



# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU ANNOUNCES IMPLEMENTATION OF THE BUDGET CONTROL MECHANISM FOR RATE-OF-RETURN CARRIERS

### WC Docket No. 10-90

By this Public Notice, the Wireline Competition Bureau (Bureau) announces the date for implementation of the budget control mechanism for rate-of-return carriers for 2016. As required by the *Rate-of-Return Reform Order*,<sup>1</sup> the Universal Service Administrative Company (USAC) has calculated as of July 2016 the total support available to be distributed to rate-of-return carriers and adjustments to each carrier's support to implement the Commission's mechanism to ensure that disbursements remain within the \$2 billion budget adopted in 2011.<sup>2</sup> Going forward the target amount will be calculated for each mechanism each year prior to the annual filing of access tariffs, but that was not possible in this initial year of implementation. As these calculations were just recently announced, for administrative efficiency, we direct USAC to implement the budget control mechanism in September 2016.<sup>3</sup> Thus, the new support amounts announced by USAC will apply to support payments beginning in September 2016.<sup>4</sup>

For further information, please contact Suzanne Yelen, Industry Analysis & Technology Division, Wireline Competition Bureau at (202) 418-7400 or at TTY (202) 418-0484.

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<sup>1</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3143-45, paras. 149-153 (2016) (*Rate-of-Return Reform Order and Further Notice*).

<sup>2</sup> See USAC, Budget Control Analysis for Rate-of-Return Carriers, <http://www.usac.org/hc/program-requirements/budget-control-rate-of-return.aspx>.

<sup>3</sup> *Rate-of-Return Reform Order and Further Notice*, 31 FCC Rcd at para. 149 n.325 (directing the Bureau to work with NECA and USAC on the implementation details for budget control mechanism); see also *id.* at 3156, para. 185 & n.413 (indicating intent to implement revisions to rules as soon as possible, while delegating authority to the Bureau to take all necessary administrative steps to implement the reforms adopted in the Order).

<sup>4</sup> This will provide sufficient time for USAC to communicate with individual carriers and implement internal systems to ensure appropriate amounts are disbursed going forward. Due to this brief delay in implementation of the rule, disbursements in the second half of 2016 may slightly exceed the \$1 billion overall target for the second half of the year. *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, DA 16-661, paras. 19-22 (WCB June 15, 2016).