received comments

raising general small business concerns during this proceeding, those comments are discussed throughout the Order.” Subsection E of the FRFA specifically addresses steps taken to minimize the significant economic impact on small entities, and references the smaller covered provider exception as one factor that reduces the economic impact of the rules on small entities.

33. As addressed above, the Commission provided an explanation for the smaller covered provider exception adopted in the Order, and we respond to further relevant comments regarding that exception. The Commission noted that some commenters argued that the threshold should be lowered, that the 100,000 subscriber-line threshold should capture as much as 95 percent of all callers, and that many providers that have fewer than 100,000 subscriber lines would not be covered providers even without the smaller provider exception because they are reselling long-distance service from other providers that make the initial long-distance call path choice. The Commission also noted that exclusion of smaller providers should not compromise our ability to monitor rural call completion problems effectively.

34. Accordingly, the Commission did provide factual, policy, and legal reasons for selecting the 100,000 subscriber line threshold over the proposal in the Notice for the smaller covered provider exception. COMPTEL’s Regulatory Flexibility Act argument amounts essentially to a restatement of its earlier argument that the Commission failed to provide an adequate explanation for the threshold it adopted.

### **C. Sprint Petition**

35. Sprint raises several issues in its Petition. First, Sprint asks us to reconsider the Commission’s decision “to use the required call completion reports as the basis for subsequent enforcement action. Second, Sprint asserts that the Commission largely relied on summaries of surveys performed by the RLECs and urges the Commission to make the RLEC surveys available in their entirety for independent review. Finally, Sprint argues that the Commission’s compliance burden estimate is too low. For the reasons discussed below, we deny Sprint’s Petition.

## 1. Use of Call Completion Reports for Enforcement Action

36. Sprint argues that the Commission should reconsider its decision “to use the required call completion reports as the basis for subsequent enforcement action,” asserting that the Commission “has provided no guidance as to what behaviors by covered carriers it considers unreasonable, or what performance results are actionable and therefore could trigger enforcement action.” Sprint suggests that the Commission should “make public a list of call completion practices it deems acceptable.” For the reasons discussed below, we deny Sprint’s Petition on this issue.

37. First we note that, although the Commission adopted the recordkeeping, retention, and reporting rules to “substantially increase [its] ability to monitor and redress problems associated with completing calls to rural areas,” the Order did not suggest that the reports covered providers file with the Commission would constitute the sole basis for an enforcement action. Rather, the Order stated that the recording, retention, and reporting requirements may “aid[],” “enhance,” and “inform” enforcement actions. This language makes clear that the reports are intended as a means for identifying possible areas for further inquiry, not for forming the sole basis for enforcement actions. Any action initiated by the Enforcement Bureau would offer providers the evidentiary opportunities afforded in any enforcement proceeding. Furthermore, the Order emphasizes that enforcement actions are not the only reason for adopting the rules; the rules will also help the providers themselves identify and correct call completion problems. The Order explains that, once providers begin collecting call completion data under the rural call completion rules, “many will have greater insight into their performance and that of their intermediate providers than they have had in the past.”

38. Second, the Commission has provided ample guidance regarding what it considers unacceptable call completion practices. The Wireline Competition Bureau has issued two declaratory rulings clarifying that carriers are prohibited from blocking, choking, reducing, or



restricting traffic in any way, including to avoid termination charges, and clarifying the scope of the Commission’s longstanding prohibition on blocking, choking, reducing, or restricting telephone traffic, which may violate section 201 or 202 of the Act. The failure of a carrier to investigate evidence of a rural call delivery problem or to correct a problem of degraded service about which it knows or should know also may lead to enforcement action. In the 2011 USF/ICC Transformation Order, the Commission addressed the prohibition on call blocking and, inter alia, made clear that the prohibition applies to VoIP-to-PSTN traffic and providers of interconnected VoIP and “one-way” VoIP services. We thus reject Sprint’s assertion that the Commission has not adequately identified prohibited practices.

39. Finally, Sprint asserts that the required reports will not, in many cases, identify the reason a call failed to complete, and there are multiple factors that cause rural call completion failures, many of which are beyond the control of the long-distance provider. As we have explained, any enforcement action would give a covered provider an opportunity to provide exculpatory evidence. Furthermore, Sprint’s assertion that the rules impose “the burden of an investigation, and the threat of enforcement action, entirely on long distance carriers” is incorrect. On the contrary, the Order emphasized that while the recording, retention, and reporting requirements do not apply to intermediate providers, “the Enforcement Bureau continues to have the authority to investigate and collect additional information from intermediate providers when pursuing specific complaints and enforcement actions.” The Commission also encouraged rural ILECs to report specific information and sought comment on whether the Commission should adopt or encourage additional rural ILEC reporting. For all of these reasons, we decline to reconsider our recognition of the potential use of call completion reports in enforcement actions, and we deny Sprint’s Petition on this issue.

## **2. Availability of RLEC Surveys for Independent Review**

40. Sprint argues that, to justify adopting the recording, retention, and reporting

rules, the Commission relied largely on summaries of surveys of RLECs' call completion experiences filed with the Commission by NTCA. It asserts that the Commission should make these surveys available in their entirety for independent review. Sprint also asserts that the Commission should reconsider whether a more limited data collection, such as one-time sample studies, would be a more appropriate first step to address rural call completion problems.

41. Sprint's Petition overstates the Commission's reliance on the RLEC surveys. The Commission based its decision to promulgate rural call completion rules on a broad array of information filed in this proceeding and in predecessor dockets. This base of information included, among other things, numerous comments and filings in the docket and preceding dockets, the Commission's experience with and investigations of rural call completion complaints, and the information gained from a workshop held at the Commission which addressed rural call completion problems. The Commission found comments and ex parte letters filed with the Commission by the Rural Associations and the Commission's state partners to be especially persuasive, "given their direct experience with complaints about call completion performance." The Commission did rely, in part, on the results of a test conducted by NECA in two of the Rural Association filings, but these results were only one piece of information that the Commission relied upon as a basis for adopting the Order. Other entities also filed comments noting the existence of call completion problems in rural areas. The Commission also relied on its own significant experience receiving and investigating informal call completion complaints. Rather than being critical factual information on which our decision hinged, the information submitted about the RLEC surveys was supplementary data that confirmed the various other pieces of evidence in the record. Even absent these surveys, we would find a strong basis in the record to adopt the recording, retention, and reporting rules. For these reasons, we are not persuaded that we should revisit the Commission's use of NECA's summaries of its RLEC surveys, the availability of the NECA RLEC survey results for independent review, or the

implementation of a new data sample before the rules take effect. We also separately affirm our conclusion that ongoing data collection, rather than a one-time collection, is more likely to address call completion problems, which have been ongoing and extensive. We therefore deny Sprint's petition on this issue.

### **3. Industry Compliance Costs**

42. Sprint reiterates arguments about the burden of compliance that it made during the pendency of the rulemaking. These arguments do not warrant consideration by the Commission because Sprint relies on arguments that the Commission considered and rejected in the Order. Accordingly, we dismiss this part of Sprint's Petition.

43. Evaluating Sprint's arguments on the merits, however, we find that reconsideration of the Commission's burden analysis is not warranted and deny this part of Sprint's Petition. In the Order, the Commission determined that the benefits of these rules outweigh the burdens. Sprint asserts that the Commission should re-evaluate the estimated industry-wide compliance costs these rules impose on covered providers. Sprint asserts that insufficient data has been submitted to calculate the total on-going costs likely to be incurred by covered providers to comply with the new rules. It argues that numerous carriers currently do not collect at least some of the information required under the new rules and at least three carriers have estimated that it would cost each of them millions of dollars to comply with those rules.

44. As explained further below, the Commission adopted the Order only after carefully weighing the costs and benefits of the new requirements, including record evidence alleging compliance costs on the part of covered providers. Sprint nonetheless contends that the Commission should "assess factually the relative costs and benefits of its data collection retention and reporting rules." Pursuant to the Paperwork Reduction Act of 1995 (PRA), the Commission will conduct a careful analysis of any reporting and recordkeeping requirements imposed on the public. The Commission has begun that analysis, and five entities have submitted comments,

including Sprint and HyperCube. The recordkeeping, retention, and reporting requirements adopted in the Order will not become effective until an announcement is published in the Federal Register of the Office of Management and Budget (OMB) approval and an effective date of the rules. While we deny Sprint's Petition, several of the concerns raised by Sprint, XO and HyperCube will be addressed in the context of the PRA analysis.

45. Sprint contends that industry compliance costs will exceed \$100 million and that it has updated its burden analysis to reflect new compliance cost information and the impact of the rules adopted. Much of the information Sprint provides to support these assertions, including its own cost estimates, are not new and were submitted prior to the Commission's adoption of the rules in the Order. This information includes estimates of compliance costs that do not take into account ways the Commission reduced the burden of the proposed rules in the Order. For example, the Commission changed the rule requiring retention of call detail records to apply only to call attempts to rural ILECs, a relatively small percentage of total call attempts, and determined that call attempts to nonrural incumbent LECs need not be retained. Sprint also refers to a cost estimate in a request for waiver filed by Midcontinent Communications after the Order was released, but that estimate is consistent with or less than other estimates already considered by the Commission. Moreover, the changes we adopt in this Reconsideration Order will reduce providers' costs. The USTelecom/ITTA cost estimate that Sprint refers to includes the cost of collecting, retaining, and reporting data for on-net intraLATA interexchange toll traffic that we now exempt from the rules.

46. Sprint states that the Commission's PRA analysis estimates that 225 entities will be required to file the new call completion reports, all of those entities will incur some compliance costs, some will need to make system and/or staffing changes to comply with the new rules, and covered providers will continue to incur recurring compliance costs for years to come. Sprint over-estimates the number of entities required to comply with the new rules. It

misunderstands the PRA analysis, which, as noted above, includes voluntary quarterly reporting by RLECs of a reduced set of data. The majority of the 225 entities are RLECs that may voluntarily file and that may have this information readily available.

47. Finally, Sprint states that the information provided pursuant to the new rules will provide limited information on the root cause of any call termination problems and, if the likely costs exceed the anticipated benefits, the Commission should adopt more limited measures, such as allowing covered providers to perform a statistically significant sample study or to retain fewer months of data. These arguments were fully addressed and disposed of in the Order, and Sprint provides no new information warranting reconsideration. XO and HyperCube support Sprint's Petition and argue that not all providers collect the information required, but neither provides new information or arguments warranting reconsideration.

48. HyperCube asserts that the Commission "overlooked the substantial burden imposed on many providers to determine whether they are in fact 'covered providers' and, as a result, has also greatly underestimated the number of burdened providers." We disagree. The Commission recognized the burden of determining if a provider is a covered provider. In the Order, the Commission attempted to minimize any such burden, by providing examples of how to determine whether a provider is a covered provider and noting that some providers will need to segregate originated traffic from intermediary traffic. HyperCube's assertions that we underestimated the number of burdened providers because we did not include the substantial burden imposed on many providers just to determine whether they are in fact "covered providers" is more appropriately addressed in the PRA context. HyperCube filed comments regarding the Commission's specific burden estimate in the PRA context and these matters will be addressed in the context of that Paperwork Reduction Analysis.

49. HyperCube also argues that the Commission did not consider the possibility that providers could be covered providers even if they operate primarily as intermediate providers.

Although the Commission did not apply these rules to entities acting exclusively as intermediate providers, it did apply the rules to providers of long-distance voice service that make the initial long-distance call path choice for more than 100,000 domestic retail subscriber lines. The Commission recognized that such providers might also serve as intermediate providers and in fact stated that “a covered provider that also serves as an intermediate provider for other providers may—but need not—segregate its originated traffic from its intermediary traffic in its recording and reporting, given the additional burdens such segregation may impose on such providers.” Accordingly, the Commission did not overlook the fact that providers that may be intermediate providers in some instances and covered providers in other instances.

50. For all of these reasons, we decline to reconsider the Commission’s finding that the benefits of these rules outweigh the burdens of compliance. Burden arguments raised in the PRA context will be considered and addressed in compliance with the PRA.

**D. Transcom Petition: Application of Ring Signaling Rule to Intermediate Providers That are Not Common Carriers**

51. In the Order, the Commission adopted a rule that prohibits “originating and intermediate providers . . . from causing audible ringing to be sent to the caller before the terminating provider has signaled that the called party is being alerted.” The Commission applied this rule to, among others, “intermediate providers that are not common carriers.” Transcom requests reconsideration of this rule “insofar as [it] applies to ‘intermediate providers’ that are not common carriers,” arguing that the Commission exceeded its legal authority by extending the rule to such providers. For the reasons discussed below, we dismiss Transcom’s Petition.

52. As an initial matter, we must determine whether consideration of Transcom’s petition is procedurally appropriate under section 1.429(b) of the Commission’s rules. As Transcom notes, it did not submit comments in response to the Notice or conduct any ex parte meetings in this docket. Thus Transcom did not previously present any of the facts or arguments

in its Petition to the Commission, and our review of the record indicates that no party to the proceeding raised facts or arguments relating to the Commission's authority to require intermediate providers that are not common carriers to comply with the ring signaling rule. Transcom asserts that another entity presented the relevant legal issue in an ex parte letter and that the Commission thus considered and addressed the matter in the Order. However, the ex parte letter from the VON Coalition that Transcom cites did not present the same issues that Transcom now presents. Neither the VON Coalition's letter cited by Transcom nor its comments and reply comments in this proceeding, which the letter references, raised any facts or arguments relating to the Commission's authority to require intermediate providers that are not common carriers to comply with the ring signaling rule.

53. Section 1.429(b) of the Commission's rules provides that a petition for reconsideration that relies on facts or arguments which have not previously been presented to the Commission will be granted only if: (1) the facts or arguments relied on relate to events which have occurred or circumstances which have changed since the last opportunity to present such matters to the Commission; (2) the facts or arguments relied on were unknown to petitioner until after his last opportunity to present them to the Commission, and he could not through the exercise of ordinary diligence have learned of the facts or arguments in question prior to such opportunity; or (3) the Commission determines that consideration of the facts or arguments relied on is required in the public interest. Because Transcom's Petition "relies on facts or arguments which have not previously been presented to the Commission," we may grant the Petition only if one of the three criteria described above is met.

54. Transcom makes no effort in its Petition to argue that its reconsideration request meets the requirements of section 1.429(b). In its reply to an opposition filed by the Rural Associations, however, Transcom argues that the United States Court of Appeals for the District of Columbia Circuit's recent decision in Verizon v FCC constitutes an "intervening event" that

justifies consideration of its Petition under section 1.429(b)(1). We disagree. Transcom reads Verizon to hold that “the Commission cannot use Title I to justify imposing common carrier duties on non-common carriers.” But the idea that the Commission cannot regulate services that have not been classified as common carrier services in a way that result in *per se* common carriage did not originate in the Verizon opinion; the courts and the Commission have long recognized that concept. The Verizon court merely applied this precedent to the Commission’s Open Internet rules and found that parts of those rules impermissibly required *per se* common carriage in that context. For this reason, the fact that the Verizon court discussed limitations on the Commission’s ability to regulate non-common carriers does not make the Verizon opinion an “event[] which [has] occurred or circumstance[] which [has] changed since the last opportunity to present such matters to the Commission” for purposes of section 1.429(b)(1).

55. In this same set of reply comments, Transcom also argues that reconsideration is appropriate under section 1.429(b)(2) because the legal question was presented by the VON Coalition and disposed in the Order. As we have explained, Transcom’s assertion that the relevant legal issue was raised in the record prior to adoption of the Order is incorrect. Even if it were correct, however, whether or not “the legal question was presented and disposed” is irrelevant to whether a petition satisfies section 1.429(b)(2), which applies only where “the facts or arguments relied on were unknown to petitioner until after his last opportunity to present them to the Commission.” Transcom makes no argument based on the requirements of section 1.429(b)(2); accordingly, this argument also fails.

56. Transcom further argues that consideration of its petition is required by the public interest and thus warrants consideration under section 1.429(b)(3). But Transcom does not support this assertion except to say that the Verizon decision “directly undercuts the primary rationale” for the ring signaling rule. As we have explained, the Verizon opinion did not change the law in any way bearing on the Commission’s decision to apply the ring signaling rule to



intermediate providers that are not common carriers. Moreover, we independently discern no other fact or argument set forth in the Transcom Petition that would require its petition to be considered. Accordingly, consideration of Transcom's petition is not "required in the public interest." Because Transcom's Petition fails to satisfy any of the criteria of section 1.429(b), we dismiss the Petition.

57. Carolina West asks us to modify the definition of "covered provider" as it applies to the smaller covered provider exception to our recordkeeping, retention, and reporting rules. Specifically, Carolina West proposes that we replace "aggregated over all of the provider's affiliates" in the definition of covered provider with "aggregated over all entities under common control with such provider" Carolina West argues that, when determining whether a provider makes the initial call path choice for more than 100,000 subscriber lines, a provider should not have to include "lines served by non-controlling minority owners." In support of its petition, Carolina West states that it is "common for rural wireless carriers to have passive investors who are themselves carriers that provide long-distance service" and that these investors "do not and cannot make the ultimate determination regarding the call routing practices of the providers in which they hold such passive investments." Carolina West reports that, although it serves fewer than 100,000 subscriber lines, it "believes that it would be subject to the full scope of the new retention and reporting requirements because one or more of its minority investors provide long-distance service and make the initial call path decision for enough customer lines such that, in the aggregate, [Carolina West] and its 'affiliates' would exceed the 100,000 line de minimis threshold."

58. In the Order, the Commission concluded that the recordkeeping, retention, and reporting rules should apply to "covered providers," i.e., providers of long-distance voice service that make the initial long-distance call path choice for more than 100,000 domestic retail subscriber lines, including lines served by the providers' affiliates. The 100,000 line threshold

forms a basis for the “exception for smaller covered providers” adopted in the Order. In adopting this exception, the Commission noted that the recordkeeping, retention, and reporting requirements would still “capture as much as 95 percent of all callers” and that “a covered provider qualifies for this exception only if it and all its affiliates, as defined in section 3(2) of the Act ... together made the initial long-distance call path choice for 100,000 or fewer total business or residential subscriber lines.”

59. We acknowledge Carolina West’s concerns about the burdens on small providers associated with complying with the rule. On the record before us, however, we are unable to conclude that the Commission’s goals would continue to be met if we changed our rules to exempt additional providers from compliance. For example, the Commission noted that it was not “compromis[ing] our ability to monitor rural call completion problems effectively” in creating the exemption because we could continue to capture “as much as 95% of all callers.” But the record here does not reveal how many providers or how much call completion data would be lost if we modified the rule as Carolina West proposes. In addition, while Carolina West argues that minority investors cannot dictate call routing for the carriers in which they invest, this argument fails to take into account, for example, the variety of stock classes and attendant voting rights that may allow a minority investor to in fact to dictate call routing for an affiliate because the affiliate may be relying on the minority investor to handle its long distance traffic. Thus, a categorical decision to consider the lines of only affiliates under common control could create a loophole exempting carriers under common influence in their routing decisions, making it more difficult for the Commission to identify the sources of problems in rural call completion. Therefore, the record does not persuade us to modify our rules as Carolina West requests, and we deny their petition.

60. We do, however, recognize that there are burdens associated with compliance with these rules, and there may be particular circumstances that make application of the rules to

Carolina West inequitable or contrary to the public interest. We invite Carolina West and other carriers to file waiver requests if they believe that the public interest would be better served by not counting the lines of some or all of their affiliates towards the 100,000 line threshold.

### **III. Procedural Matters**

#### **A. Paperwork Reduction Act**

61. This document contains modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. It has been submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the PRA. OMB, the general public, and other Federal agencies are invited to comment on the modified information collection requirements contained in this proceeding. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. 3506(c)(4), we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees.

62. In this present document, we have assessed the effects of various requirements adopted in the Rural Call Completion Order and determined that certain recordkeeping, retention, and reporting requirements should not apply to intraLATA toll calls that are carried entirely over the covered provider's network or that are handed off by the covered provider directly to the terminating LEC or its terminating tandem switch. We find that these actions are in the public interest because they reduce the burdens of these recordkeeping, retention, and reporting requirements without undermining the goals and objectives behind the requirements. The amendments we adopt today will reduce the burden on businesses with fewer than 25 employees.

#### **B. Supplemental Final Regulatory Flexibility Analysis**

63. As required by the Regulatory Flexibility Act of 1980 (RFA), the Commission

has prepared a Supplemental Final Regulatory Flexibility Analysis (FRFA) relating to the Order on Reconsideration.

64. As required by the Regulatory Flexibility Act (RFA), an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the Notice of Proposed Rulemaking (Notice) in WC Docket No. 13-39. The Commission sought written public comment on the proposals in the Notice, including comment on the IRFA. The Commission subsequently incorporated a Final Regulatory Flexibility Analysis (FRFA), as well as a supplemental IRFA, in the Report and Order and Further Notice of Proposed Rulemaking in WC Docket No. 13-39. This Supplemental FRFA conforms to the RFA and incorporates by reference the FRFA in the Order. It reflects changes to the Commission's rules arising from the Order on Reconsideration.

**C. Need for, and Objectives of, the Order on Reconsideration**

65. The Order on Reconsideration affirms the Commission's commitment to ensuring that high quality telephone service must be available to all Americans. In the underlying Order, the Commission established rules to combat extensive problems with successfully completing calls to rural areas, and created a framework to improve the ability to monitor call problems and take appropriate enforcement action. In this Order on Reconsideration, the Commission denies several petitions for reconsideration that, if granted, would impair the Commission's ability to monitor, and take enforcement action against, call completion problems. The Commission does, however, grant one petition for reconsideration because the Commission finds that modifying its original determination will significantly lower providers' compliance costs and burdens without impairing the Commission's ability to obtain reliable and extensive information about rural call completion problems.

66. Specifically, in the Order on Reconsideration, the Commission grants the petition for reconsideration of the Rural Call Completion Order filed by USTelecom and ITTA. In doing so, the Commission modifies rules adopted in the Rural Call Completion Order so that the

recordkeeping, retention, and reporting requirements adopted in the Rural Call Completion Order do not apply to a limited subset of calls: intraLATA toll calls that are carried entirely over the covered provider's network, and intraLATA toll calls that are handed off by the covered provider directly to the terminating local exchange carrier (LEC) or to the tandem that the terminating LEC's end office subtends. The decision to grant reconsideration reflects a focused analysis of the costs of applying the rules to this limited set of traffic, the fact that this traffic represents a small portion of total toll traffic, and the modest incremental benefit that such data would likely yield. Most notably, these limited rule modifications will reduce the burdens on small business entities resulting from compliance with the rules adopted in WC Docket No. 13-39.

**D. Summary of Significant Issues Raised by Public Comments in Response to the IRFA and the Rural Call Completion Order**

67. There were no comments filed that specifically addressed the rules and policies proposed in the IRFA that was incorporated in the Notice.

68. In a petition for reconsideration of the Rural Call Completion Order, COMPTTEL argued that the Commission's decision to adopt in the Rural Call Completion Order a smaller covered provider exception to the reporting rules, based on 100,000 subscriber lines rather than 100,000 subscribers, failed to comply with section 604 of the RFA. In the Order on Reconsideration, the Commission denies COMPTTEL's petition. The Commission finds that the FRFA incorporated in the Rural Call Completion Order complies with the RFA. Specifically, the Commission recounts how section E of the FRFA specifically addresses steps taken to minimize the significant economic impact on small entities, and references the smaller covered provider exception as one factor that reduces the economic impact of the rules on small entities, and that in the Rural Call Completion Order, the Commission provided an explanation for the smaller covered provider exception adopted therein.

**E. Response to Comments by the Chief Counsel for Advocacy of the Small**

## **Business Administration**

69. Pursuant to the Small Business Jobs Act of 2010, the Commission is required to respond to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration (SBA), and to provide a detailed statement of any change made to the proposed rules as a result of those comments. The Chief Counsel did not file any comments in response to the proposed rules in this proceeding.

### **F. Description and Estimate of the Number of Small Entities to Which the Rules Will Apply**

70. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted. The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.” In addition, the term “small business” has the same meaning as the term “small-business concern” under the Small Business Act. A small-business concern” is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.

71. As noted, a FRFA was incorporated into the Rural Call Completion Order. In that analysis, the Commission described in detail the various small business entities that may be affected by the final rules. Those entities consist of: wired telecommunications carriers; LECs; incumbent LECs; competitive LECs, competitive access providers, shared-tenant service providers, and other local service providers; interexchange carriers; prepaid calling card providers; local resellers; toll resellers; other toll carriers; wireless telecommunications carriers (except satellite); cable and other program distribution; cable companies and systems; and all other telecommunications. In this present Order on Reconsideration, the Commission is amending the final rules adopted in the Rural Call Completion Order and the small business

entities described in the underlying FRFA are the same that may be affected by this present Order on Reconsideration. This Supplemental FRFA incorporates by reference the description and estimate of the number of small entities from the FRFA in this proceeding.

**G. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities**

72. In Section D of the FRFA incorporated into the Rural Call Completion Order, the Commission described in detail the projected recording, recordkeeping, reporting and other compliance requirements for small entities arising from the rules adopted in the Rural Call Completion Order. This Supplemental FRFA incorporates by reference the requirements described in Section D of the FRFA. In the Order on Reconsideration, however, the Commission modifies rules adopted in the Rural Call Completion Order so that the recordkeeping, retention, and reporting requirements adopted in the Rural Call Completion Order do not apply to a limited subset of calls: intraLATA toll calls that are carried entirely over the covered provider's network, and intraLATA toll calls that are handed off by the covered provider directly to the terminating LEC or to the tandem that the terminating LEC's end office subtends. The effect of such modifications is to reduce the compliance requirements for this subset of small entities that carry intraLATA toll traffic

**H. Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered**

73. The RFA requires an agency to describe any significant, specifically small business, alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): "(1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rules for such small entities; (3) the use of performance rather than design

standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.” In Section E of the FRFA incorporated into the Rural Call Completion Order, the Commission described in detail the steps taken to minimize the significant economic impact on small entities, and the significant alternatives considered in the Rural Call Completion Order. This Supplemental FRFA incorporates by reference the steps taken and alternatives described in Section E of the FRFA.

74. The Commission considered the economic impact on small entities in reaching its final conclusions and taking action in the Rural Call Completion Order, and it likewise does so here. While declining to disturb the majority of the findings and conclusions in the underlying Rural Call Completion Order, this Order mitigates burdens for smaller entities that carry intraLATA toll traffic. By excluding intraLATA toll calls that are carried entirely over the covered provider’s network, and intraLATA toll calls that are handed off by the covered provider directly to the terminating LEC or to the tandem that the terminating LEC’s end office subtends, the Commission reduces burden of the recordkeeping, retention, and reporting requirements it adopted in the Rural Call Completion Order.

**I. Report to Congress**

75. The Commission will send a copy of the Order on Reconsideration, including this Supplemental FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act. In addition, the Commission will send a copy of the Order on Reconsideration, including this Supplemental FRFA, to the Chief Counsel for Advocacy of the SBA. A copy of the Order on Reconsideration and Supplemental FRFA (or summaries thereof) will also be published in the Federal Register.

**J. Congressional Review Act**

76. The Commission will send a copy of the Order on Reconsideration in a report to



be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A).

#### **IV. Ordering Clauses**

77. Accordingly, IT IS ORDERED, pursuant to sections 1, 4(i), and 405 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 405, and sections 1.1 and 1.429 of the Commission's rules, 47 CFR 1.1, 1.429, that the Order on Reconsideration IS ADOPTED, effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

78. IT IS FURTHER ORDERED that part 64 of the Commission's rules, 47 CFR part 64, IS AMENDED as set forth in Appendix A, and that such rule amendments SHALL BE EFFECTIVE after announcement in the Federal Register of Office of Management and Budget (OMB) approval of the rules, and on the effective date announced therein.

79. IT IS FURTHER ORDERED that the Petition of USTelecom and ITTA for Reconsideration or, in the Alternative, for Waiver or Extension of Time to Comply IS GRANTED to the extent described herein and otherwise DISMISSED AS MOOT.

80. IT IS FURTHER ORDERED that the Petitions for Reconsideration filed by Carolina West and COMPTTEL ARE DENIED.

81. IT IS FURTHER ORDERED that the Petition for Reconsideration filed by Sprint Corporation IS DENIED, as to Sections I and II.A of the Petition. The Petition for Reconsideration filed by Sprint Corporation is DISMISSED and DENIED on an independent and alternative basis, as to Section II.B of the Petition.

82. IT IS FURTHER ORDERED that the Petition for Reconsideration filed by Transcom Enhanced Services, Inc. is DISMISSED.

83. IT IS FURTHER ORDERED that the Petition for Waiver filed by AT&T

Services, Inc., IS DISMISSED AS MOOT, as to the portion of the Petition requesting relief for on-net intraLATA toll traffic.

84. IT IS FURTHER ORDERED that the Petition for Waiver filed by CenturyLink, Inc. IS DISMISSED AS MOOT, as to Section III.C.ii of the Petition.

85. IT IS FURTHER ORDERED that the Commission SHALL SEND a copy of the Order on Reconsideration to Congress and to the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A). Part 64 of the Commission's rules ARE GRANTED to the extent set forth herein, and this Order on Reconsideration SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION.

Marlene H. Dortch,  
Secretary.

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR part 64 to read as follows:

**PART 64—MISCELLANEOUS RULES RELATING TO COMMON CARRIERS**

1. The authority citation for part 64 continues to read as follows:

Authority: 47 U.S.C. 154, 254(k); 403(b)(2)(B), (c), Pub. L. 104-104, 110 Stat. 56. Interpret or apply 47 U.S.C. 201, 218, 222, 225, 226, 227, 228, 254(k), 616, and 620 unless otherwise noted.

2. Amend § 64.2101 by revising paragraph (f) to read as follows:

**§ 64.2101 Definitions**

\*\*\*\*\*

(f) Long-distance voice service. For purposes of subparts V and W, the term “long-distance voice service” includes interstate interLATA, intrastate interLATA, interstate interexchange, intrastate interexchange, intraLATA toll, inter-MTA interstate and inter-MTA intrastate voice services.

3. Amend § 64.2103 by redesignating paragraph (e) as paragraph (f) and adding new paragraph (e) as follows.

**§ 64.2103 Retention of Call Attempt Records**

\* \* \* \* \*

(e) IntraLATA toll calls carried entirely over the covered provider’s network or handed off by the covered provider directly to the terminating local exchange carrier or directly to the tandem switch serving the terminating local exchange carrier’s end office (terminating tandem), are excluded from these requirements.

\* \* \* \* \*

4. Amend § 64.2105 by adding paragraph (e) to read as follows:

**§ 64.2105 Reporting requirements**

\* \* \* \* \*

(e) IntraLATA toll calls carried entirely over the covered provider's network or handed off by the covered provider directly to the terminating local exchange carrier or directly to the tandem switch that the terminating local exchange carrier's end office subtends (terminating tandem), are excluded from these requirements.

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