



PUBLIC NOTICE

Federal Communications Commission
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COMMENT SOUGHT ON DATA SPECIFICATIONS FOR COLLECTING STUDY AREA BOUNDARIES

WC Docket Nos. 10-90, 05-337

Comment Date: July 2, 2012

Reply Comment Date: July 17, 2012

1. In this Public Notice, the Wireline Competition Bureau (Bureau) proposes data specifications for collecting study area boundaries for purposes of implementing various reforms adopted as part of the *USF/ICC Transformation Order* and seeks comment on this proposal. In the *USF/ICC Transformation Order*, the Commission comprehensively reformed universal service funding for high-cost, rural areas, adopting fiscally responsible, accountable, incentive-based policies to preserve and advance voice and broadband service.¹ As discussed below, confirming the relevant geographic boundaries is important for implementing several components of those reforms, including: the Commission's benchmarking rule; the Connect America Fund (CAF) Phase II cost model; and the elimination of support where an unsubsidized competitor offers voice and broadband service that overlaps an incumbent carrier's study area. The Bureau proposes to collect boundary data from all incumbent local exchange carriers (LECs) using the same data specifications and seeks comment on this proposal.² After receiving input from the public and interested parties and approval from the Office of Management and Budget, the Bureau will issue a data request so that it will have a complete and accurate set of study area boundaries.

2. *Benchmarking Rule.* In the *USF/ICC Transformation Order*, the Commission adopted a benchmarking rule intended to moderate the expenses of rate-of-return carriers with very high costs compared to their similarly situated peers, while encouraging other rate-of-return carriers to advance broadband deployment.³ On April 25, 2012, the Bureau adopted the methodology for implementing this

¹ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 17663 (2011) (*USF/ICC Transformation Order and FNPRM*); *pets. for review pending sub nom.* In re: FCC 11-161, No. 11-9900 (10th Cir. filed Dec. 8, 2011).

² The attached data specifications require incumbent LECs to submit a data record for each exchange in a study area. The Bureau will aggregate the exchange areas, if there is more than one, to the study area. See *infra* Appendix A.

³ *USF/ICC Transformation Order and FNPRM*, 26 FCC Rcd at 17741-47, paras. 210-26.

rule, which establishes limits on recovery of capital costs and operating expenses for high-cost loop support (HCLS).⁴ The methodology uses quantile regression analyses to generate a capital expense limit and an operating expense limit for each rate-of-return cost company study area. The geographic independent variables used in the regressions were rolled up to the study area using Tele Atlas wire center boundaries, which is a widely-used commercially available comprehensive source for this information.⁵ To address parties' concerns about the accuracy of this data set in the near term, the Bureau provided a streamlined, expedited waiver process for carriers affected by the benchmarks to correct any errors in their study area boundaries. The Bureau also stated it would issue a Public Notice to initiate the process of collecting study area boundaries directly from all rate-of-return carriers to correct any remaining inaccuracies.⁶ Through this Public Notice, the Bureau is now initiating that process.

3. *CAF Phase II Model.* In the *USF/ICC Transformation Order*, the Commission adopted a framework for providing ongoing support in areas served by price cap carriers using a combination of competitive bidding and a new forward-looking cost model.⁷ A model will be used to “identify at a granular level the areas where support will be available” and to determine the amount annual support available to each price cap carrier that accepts a “commitment to offer voice across its service territory within a state and broadband service to supported locations within that service territory.”⁸ Support will be awarded through a competitive bidding mechanism in territories for which price cap LECs declines to make that commitment. The model also will be used to identify areas “that should receive funding specifically set aside for remote and extremely high-cost areas.”⁹ Accurate service area boundaries will be necessary in order to implement these CAF II reforms.¹⁰

⁴ *Connect America Fund; High-Cost Universal Service Support*; WC Docket Nos. 10-90, 05-337, Order, DA 12-646 (rel. Apr. 25, 2012) (*HCLS Benchmarks Implementation Order*).

⁵ TomTom Telecommunications Suite 2011.09 (formerly Tele Atlas North America), Wire Center Premium, for wire center boundary and central office location information. “Wire center boundary” typically should be equivalent to “exchange boundary,” because the terms are often used to mean the same thing. Sometimes, however, the wire center in an exchange is thought of as the central office or switch itself, and an exchange may consist of more than one central office. The data specification, therefore, refers to exchanges. See *infra* Appendix A.

⁶ *HCLS Benchmarks Implementation Order*, DA 12-646, at para 27.

⁷ See *USF/ICC Transformation Order and FNPRM*, 26 FCC Rcd at 17725-41, paras. 156-209. The Commission initiated the process of developing and delegated to the Bureau the responsibility of developing “a robust cost model for the Connect America Fund to accurately estimate the cost of a modern voice and broadband capable network.” *Id.* at 17735, para. 184.

⁸ *Id.* at 17727, para. 166.

⁹ *Id.* at 17728, para. 167.

¹⁰ On December 15, 2011, the Bureau released a Public Notice requesting interested parties to submit proposed forward-looking cost models, Request for Connect America Fund Cost Models, Public Notice, WC Docket Nos. 10-90 and 05-337, 26 FCC Rcd 16836 (2011). In response, parties submitted two models into the record. One model, submitted by the ABC Coalition, estimates the cost of providing service to the entire nation. This submission updated the ABC Coalition's prior proposal for a forward-looking model, which had been submitted prior to the release of the *USF/ICC Transformation Order*. Letter from Robert W. Quinn, Jr., AT&T, Steve Davis, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, and Michael D. Rhoda, Windstream, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 et al., Attach. 1 at 13 (filed July 29, 2011) (ABC Plan). The ABC Coalition model was submitted pursuant to a protective order adopted (continued...)

4. *Overlap by Unsubsidized Competitors.* In the *USF/ICC Transformation Order*, the Commission adopted a rule to phase out universal service support where an unsubsidized competitor – or a combination of unsubsidized competitors – offers voice and broadband service throughout 100 percent of an incumbent’s study area.¹¹ In the *USF/ICC Transformation FNPRM*, the Commission sought comment on a process to reduce support where such an unsubsidized competitor offers voice and broadband service to a substantial majority, but not 100 percent of the study area.¹²

5. Accurate study area and exchange boundaries are important for implementing each of these reforms. As the Commission previously explained, Tele Atlas data may not represent the actual LEC footprint in all instances.¹³ In particular, some rate-of-return carriers have argued that the Tele Atlas boundaries used in the benchmark methodology misstate the size of their study areas,¹⁴ and, as discussed above, the Bureau provided an expedited waiver process for carriers affected by the HCLS benchmarks to correct errors on an ad hoc basis.¹⁵ Relying on individual carriers to identify inaccurate boundaries in particular instances provides only an interim solution, however. Accordingly, we now seek comment on a systematic way to confirm the service territories of all incumbent LECs.

6. We propose to collect study area and exchange boundaries from all incumbent LECs and seek comment on the attached data specifications for submitting boundary information in a manner and format that Bureau staff can readily evaluate and process. These specifications are based on the template for filing study area maps that the Bureau provided for use by rate-of-return carriers seeking expedited waivers related to HCLS benchmarks.¹⁶ Although we permitted petitioners seeking expedited waivers of the new benchmark rule to choose to submit boundary information in other formats, we now propose requiring all incumbent LECs to submit study area maps in esri compatible shapefile format as set forth in Appendix A.¹⁷ As the Bureau previously explained, information submitted in other formats may require

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by the Bureau. See *Connect America Fund, High-Cost Universal Service Support*, WC Docket Nos. 10-90 and 05-337, Second Supplemental Protective Order, 27 FCC Rcd 1503 (2012). The second model, submitted by ACS, estimates the cost of serving Alaska only. Comments of Alaska Communications Systems Group, Inc., WC Docket Nos. 10-90 and 05-337 (filed Feb. 1, 2012); *Connect America Fund, High-Cost Universal Service Support*, WC Docket Nos. 10-90 and 05-337, Second Protective Order, 27 FCC Rcd 1494 (2012). The nationwide model submitted by the ABC Coalition uses Tele Atlas boundaries to identify the wire center to which each end-user location should be connected as part of the cost calculation.

¹¹ See *USF/ICC Transformation Order and FNPRM*, 26 FCC Rcd at 17767, para. 281-84.

¹² See *id.* at 18056-59, paras. 1061-77. Specifically, the Commission sought comment on a proposed methodology for determining the extent of overlap, a process for preliminary determinations of such overlap, a process for the affected eligible telecommunications carrier (ETC) to challenge the accuracy of the purported overlap, with input from the relevant state commission and the public, and how to adjust support levels in situations with less than 100 percent overlap. *Id.* at 18056, para. 1061.

¹³ See *USF/ICC Transformation Order and FNPRM*, 26 FCC Rcd at 18057, para. 1066.

¹⁴ See, e.g., Letter from Jerry Reisenauer, West River Cooperative Telephone Co., to Marlene H. Dortch, FCC (dated Apr. 10, 2012).

¹⁵ See *supra* at para. 2.

¹⁶ See *HCLS Benchmarks Implementation Order*, DA 12-646, at App. C.

¹⁷ See *infra* Appendix A.

additional processing that could introduce new errors and/or delay.¹⁸ For example, if carriers file hard-copy maps, those would need to be rectified (stretched) to have a spatial reference, and this could cause spatial errors. Moreover, Bureau staff would need to digitize such maps. On screen digitizing is done by “tracing” which can lead to errors in accuracy (undershoots and overshoots). In addition, digitized data needs to be post-processed by adding attribute data manually. These errors can compound. That is, errors in the original map that are magnified during rectification may lead to further digitizing errors. Finally, digitizing is labor intensive. It could take Bureau staff substantially longer to digitize hard copy maps than to process shapefiles. We seek comment on our proposal to require all incumbent LECs to submit study area maps in esri compatible shapefile format.¹⁹ Commenters proposing that we permit alternative formats should address the data processing issues discussed above.

7. After the Bureau receives boundaries, we propose to incorporate the data filed into one nationwide map and, in the process of doing so, identify any overlaps and voids.²⁰ We propose to adopt a process to resolve any overlap issues to accurately reflect each study area’s boundaries. We seek comment on comparing the submitted data to state maps where available (whether developed by the state public utility commission, state carrier association, or other sources). To the extent there are apparent conflicts in various data sources, we propose in the first instance to seek input from the relevant state public utility commission regarding the location of the relevant boundary. To the extent a state commission does not provide any input, are there other entities, such as state telecommunications associations and state geographic information systems (GIS) agencies, that could also provide valuable assistance in resolving any boundary issues? We propose to determine which void areas are populated using Census data and to determine which carrier, if any, serves these areas. We propose to publish our determinations in this regard, and provide a period of public comment for the relevant carriers to challenge any boundary decisions. We seek comment on this proposal.

8. We also seek comment on a voluntary process for state commissions to resolve overlap claims or otherwise assist carriers in their states in submitting boundaries for all carriers in the state. State commissions are likely to have access to information that could resolve conflicting boundary claims between adjoining companies. State commissions generally are the entities that establish incumbent LECs’ service areas. Many state commissions and/or state telecommunications associations have published maps showing the boundaries. Some states already may have digitized maps of service territories. State involvement could substantially reduce the burden to both the industry and the Commission. If a state commission assists incumbent carriers in their state by collecting mapping data and resolving conflicts, could it certify the accuracy of the resulting boundaries to the Commission in addition to carrier certifications? If we were to establish such a voluntary process, how many states would be interested in performing this function? Should we establish a deadline by which any state commission would notify the Commission of its intention to do so, and if so, what should that deadline be? What time frame would be reasonable for states to process the requisite information and resolve any conflicts? Would it be beneficial for the state to certify to this Commission that boundaries submitted by the incumbent LECs within its jurisdiction are accurate, to supplement any certification from the individual submitting carriers? We encourage input from state commissions on these issues, and on how

¹⁸ See *HCLS Benchmarks Implementation Order*, DA 12-646, at para. 30.

¹⁹ Rather than requiring hand-delivery of the shapefiles as set forth in Appendix C of the *HCLS Benchmarks Implementation Order*, the Commission will provide a secure web upload interface.

²⁰ For the purposes of this proceeding, we define voids as populated areas that are not included in any incumbent LEC study area.

we could develop a workable process. To the extent parties suggest alternative mechanisms for resolving any overlap issues, to the extent reported information conflicts, they should provide a detailed explanation of how such a process would be implemented.

9. *Filing Requirements.* Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file comments and reply comments on or before the dates indicated on the first page of this document. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS). See *Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC 20554.

10. *People with Disabilities:* To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

11. The proceeding this Notice initiates shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules.²¹ Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments

²¹ 47 C.F.R. §§ 1.1200 *et seq.*

already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (e.g., .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

12. For further information, please contact Katie King, Telecommunications Access Policy Division, Wireline Competition Division at (202) 418-7491 or TTY (202) 418-0484.

13. *Paperwork Reduction Act.* This Public Notice contains proposed new information collection requirements. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and the Office of Management and Budget (OMB) to comment on the information collection requirements contained in this document, as required by the Paperwork Reduction Act of 1995, Public Law No. 104-13.PRA. In addition, pursuant to the Small Business Paperwork Relief Act of 2002,²² we seek specific comment on how we might "further reduce the information collection burden for small business concerns with fewer than 25 employees."²³

14. *Initial Regulatory Flexibility Analysis.* As required by the Regulatory Flexibility Act of 1980 (RFA),²⁴ the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities of the policies and rules proposed in this Public Notice. The analysis is found in Appendix B. We request written public comment on the analysis. Comments must be filed in accordance with the same deadlines as comments filed in response to the Public Notice and must have a separate and distinct heading designating them as responses to the IRFA. The Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, will send a copy of this Public Notice, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.

²² Pub. L. No. 107-198.

²³ 44 U.S.C. § 3506(c)(4).

²⁴ See 5 U.S.C. § 603.

APPENDIX A

Specification for Study Area Boundary Submission

I. General

Incumbent local exchange carriers (LECs) must submit study area and wire center boundaries.¹ Boundaries must be submitted in esri compatible shapefile format such that each shapefile represents a single study area. The shapefile must contain one data record for each exchange that constitutes the study area. Each exchange should be represented as a closed, non-overlapping polygon with the associated feature attributes described below. Submitted boundaries must be accompanied by metadata or a plain text “readme” file containing the information listed below.

Since shapefiles typically consist of 3 to 9 individual files, the shapefile for the study area should be submitted as a single, zipped file containing all the component files. The shapefile and encapsulating zip file names must contain the company name and the 6-digit study area code. Shapefile templates are available at <http://www.fcc.gov/encyclopedia/rate-return-resources>.

Note that submitted boundaries are public data and may be used in published FCC documents and webpages.

II. Shapefile

A shapefile template is available at <http://www.fcc.gov/encyclopedia/rate-return-resources>. Submitted shapefiles must:

- A. contain one closed, non-overlapping polygon for each exchange in the study area that represents the area served from that exchange
- B. have associated with each exchange polygon the following identifying feature attributes:
 1. OCN – NECA-assigned operating company number as in the LERG
 2. Company Name
 3. Exchange Name
 4. Acquired Exchange subject to section 54.305 of the Commission’s rules²
 5. CLLI Code(s) associated with the exchange
 6. Study Area Code

¹ The Commission will be using these data as a general map base for universal service and other landscape level analysis for which these data are useful. For the purposes of this collection, boundary does not refer to an architectural or engineering drawing, meets and bounds descriptions or other surveyed body of work. Boundary does refer to the general extent of the carrier’s exchange which can be identified on a base map scale of 1:24,000. If appropriate, the boundary should be consistent with or snapped to existing political, geographic or physical features (e.g. county, road, river etc) at or below 1:24,000. 1:24K national mapping standards are available at <http://egsc.usgs.gov/isb/pubs/factsheets/fs17199.html>.

² See 47 C.F.R. § 54.305; see also *HCLS Benchmarks Implementation Order*, DA 12-646, at App. A, n.2. Rural carriers that incorporate acquired exchanges into an existing study area provide NECA with separate cost data for the acquired portions of the study area. Submitted shapefiles must include separate polygons for portions of exchanges subject to section 54.305.

7. State
8. FRN (please use the FRN used for the 477 filing in the state)
- C. have an assigned projection w/accompanying .prj file
- D. use unprojected (geographic) WGS84 geographic coordinate system
- E. have a minimum horizontal accuracy of +/- 40 feet or less, conforming to 1:24K national mapping standards
- F. be submitted as a WinZip archive with a name containing the company name and study area code (e.g., CompanyName_123456.zip).

III. Cover Page Information

In addition to the shapefile data described above, we also will collect electronically the following information:

- A. Contact person name
- B. Contact person address
- C. Contact person phone number
- D. Contact person email address
- E. Date created/revised
- F. Methodology – process steps to create the data
- G. Certifying official name
- H. Certifying official address
- I. Certifying official phone number
- J. Certifying official email address

APPENDIX B

Initial Regulatory Flexibility Act Analysis

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),¹ the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in this Public Notice. Written comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the Public Notice. The Commission will send a copy of the Public Notice, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA).² In addition, the Public Notice and IRFA (or summaries thereof) will be published in the Federal Register.³

A. Need for, and Objectives of, the Proposed Rules

2. The Public Notice proposes data specifications for collecting study area boundaries for purposes of implementing various reforms adopted as part of the *USF/ICC Transformation Order* and seeks comment on this proposal. In the *USF/ICC Transformation Order*, the Commission comprehensively reformed universal service funding for high-cost, rural areas, adopting fiscally responsible, accountable, incentive-based policies to preserve and advance voice and broadband service.⁴ As discussed in the Public Notice, confirming the relevant geographic boundaries is important for implementing several components of those reforms, including: the Commission's benchmarking rule; the Connect America Fund (CAF) Phase II cost model; and the elimination of support where an unsubsidized competitor offers voice and broadband service that overlaps an incumbent carrier's study area. Accurate study area and exchange boundaries are important for implementing each of these reforms.

B. Legal Basis

3. The legal basis for any action that may be taken pursuant to the Public Notice is contained in sections 1, 2, 4(i), 201-205, 214, 218-220, 254, 256, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 152, 154(i), 201-205, 214, 218-220, 251, 252, 254, 256, 303(r), and 403, and sections 0.91, 01.201(d), 0.291, 1.3 and 1.427 of the Commission's rules, 47 C.F.R. §§ 0.91, 01.201(d), 0.291, 1.3 and 1.4271.

¹ See 5 U.S.C. § 603. The RFA, see 5 U.S.C. §§ 601–612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996).

² See 5 U.S.C. § 603(a).

³ See *id.*

⁴ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 17663 (2011) (*USF/ICC Transformation Order and FNPRM*); *pets. for review pending sub nom.* In re: FCC 11-161, No. 11-9900 (10th Cir. filed Dec. 8, 2011).

C. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply

4. 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.⁵ The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.”⁶ In addition, the term “small business” has the same meaning as the term “small-business concern” under the Small Business Act.⁷ 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.⁸

5. **Small Businesses.** Nationwide, there are a total of approximately 27.5 million small businesses, according to the SBA.⁹

6. **Wired Telecommunications Carriers.** The SBA has developed a small business size standard for Wired Telecommunications Carriers, which consists of all such companies having 1,500 or fewer employees.¹⁰ According to Census Bureau data for 2007, there were 3,188 firms in this category, total, that operated for the entire year.¹¹ Of this total, 3,144 firms had employment of 999 or fewer employees, and 44 firms had employment of 1,000 employees or more.¹² Thus, under this size standard, the majority of firms can be considered small.

7. **Local Exchange Carriers (LECs).** Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to local exchange services. The closest applicable size standard under SBA rules is for Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.¹³ According to Commission data,

⁵ See 5 U.S.C. § 603(b)(3).

⁶ See 5 U.S.C. § 601(6).

⁷ See 5 U.S.C. § 601(3) (incorporating by reference the definition of “small-business concern” in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies “unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.”

⁸ See 15 U.S.C. § 632.

⁹ See SBA, Office of Advocacy, “Frequently Asked Questions,” <http://www.sba.gov/advo/stats/sbfaq.pdf> (accessed Dec. 2010).

¹⁰ 13 C.F.R. § 121.201, NAICS code 517110.

¹¹ U.S. Census Bureau, 2007 Economic Census, Subject Series: Information, Table 5, “Establishment and Firm Size: Employment Size of Firms for the United States: 2007 NAICS Code 517110” (issued Nov. 2010).

¹² See *id.*

¹³ 13 C.F.R. § 121.201, NAICS code 517110.

1,307 carriers reported that they were incumbent local exchange service providers.¹⁴ Of these 1,307 carriers, an estimated 1,006 have 1,500 or fewer employees and 301 have more than 1,500 employees.¹⁵ Consequently, the Commission estimates that most providers of local exchange service are small entities that may be affected by the rules and policies proposed in the Public Notice.

8. **Incumbent Local Exchange Carriers (incumbent LECs).** Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to incumbent local exchange services. The closest applicable size standard under SBA rules is for Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.¹⁶ According to Commission data, 1,307 carriers reported that they were incumbent local exchange service providers.¹⁷ Of these 1,307 carriers, an estimated 1,006 have 1,500 or fewer employees and 301 have more than 1,500 employees.¹⁸ Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses that may be affected by rules adopted pursuant to the Public Notice.

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

9. In the Public Notice, the Wireline Competition Bureau (Bureau) proposes to collect study area and exchange boundaries from all incumbent local exchange carriers (LECs) and seeks comment on data specifications for submitting boundary information in a manner and format that Bureau staff can readily evaluate and process. Specifically, the Bureau proposes requiring all incumbent LECs to submit study area maps in esri compatible shapefile format as set forth in Appendix A of the Public Notice.¹⁹ This requirement would affect all incumbent LECs, including small entities, and may include new administrative processes. We seek comment on the reporting, recordkeeping and compliance requirements that may apply to all incumbent LECs, including small entities. We seek comment on any costs and burdens on small entities associated with the proposed rules including data quantifying the extent of those costs or burdens.

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

10. 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

¹⁴ See *Trends in Telephone Service*, Federal Communications Commission, Wireline Competition Bureau, Industry Analysis and Technology Division at Table 5.3 (Sept. 2010) (*Trends in Telephone Service*).

¹⁵ See *id.*

¹⁶ See 13 C.F.R. § 121.201, NAICS code 517110.

¹⁷ See *Trends in Telephone Service* at Table 5.3.

¹⁸ See *id.*

¹⁹ See *supra* Appendix A.

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.²⁰

11. The Public Notice seeks comment from all interested parties. The Commission is aware that the proposals under consideration may impact small entities. Small entities are encouraged to bring to the Commission's attention any specific concerns they may have with the proposals outlined in the Public Notice.

12. The Commission expects to consider the economic impact on small entities, as identified in comments filed in response to the Public Notice, in reaching its final conclusions and taking action in this proceeding. The reporting, recordkeeping, and other compliance requirements in the Public Notice could have an impact on both small and large entities. The Commission believes that any impact of such requirements is outweighed by the accompanying public benefits. Further, these requirements are necessary to ensure that the statutory goals of Section 254 of the Act are met without waste, fraud, or abuse.

13. In the Public Notice, the Bureau seeks comment on a voluntary process for state commissions to assist carriers in their states in submitting boundaries for all carriers in the state. State commissions generally are the entities that establish incumbent LECs' service areas. Many state commissions and/or state telecommunications associations have published maps showing the boundaries. Some states already may have digitized maps of service territories. Although data is requested from the industry generally, small carriers may be differently affected by the proposed data collection. State involvement could substantially reduce the burden to both the industry and the Commission.

F. Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Rules

14. None.

²⁰ 5 U.S.C. § 603(c)(1)–(c)(4).