# [***80 FR 37206***](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5GB8-YCK0-006W-83FC-00000-00&context=)

Vol. 80, No. 125, Tuesday, June 30, 2015

Proposed Rules

**Reporter**

80 FR 37206 \*

***Federal Register* > *2015* > *June* > *Tuesday, June 30, 2015* > *Proposed Rules* > *FEDERAL COMMUNICATIONS COMMISSION (FCC)***

**Title:** **Assessment and Collection of Regulatory Fees for Fiscal Year 2015**

**Action:**  Notice of proposed rulemaking.

**Agency**

FEDERAL COMMUNICATIONS COMMISSION (FCC)

**Identifier:** **[MD Docket Nos. 14-92; 15-121; 15-121; FCC 15-59]**

**Administrative Code Citation**

**47 CFR Part 1**

**Synopsis**

**SUMMARY:** In this document, the Federal Communications Commission (Commission) will revise its Schedule of Regulatory Fees in order to recover an amount of $ 339,844,000 that Congress has required the Commission to collect for fiscal year 2015.

**Text**

**SUPPLEMENTARY INFORMATION:** This is a summary of the Commission's Notice of Proposed Rulemaking (NPRM), Report and Order, and Order, FCC 15-59, MD Docket No. 15-121, adopted on May 20, 2015 and released May 21, 2015. The full text of this document is available for inspection and copying during normal business hours in the FCC Reference Center, 445 12th Street SW., Room CY-A257, Portals II, Washington, DC 20554, and may also be purchased from the Commission's copy contractor, BCPI, Inc., Portals II, 445 12th Street SW., Room CY-B402, Washington, DC 20554. Customers may contact BCPI, Inc. via their Web site, [*http://www.bcpi.com*](http://www.bcpi.com)*,* or call 1-800-378-3160. This document is available in alternative formats (computer diskette, large print, audio record, and braille). Persons with disabilities who need documents in these formats may contact the FCC by email: [*FCC504@fcc.gov*](mailto:FCC504@fcc.gov) or phone: 202-418-0530 or TTY: 202-418-0432.

**I. Procedural Matters**

*A. Ex Parte Rules Permit-But-Disclose Proceeding*

1. The *Notice of Proposed Rulemaking (FY 2015 NPRM), Report and Order,* and *Order* shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's ex parte rules. 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 list all persons attending or otherwise participating in the meeting at which the ex parte presentation was made, and 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 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 section 1.1206(b). In proceedings governed by section 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 **[\*37207]** 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.

*B. Comment Filing Procedures*

2. *Comments and Replies.* Pursuant to sections 1.415 and 1.419 of the Commission's rules, [*47 CFR 1.415*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SY6-K7H0-008H-00YJ-00000-00&context=), [*1.419*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SY6-K7V0-008H-036D-00000-00&context=), 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: (1) the Commission's Electronic Comment Filing System (ECFS), (2) the Federal Government's eRulemaking Portal, or (3) by filing paper copies. *See Electronic* *Filing of Documents in Rulemaking Proceedings,* [*63 FR 24121 (1998).*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:3SKG-WHY0-006W-8325-00000-00&context=)

* *Electronic Filers:* Comments may be filed electronically using the Internet by accessing the ECFS: [*http://fjallfoss.fcc.gov/ecfs2/*](http://fjallfoss.fcc.gov/ecfs2/) or the Federal eRulemaking Portal: [*http://www.****regulations****.gov*](http://www.regulations.gov)*.*

1. *Paper Filers:* Parties who choose to file by paper must file an original and four copies 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 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.

*People with Disabilities:* To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an email to [*fcc504@fcc.gov*](mailto:FCC504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

3. *Availability of Documents.* Comments, reply comments, and *ex parte* submissions will be available for public inspection during regular business hours in the FCC Reference Center, Federal Communications Commission, 445 12th Street SW., CY-A257, Washington, DC 20554. These documents will also be available free online, via ECFS. Documents will be available electronically in ASCII, Word, and/or Adobe Acrobat.

4. *Accessibility Information.* To request information in accessible formats (computer diskettes, large print, audio recording, and Braille), send an email to [*fcc504@fcc.gov*](mailto:FCC504@fcc.gov) or call the Commission's Consumer and Governmental Affairs Bureau at (202) 418-0530 (voice), (202) 418-0432 (TTY). This document can also be downloaded in Word and Portable Document Format ("PDF") at: [*http://www.fcc.gov*](http://www.fcc.gov)*.*

*C. Initial Paperwork Reduction Act*

5. This *NPRM, Report and Order,* and *Order* document solicits possible proposed 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 possible proposed information collection requirements contained in this document, as required by the Paperwork Reduction Act of 1995, *Public Law 104-13*. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, *Public Law 107-198*, *See* [*44 U.S.C. 3506(c)(4)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GVW1-NRF4-407J-00000-00&context=), the Commission seeks specific comment on how it can further reduce the information collection burden for small business concerns with fewer than 25 employees.

*D. Initial Regulatory Flexibility Analysis*

6. An initial regulatory flexibility analysis ("IRFA") is contained in Attachment E. Comments to the IRFA must be identified as responses to the IRFA and filed by the deadlines for comments on the *Notice of Proposed Rulemaking* (NPRM). The Commission will send a copy of this NPRM, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.

**II. Introduction and Executive Summary**

7. In this *Notice of Proposed Rulemaking,* we seek comment on the Federal Communications Commission's (FCC's or Commission's) proposed regulatory fees for fiscal year (FY) 2015 to collect $ 339,844,000. n1 In addition, we seek comment on the Puerto Rico Broadcasters Association's (PRBA's) request for relief from regulatory fee assessments on radio and television stations in Puerto Rico due to substantial financial hardships. n2

n1 The proposed regulatory fees include a proposed five percent reduction in regulatory fees for submarine cable systems and bearer circuits, reflected in Table C.

n2 *See* Letter from Messrs. Francisco Montero, Esq. and Jonathan R. Markman, Esq., Counsel for the Puerto Rico Broadcasters Association, filed in Docket No. 14-92, to Marlene Dortch, Secretary, Federal Communications Commission (Dec. 10, 2014) (PRBA Letter).

**III. Background**

8. The Commission is required by Congress to assess regulatory fees each year in an amount that can reasonably be expected to equal the amount of its appropriation. n3 Regulatory fees, assessed each fiscal year, are to "be derived by determining the full-time equivalent number of employees performing" these activities, "adjusted to take into account factors that are reasonably related to the benefits provided to the payer of the fee by the Commission's activities . . . ." n4 Regulatory fees recover direct costs, such as salary and expenses; indirect costs, such as overhead functions; and support costs, such as rent, utilities, or equipment. n5 Regulatory fees also cover the costs incurred in regulating entities that are statutorily exempt from paying regulatory fees, n6 entities whose regulatory fees are waived, n7 and entities that provide nonregulated services. Congress sets the amount the Commission must collect each year in the Commission's fiscal year appropriations, and section 9(a)(2) of the Communications Act of 1934, as amended (Communications Act or Act) requires the Commission to collect fees sufficient to offset the amount appropriated. n8 To calculate regulatory fees, the Commission allocates the total collection target, as mandated by Congress each year, across all regulatory fee categories. The allocation of fees to fee categories is based on the Commission's calculation of full time **[\*37208]** employees (FTEs) n9 in each regulatory fee category. Historically, the Commission has classified FTEs as "direct" if the employee is in one of the four "core" bureaus; otherwise, that employee was considered an "indirect" FTE. n10 The total FTEs for each fee category includes the direct FTEs associated with that category, plus a proportional allocation of the indirect FTEs.

n3 [*47 U.S.C. 159(b)(1)(B)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

n4 [*47 U.S.C. 159(b)(1)(A)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

n5 *See Assessment and Collection of Regulatory Fees for Fiscal Year 2004,* Report and Order, [*69 FR 41028 at 41030, para. 11*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:4CT5-GDS0-006W-80H2-00000-00&context=) (July 7, 2004) (*FY 2004 Report and Order*).

n6 For example, governmental and nonprofit entities are exempt from regulatory fees under section 9(h) of the Act. [*47 U.S.C. 159(h)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=); [*47 CFR 1.1162*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SY6-K7R0-008H-02JV-00000-00&context=).

n7 [*47 CFR 1.1166*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SY6-K7W0-008H-03DX-00000-00&context=).

n8 [*47 U.S.C. 159(a)(2)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

n9 One FTE, a "Full Time Equivalent" or "Full Time Employee," is a unit of measure equal to the work performed annually by a full time person (working a 40 hour workweek for a full year) assigned to the particular job, and subject to agency personnel staffing limitations established by the U.S. Office of Management and Budget.

n10 The core bureaus are the Wireline ***Competition*** Bureau (172 FTEs), Wireless Telecommunications Bureau (91 FTEs), Media Bureau (155 FTEs), and part of the International Bureau (28 FTEs), totaling 446 "direct" FTEs. The "indirect" FTEs are the employees from the following bureaus and offices: Enforcement Bureau, Consumer & Governmental Affairs Bureau, Public Safety and Homeland Security Bureau, Chairman and Commissioners' offices, Office of the Managing Director, Office of General Counsel, Office of the Inspector General, Office of Communications Business Opportunities, Office of Engineering and Technology, Office of Legislative Affairs, Office of Strategic Planning and Policy Analysis, Office of Workplace Diversity, Office of Media Relations, and Office of Administrative Law Judges, totaling 1,037 "indirect" FTEs. These totals are as of Oct. 1, 2014 and exclude auctions FTEs.

9. Section 9 of the Communications Act requires the Commission to make certain changes (*i.e.,* mandatory amendments) to the regulatory fee schedule if it "determines that the Schedule requires amendment to comply with the requirements" of section 9(b)(1)(A). n11 In addition, the Commission must add, delete, or reclassify services in the fee schedule to reflect additions, deletions, or changes in the nature of its services "as a consequence of Commission rulemaking proceedings or changes in law." n12 These "permitted amendments" require Congressional notification. n13 The changes in fees resulting from both mandatory and permitted amendments are not subject to judicial review. n14

n11 [*47 U.S.C. 159(b)(3)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

n12 [*47 U.S.C. 159(b)(3)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

n13 [*47 U.S.C. 159(b)(4)(B)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

n14 [*47 U.S.C. 159(b)(3)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=). *But see* [*Comsat Corp. v. FCC, 114 F.3d 223, 227 (D.C. Cir. 1997)*](https://advance.lexis.com/api/document?collection=cases&id=urn:contentItem:3S4X-GDX0-00B1-D0RC-00000-00&context=) ("Where, as here, we find that the Commission has acted outside the scope of its statutory mandate, we also find that we have jurisdiction to review the Commission's action.")

10. The Commission continues to improve the regulatory fee process by ensuring a more equitable distribution of the regulatory fee burden among categories of Commission licensees under the statutory framework in section 9 of the Communications Act. For example, in 2013, the Commission updated the FTE allocations to more accurately align regulatory fees with the costs of Commission oversight and ***regulation***, n15 as recommended in the GAO Report, a report issued by the Government Accountability Office (GAO) in 2012. n16 The Commission also reallocated some FTEs from the International Bureau as "indirect." n17 Subsequently, in the *FY 2014 Report and Order,* the Commission adopted the new toll free number regulatory fee category n18 and, in the accompanying *FY 2014 Further Notice of Proposed Rulemaking,* the Commission sought additional comment on a new regulatory fee category for DBS. n19 In our *Report and Order,* we now add a subcategory for DBS providers in the cable television and IPTV regulatory fee category based on our finding that Media Bureau FTEs work on issues and proceedings that include DBS as well as other multichannel video programming distributors (MVPDs).

n15 *Assessment and Collection of Regulatory Fees for Fiscal Year 2013,* Report and Order, MD Docket No. 13-140, [*78 FR 52433, at 52436-52437*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5964-M2P0-006W-83YK-00000-00&context=) at paras. 10-15 (August 23, 2013) (*FY 2013 Report and Order*).

n16 In 2012, the GAO concluded that the Commission should conduct an overall analysis of the regulatory fee categories and perform an updated FTE analysis by fee category. GAO "Federal Communications Commission Regulatory Fee Process Needs to be Updated," GAO-12-686 (Aug. 2012) (GAO Report) at 36, (available at [*http://www.gao.gov/products/GAO-12-686*](http://www.gao.gov/products/GAO-12-686)).

n17 *FY 2013 Report and Order,* [*78 FR 52433, 52436-52438*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5964-M2P0-006W-83YK-00000-00&context=) at paras. 12-21, (August 23, 2013) (*FY 2013 Report and Order*).

n18 *FY 2014 Report and Order,* [*79 FR 54190 at 54195-54196*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5D41-YDS0-006W-838G-00000-00&context=) at paras. 28-31, (September 11, 2014) (*FY 2014 Report and Order*).

n19 *FY 2014 Further Notice of Proposed Rulemaking,* *79 FR 63883 at 63885-63886* at paras. 10-15, (October 27, 2014) (*FY 2014 Further Notice of Proposed Rulemaking*).

**IV. Discussion**

*A. Notice of Proposed Rulemaking*

1. Proposed Regulatory Fees

11. We propose to collect $ 339,844,000 in regulatory fees for FY 2015, pursuant to section 9 of the Communications Act. n20 Of this amount, we project approximately $ 21.3 million (6.28 percent of the total FTE allocation) in fees from the International Bureau regulatees; n21 $ 69.3 million (20.40 percent of the total FTE allocation) in fees from the Wireless Telecommunications Bureau regulatees; n22 $ 131.1 million (38.57 percent of the total FTE allocation) from Wireline ***Competition*** Bureau regulatees; n23 and $ 118.1 million (34.75 percent of the total FTE allocation) from the Media Bureau regulatees. n24

n20 [*47 U.S.C. 159*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

n21 Includes satellites, earth stations, submarine cable, and bearer circuits.

n22 Includes Commercial Mobile Radio Service (CMRS), CMRS messaging, Broadband Radio Service/Local Multipoint Distribution Service (BRS/LMDS), and multi-year wireless licensees.

n23 Includes Interstate Telecommunications Service Providers (ITSP) and toll free numbers.

n24 Includes AM radio, FM radio, television, low power/FM, cable and IPTV, DBS, and Cable Television Relay Service (CARS) licenses.

12. These regulatory fees are mandated by Congress and are collected "to recover the costs of . . . enforcement activities, policy and rulemaking activities, user information services, and international activities." n25 We seek comment on the proposed regulatory fee schedule in Table C.

n25 [*47 U.S.C. 159(a)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

13. This proposed fee schedule in Table C includes a new regulatory fee for DBS (a subcategory in the cable television and IPTV category) adopted in the *Report and Order* portion of this document. n26 We estimate the number of payment units to be 34,000,000 and propose setting the initial rate at 12 cents per year, or one cent per month. n27 Because DBS regulatory fees offset cable television and IPTV fees, the cable television and IPTV rate would be reduced from $ 1.01 to $ 0.95 per subscriber at this rate for DBS. We seek comment on this rate. We also seek comment on whether setting the initial rate for DBS at one cent per customer per month would address DIRECTV and DISH's contention that a "fee increase will cause rate shock." n28

n26 *See* section III.B.3.

n27 When the Commission added IPTV to the cable television category, it set the initial rate for IPTV equal to the cable television rate. *See FY 2013 Report and Order,* [*78 FR 52433 at 52443-52444*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5964-M2P0-006W-83YK-00000-00&context=) at paras. 35-36, (August 23, 2013) (*FY 2013 Report and Order*). Last year, we invited "further comment on whether regulatory fees paid by DBS providers should be included in the cable television and IPTV category and assessed in the same manner." *FY 2014 NPRM,* 79 FR 37982 at 37991 at para. 49 (July 3, 2014) (*FY 2014 Notice of Proposed Rulemaking*). In the *FY 2014 Further Notice of Proposed Rulemaking,* we sought comment on "whether DBS providers should pay a regulatory fee . . . at a much lower rate than that for other MVPDs, such as one-tenth of the anticipate revenue if DBS were combined with MVPD." *FY 2014 Further Notice of Proposed Rulemaking,* *79 FR 63883 at 63886 at para. 13* (October 27, 2014) (*FY 2014 Further Notice of Proposed Rulemaking*).

n28 DIRECTV and DISH Comments at 11.

14. The proposed fee schedule also includes fees for toll free numbers (a subcategory in the ITSP category) adopted in our *FY 2014 Report and Order.* n29 We estimate the number of assessable toll-free numbers to be 36.5 million and propose setting the rate at 12 cents per year, or one cent per month. n30 Because toll-free number **[\*37209]** regulatory fees offset ITSP fees, the ITSP rate would be reduced from 0.00340 to 0.00329. We seek comment on this estimate and this rate.

n29 *See FY 2014 Report and Order,* [*79 FR 54190 at 54195*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5D41-YDS0-006W-838G-00000-00&context=) at paras. 28-31 (September 11, 2014) (*FY 2014 Report and Order*).

n30 When the Commission first sought comment on assessing Responsible Organizations (or RespOrgs), it discussed a rate of one penny per month per number and estimated that regulatory fees for toll-free numbers would approximate $ 4 million at that rate. *See FY 2014 NPRM,* 79 FR 37982 at 37993 at para 57 (July 3, 2014) (*FY 2014 Notice of Proposed Rulemaking*).

15. In addition, the annual regulatory fees eliminated in the *FY 2014 Report and Order* will no longer be included in the regulatory fee schedule, *i.e.*, the annual regulatory fee for Broadcast Auxiliaries and Satellite TV Construction Permit, and one multi-year regulatory fee category (218-219 MHz). The projected revenues that would otherwise have been collected from the three regulatory fee categories that were eliminated last year are allocated proportionally to their respective service categories in the proposed regulatory fees in Table C. Specifically, the projected revenues from the 218-219 MHz fee category are proportionally allocated to the wireless service categories and the Satellite Television Construction Permit and Broadcast Auxiliary fee categories are proportionally allocated to the media service categories.

16. We also seek comment on revising the apportionment between International Bureau licensees to reduce the proportion paid by the submarine cable/terrestrial and satellite bearer circuits fee categories by approximately five percent. In the *FY 2014 Report and Order*, we concluded that the regulatory fee assessment for the submarine cable/terrestrial and satellite bearer circuits fee categories did not fairly take into account the Commission's minimal oversight and ***regulation*** of the industry and we reduced the regulatory fee apportionment by five percent and stated that we would revisit the issue to determine if additional adjustment is warranted. n31 Currently, the submarine cable and bearer circuit category is allocated 31.36 percent of the International Bureau regulatory fees. We propose a five percent decrease based on our tentative conclusion that the fee remains excessive relative to the minimal Commission oversight and ***regulation*** of this industry.

n31 We adopted a reallocation for submarine cable systems and bearer circuits in the *FY 2014 Report and Order* and indicated that we would revisit this issue in future proceedings to determine if additional adjustment would be warranted. *See FY 2014 Report and Order*, [*79 FR 54190 at 54192-54193 at para. 14*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5D41-YDS0-006W-838G-00000-00&context=) (September 11, 2014) (*FY 2014 Report and Order*).

17. We also seek comment on whether the Commission should review the apportionment of regulatory fees among broadcasters. First, we expect to collect $ 28,356,435 from radio broadcasters and $ 23,650,250 from television broadcasters in fiscal year 2015. We estimate that 10,226 radio broadcasters and 4,754 television broadcasters will pay these regulatory fees n32 and note that among the broadcasters that are statutorily exempt from paying fees, noncommercial education (NCE) radio stations significantly outnumber NCE television stations. n33 Nonetheless, should the Commission reexamine the number of FTEs devoted to the ***regulation*** of radio versus television broadcasters and adjust the fee paid by radio and television broadcasters to more accurately take into account factors related to "the benefits provided to the payor of the fee by the Commission's activities"? n34 Second, we currently assess regulatory fees on television broadcasters based on the ranking of the market they serve (market nos. 1-10; 11-25; 26-50; 51-100; >100) but assess regulatory fees on radio broadcasters based on the population they serve (< 25,000; 25,001-75,000; 75,001-150,000; 150,001-500,000; 500,001-1,200,000; 1,200,001-3,000,000; >3,000,000). Do the dividing points for higher fee levels for both television and radio broadcasters remain appropriate? Should we adjust the dividing points for radio broadcasters to account for demographic change? Should we assess radio broadcasters based on market served rather than population served, which may provide more stability and predictability for radio broadcasters? Third, we currently divide radio broadcasters into six categories by type and class of service (AM class A; AM class B; AM class C; AM class D; FM classes A, B1, & C3; FM classes B, C, C0, C1, & C2). We note that FM class B stations pay more than FM class A stations at every population level because FM class A stations serve the smallest areas of all FM station classes, whereas this relationship is inverted among the AM stations since AM class A stations serve the largest areas among AM stations. But no single ratio apportions regulatory fees among AM and FM radio categories; for example, AM class A stations sometimes pay more than FM class A stations (when they serve fewer than 500,000 people) but other times pay more (when they serve more than 500,000 people). n35 Should we consolidate these categories and reapportion the regulatory fees paid by each category such that regulatory fees collected are based either on population served or rank of market served? We seek comment on these and related questions concerning the apportionment of regulatory fees among broadcasters. We tentatively conclude that changes made to the assessment of regulatory fees on broadcasters would constitute a permitted amendment n36 and therefore would not likely apply to FY 2015 regulatory fees.

n32 *See* Table B, AM Class, A, B, C, D, and FM categories, total 10,226; TV digital markets 1-100 + remaining markets + the LPTV category, total 4,754.

n33 As of March 31, 2015, there were 5110 licensed NCE (including low power FM) radio stations and 395 licensed NCE television stations. *See Broadcast Station Totals as of March 31, 2015*, News Release (rel. Apr. 9, 2015).

n34 [*47 U.S.C. 159(b)(1)(A)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=) (providing for adjustment of the FTE allocation to "take into account factors that are reasonably related to the benefits provided to the payor of the fee by the Commission's activities, including such factors as service area coverage, shared use versus exclusive use, and other factors that the Commission determines are necessary in the public interest.")

n35 Or compare AM class B and class D stations. In areas with fewer than 25,000 people, class B stations pay $ 25 less than class D stations. In areas with 25,001-75,000, they pay $ 300 more. Less again at 75,001-150,000 people; more again above that. *See* Table C.

n36 [*47 U.S.C. 159(b)(3)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=).

18. In addition, we seek comment generally on other regulatory fee reform measures we can adopt. n37 For example, should we raise the earth station regulatory fees and thereby reduce satellite fees? n38 Are there specific divisions within bureaus or offices that should be allocated as direct instead of indirect? n39 We welcome comment on these issues and other proposals for regulatory fee reform.

n37 These issues here were raised in an ex parte filed by SIA. *See* Letter from Tom Stroup, President, Satellite Industry Association, to Marlene H. Dortch, Secretary, FCC (Apr. 30, 2015). We welcome any suggestions from commenters on regulatory fee reform.

n38 Earth station fees were increased by 7.5 percent last year. *See FY 2014 Report and Order*, [*79 FR 54190 at 54193 at para. 15*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5D41-YDS0-006W-838G-00000-00&context=) (September 11, 2014) (*FY 2014 Report and Order*).

n39 This issue was raised previously; *see FY 2014 NPRM*, 79 FR 37982 at 37987-37988 at paras. 28-33 (July 3, 2014) (*FY 2014 Notice of Proposed Rulemaking*).

2. Puerto Rico Broadcasters Association's Request for Regulatory Fee Relief

19. On December 10, 2014, PRBA filed a letter seeking regulatory fee relief for the radio broadcasters in the Commonwealth of Puerto Rico. PRBA requests that the Commission take into consideration significant population declines and economic factors when determining the regulatory fees owed by radio station operators in Puerto Rico. In particular, PRBA requests that the Commission use more recent figures to determine the radio station population **[\*37210]** count for radio stations in Puerto Rico. n40 PRBA argues that economic challenges n41 and population decline n42 in Puerto Rico warrant regulatory relief. Specifically, PRBA contends that Puerto Rico has an unprecedented unemployment rate of almost 14 percent, well above the overall United States unemployment rate and much higher than the two states with the next highest unemployment rates. n43 In addition, PRBA asserts that the per capita income in Puerto Rico n44 is half of the per capita income of the state with the lowest per capita income n45 and over one-third of the households in Puerto Rico receive food stamps. n46 PRBA argues that due to the economic hardship in the territory, the population has decreased in the past nine years by almost six percent because of migration to the mainland United States and a declining birthrate. n47 Finally, PRBA contends that the radio listening market is limited because it is restricted to listeners within the boundaries of the island. n48

n40 PRBA Letter at 2-4.

n41 PRBA Letter at 2-3.

n42 PRBA Letter at 3-4.

n43 PRBA Letter at 2; [*http://www.ncsl.org/research/labor-and-employment/state-unemployment-update.aspx*](http://www.ncsl.org/research/labor-and-employment/state-unemployment-update.aspx) for the December 2014 unemployment rates for each state. The unemployment rate for Puerto Rico is 13.7 percent; the next highest unemployment rates are those of the District of Columbia (7.3 percent), Mississippi (7.2 percent), and California, (7 percent).

n44 *See* [*http://www.census.gov/newsroom/press-releases/2014/cb14-17.html*](http://www.census.gov/newsroom/press-releases/2014/cb14-17.html) (Puerto Rico median household income 2010-2012 was $ 19,518.)

n45 *See* [*https://www.census.gov/hhes/www/income/data/statemedian/*](https://www.census.gov/hhes/www/income/data/statemedian/) (Mississippi median income 2010-2013 was $ 41,664).

n46 PRBA Letter at 2-3. Instead of the Supplemental Nutrition Assistance Program (SNAP), qualifying Puerto Rican residents receive Nutrition Assistance for Puerto Rico (NAP).

n47 PRBA Letter at 3.

n48 PRBA Letter at 5.

20. Every ten years the Commission updates its radio station population counts to reflect nationwide changes in the population using the "block level census data" from the U.S. Census. PRBA asks the Commission to examine population data every five years instead of every 10 years to increase the accuracy of the population counts in Puerto Rico. We are unable to adopt PRBA's suggestion because the "block level census data" is only available from the U.S. Census Bureau every 10 years. Further, even if such figures were available every five years, they would be unlikely to provide a basis for fee relief for radio stations in Puerto Rico because fees on AM and FM radio stations are not assessed at granular levels but instead over a wide strata of the population. n49

n49 The regulatory fee rate starts at population counts of 25,000 and below, and then increases to population counts of 25,001-75,000; 75,001-150,000; 150,001-500,000; 500,001-1,200,000; 1,200,001-3,000,000; and above 3,000,000.

21. PRBA requests that the Commission provide relief through the reduction of regulatory fees for Puerto Rico radio broadcasters due to economic hardship, unique geography, and declining population. We seek comment on this proposal and on whether the unique circumstances described by PRBA should result in one of the following actions: (i) Moving the Puerto Rico market stations to a different rate (*e.g.*, reducing them down to a lower population strata) because of the downward trend in the population and other factors; (ii) creating a separate fee category for the Puerto Rico market at a lower rate; or (iii) adopting a special provision in our rules for economically depressed geographic areas to seek a "fast track" waiver of regulatory fees. For any of these actions, commenters should also discuss how such a process could satisfy the requirement to demonstrate that compelling and extraordinary circumstances outweigh the public interest in recouping the Commission's regulatory costs.

22. We recognize that fee relief is ordinarily processed through a waiver request. n50 PRBA has not identified whether every station in Puerto Rico is financially unable to pay the regulatory fee, and although we recognize that preparing and filing waiver requests, including supporting financial information for each radio station in Puerto Rico, may be administratively and financially burdensome, granting across-the-board relief for Puerto Rican stations may shift the burden of regulatory fees from stations better able to afford them to those less able. Therefore, we also seek comment on whether the ordinary waiver process is sufficient here, making clear that a regulatee may raise the same issues that PRBA has raised whenever it files a waiver request.

n50 Fees may be waived, reduced or deferred in specific instances, on a case-by-case basis, where good cause is shown and where waiver, reduction or deferral of the fee would promote the public interest. [*47 U.S.C. 159(d)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=); [*47 CFR 1.1166*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SY6-K7W0-008H-03DX-00000-00&context=). Fee relief may be granted based on a "sufficient showing of financial hardship." *See Implementation of Section 9 of the Communications Act, Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year*, Memorandum Opinion and Order, [*60 FR 34902 at 34903 at para. 12*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:3SHC-45M0-006W-914K-00000-00&context=) (July 5, 1995) (*FY 1994 Regulatory Fees Memorandum of Opinion and Order*). In such matters, however, "[m]ere allegations or documentation of financial loss, standing alone," do not suffice and "it [is] incumbent upon each regulatee to fully document its financial position and show that it lacks sufficient funds to pay the regulatory fee and to maintain its service to the public." *Id.*

**V. Procedural Matters**

*A. Payment of Regulatory Fees*

1. Revised Credit Card Transaction Levels

23. In accordance with U.S. Treasury Announcement No. A-2014-04 (July 2014), the amount that can be charged on a credit card for transactions with federal agencies has been reduced to $ 24,999.99. n51 Previously, the credit card limit was $ 49,999.99. This lower transaction amount is effective June 1, 2015. Transactions greater than $ 24,999.99 will be rejected. This limit applies to single payments or bundled payments of more than one bill. Multiple transactions to a single agency in one day may be aggregated and treated as a single transaction subject to the $ 24,999.99 limit. Customers who wish to pay an amount greater than $ 24,999.99 should consider available electronic alternatives such as Visa or MasterCard debit cards, Automated Clearing House (ACH) debits from a bank account, and wire transfers. Each of these payment options is available after filing regulatory fee information in Fee Filer. Further details will be provided regarding payment methods and procedures at the time of FY 2015 regulatory fee collection.

n51 Treasury Financial Manual, Announcement No. A-2014-04 (July 2014).

24. Customers who owe an amount on a bill, debt, or other obligation due to the federal government are prohibited from splitting the total amount due into multiple payments. Splitting an amount owed into several payment transactions violates the credit card network and Fiscal Service rules. An amount owed that exceeds the Fiscal Service maximum dollar amount, $ 24,999.99, may not be split into two or more payment transactions in the same day by using one or multiple cards. Also, an amount owed that exceeds the Fiscal Service maximum dollar amount may not be split into two or more transactions over multiple days by using one or more cards.

2. De Minimis Regulatory Fees

25. Regulatees whose total FY 2015 regulatory fee liability, including all categories of fees for which payment is due, is $ 500 or less, are exempted from payment of FY 2015 regulatory fees. The *de minimis* threshold of $ 500 or less applies only to filers of annual regulatory fees (not regulatory fees paid through multi-year filings) between October 1 and September 30. If the sum **[\*37211]** total of all annual regulatory fee obligations is $ 500 or less, the regulatee is exempt from paying regulatory fees for that fiscal year. This *de minimis* status is not a permanent exemption from regulatory fees. Rather, each regulatee will need to reevaluate their total fee liability each fiscal year to determine whether they meet the *de minimis* exemption.

3. Standard Fee Calculations and Payment Dates

26. The Commission will accept fee payments made in advance of the window for the payment of regulatory fees. The responsibility for payment of fees by service category is as follows:

* *Media Services:* Regulatory fees must be paid for initial construction permits that were granted on or before October 1, 2014 for AM/FM radio stations, VHF/UHF full service television stations, and satellite television stations. Regulatory fees must be paid for all broadcast facility licenses granted on or before October 1, 2014. In instances where a permit or license is transferred or assigned after October 1, 2014, responsibility for payment rests with the holder of the permit or license as of the fee due date.

1. *Wireline (Common Carrier) Services:* Regulatory fees must be paid for authorizations that were granted on or before October 1, 2014. In instances where a permit or license is transferred or assigned after October 1, 2014, responsibility for payment rests with the holder of the permit or license as of the fee due date. Audio bridging service providers are included in this category. n52

n52 Audio bridging services are toll teleconferencing services.

* *Wireless Services:* CMRS cellular, mobile, and messaging services (fees based on number of subscribers or telephone number count): Regulatory fees must be paid for authorizations that were granted on or before October 1, 2014. The number of subscribers, units, or telephone numbers on December 31, 2014 will be used as the basis from which to calculate the fee payment. In instances where a permit or license is transferred or assigned after October 1, 2014, responsibility for payment rests with the holder of the permit or license as of the fee due date.

1. The first eight regulatory fee categories in our Schedule of Regulatory Fees (*See* Table C) pay "small multi-year wireless regulatory fees." Entities pay these regulatory fees in advance for the entire amount period covered by the five-year or ten-year terms of their initial licenses, and pay regulatory fees again only when the license is renewed or a new license is obtained. We include these fee categories in our rulemaking (*See* Table C) to publicize our estimates of the number of "small multi-year wireless" licenses that will be renewed or newly obtained in FY 2015.
2. *Multichannel Video Programming Distributor Services (cable television operators, IPTV providers, DBS providers, and CARS licensees):* Regulatory fees must be paid for the number of basic cable tier subscribers, IPTV subscribers, and DBS subscribers as of December 31, 2014. n53 Regulatory fees also must be paid for CARS licenses that were granted on or before October 1, 2014. In instances where a permit or license is transferred or assigned after October 1, 2014, responsibility for payment rests with the holder of the permit or license as of the fee due date.

n53 Cable television system operators, DBS providers, and IPTV providers should compute their number of basic subscribers as follows: Number of single family dwellings + number of individual households in multiple dwelling unit (apartments, condominiums, mobile home parks, etc.) paying at the basic subscriber rate + bulk rate customers + courtesy and free service. **Note:** Bulk-Rate Customers = Total annual bulk-rate charge divided by basic annual subscription rate for individual households. Operators/providers may base their count on "a typical day in the last full week" of December 2014, rather than on a count as of December 31, 2014.

* *International Services:* Regulatory fees must be paid for (1) earth stations and (2) geostationary orbit space stations and non-geostationary orbit satellite systems that were licensed and operational on or before October 1, 2014. In instances where a permit or license is transferred or assigned after October 1, 2014, responsibility for payment rests with the holder of the permit or license as of the fee due date.

1. *International Services: Submarine Cable Systems:* Regulatory fees for submarine cable systems are to be paid on a per cable landing license basis based on circuit capacity as of December 31, 2014. In instances where a license is transferred or assigned after October 1, 2014, responsibility for payment rests with the holder of the license as of the fee due date. For regulatory fee purposes, the allocation in FY 2015 will be 87.6 percent for submarine cable and 12.4 percent for satellite/terrestrial facilities.
2. *International Services: Terrestrial and Satellite Services:* Regulatory fees for International Bearer Circuits are to be paid by facilities-based common carriers that have active (used or leased) international bearer circuits as of December 31, 2014 in any terrestrial or satellite transmission facility for the provision of service to an end user or resale carrier. When calculating the number of such active circuits, the facilities-based common carriers must include circuits held by themselves or their affiliates. In addition, non-common carrier satellite operators must pay a fee for each circuit they and their affiliates hold and each circuit sold or leased to any customer, other than an international common carrier authorized by the Commission to provide U.S. international common carrier services. "Active circuits" for these purposes include backup and redundant circuits as of December 31, 2014. Whether circuits are used specifically for voice or data is not relevant for purposes of determining that they are active circuits. In instances where a permit or license is transferred or assigned after October 1, 2014, responsibility for payment rests with the holder of the permit or license as of the fee due date. For regulatory fee purposes, the allocation in FY 2015 will remain at 87.6 percent for submarine cable and 12.4 percent for satellite/terrestrial facilities.

**VI. Additional Tables**

| **Table A--List of Commenters** | |
| --- | --- |
|  |  |
| **Commenter** | **Abbreviation** |
| Initial Comments | |
|  |  |
| DIRECTV, LLC and DISH Network, L.L.C. | DIRECTV and DISH. |
| ITTA--The Voice of Mid-Size | ITTA. |
| Communications Companies |  |
| National Cable and Telecommunications | NCTA and ACA. |
| Association and the American Cable |  |
| Association |  |
| Satellite Industry Association | SIA. |
| SMS/800, Inc. | SMS/800. |
| Reply Comments | |
|  |  |
| CenturyLink | CenturyLink. |
| DIRECTV, LLC and DISH Network, L.L.C. | DIRECTV and DISH. |
| Hypercube Telecom, LLC | Hypercube. |
| National Cable and Telecommunications | NCTA and ACA. |
| Association and the American Cable |  |
| Association |  |

| **Table B--Calculation of FY 2015 Revenue Requirements and Pro-Rata Fees** | | | | |
| --- | --- | --- | --- | --- |
| **[Regulatory fees for the first seven categories below are collected by the** | | | | |
| **Commission in advance to cover the term of the license and are submitted at** | | | | |
| **the time the application is filed.]** | | | | |
|  |  |  |  |  |
| **Fee category** | **FY 2015** | **Years** | **FY 2014** | **Pro-rated** |
|  | **Payment** |  | **Revenue** | **FY 2015** |
|  | **units** |  | **estimate** | **revenue** |
|  |  |  |  | **requirement** |
| PLMRS (Exclusive Use) | 1,800 | 10 | 595,000 | 543,780 |
| PLMRS (Shared use) | 31,000 | 10 | 3,000,000 | 3,121,700 |
| Microwave | 12,000 | 10 | 2,550,000 | 2,537,640 |
| Marine (Ship) | 6,300 | 10 | 780,000 | 951,615 |
| Aviation (Aircraft) | 4,200 | 10 | 420,000 | 422,940 |
| Marine (Coast) | 490 | 10 | 165,000 | 172,701 |
| Aviation (Ground) | 460 | 10 | 153,000 | 162,127 |
| AM Class A fn4 | 65 | 1 | 274,700 | 278,184 |
| AM Class B fn4 | 1,505 | 1 | 3,410,900 | 3,447,842 |
| AM Class C fn4 | 889 | 1 | 1,212,750 | 1,230,932 |
| AM Class D fn4 | 1,492 | 1 | 4,033,300 | 4,169,282 |
| FM Classes A, B1 & C3 fn4 | 3,132 | 1 | 8,466,575 | 8,594,443 |
| FM Classes B, C, C0, C1 & C2 | 3,143 | 1 | 10,437,175 | 10,444,503 |
| fn4 |  |  |  |  |
| AM Construction Permits fn1 | 29 | 1 | 17,700 | 17,110 |
| FM Construction Permits fn1 | 182 | 1 | 138,750 | 136,500 |
| Satellite TV | 127 | 1 | 196,850 | 198,228 |
| Digital TV Markets 1-10 | 134 | 1 | 6,161,700 | 6,223,883 |
| Digital TV Markets 11-25 | 137 | 1 | 5,809,800 | 5,871,584 |
| Digital TV Markets 26-50 | 181 | 1 | 4,909,450 | 4,959,846 |
| Digital TV Markets 51-100 | 283 | 1 | 4,524,000 | 4,570,532 |
| Digital TV Remaining Markets | 379 | 1 | 1,805,000 | 1,822,393 |
| Digital TV Construction | 2 | 1 | 23,750 | 9,600 |
| Permits fn1 |  |  |  |  |
| LPTV/Translators/Boosters/Cla | 3,640 | 1 | 1,570,300 | 1,576,156 |
| ss A TV |  |  |  |  |
| CARS Stations | 300 | 1 | 196,625 | 196,365 |
| Cable TV Systems, including | 64,500,000 | 1 | 64,746,000 | 61,054,410 |
| IPTV |  |  |  |  |
| Direct Broadcast Satellite | 34,000,000 | 1 |  | 4,108,560 |
| (DBS) |  |  |  |  |
| Interstate Telecommunication | 38,800,000, | 1 | 131,369,000 | 127,764,132 |
| Service Providers | 000 |  |  |  |
| Toll Free Numbers | 36,500,000 | 1 |  | 4,410,660 |
| CMRS Mobile Services | 347,000,000 | 1 | 60,300,000 | 59,404,386 |
| (Cellular/Public Mobile) |  |  |  |  |
| CMRS Messag. Services | 2,600,000 | 1 | 232,000 | 208,000 |
| BRS fn2 | 890 | 1 | 643,500 | 560,144 |
| LMDS | 375 | 1 | 135,850 | 236,016 |
| Per 64 kbps Int'l Bearer | 3,800,000 | 1 | 941,640 | 840,033 |
| Circuits |  |  |  |  |
| Terrestrial (Common) & |  |  |  |  |
| Satellite (Common & Non- |  |  |  |  |
| Common) fn5 |  |  |  |  |
| Submarine Cable Providers | 39.19 | 1 | 6,586,731 | 5,934,424 |
| (see chart in Table C) fn3 |  |  |  |  |
| fn5 |  |  |  |  |
| Earth Stations fn5 | 3,300 | 1 | 1,003,000 | 1,129,854 |
| Space Stations | 95 | 1 | 11,505,600 | 12,713,879 |
| (Geostationary) fn5 |  |  |  |  |
| Space Stations (Non- | 5 | 1 | 797,100 | 881,125 |
| Geostationary) fn5 |  |  |  |  |
| \* \* \* \* \* \* Total Estimated |  |  | 339,847,246 | 340,905,507 |
| Revenue to be Collected |  |  |  |  |
| \* \* \* \* \* \* Total Revenue |  |  | 339,844,000 | 339,844,000 |
| Requirement |  |  |  |  |
| Difference |  |  | 3,246 | 1,061,507 |

| **Table B--Calculation of FY 2015 Revenue** | | | |
| --- | --- | --- | --- |
| **Requirements and Pro-Rata Fees** | | | |
| **[Regulatory fees for the first seven categories** | | | |
| **below are collected by the Commission in advance** | | | |
| **to cover the term of the license and are submitted** | | | |
| **at the time the application is filed.]** | | | |
|  |  |  |  |
| **Fee category** | **Computed** | **Rounded** | **Expected** |
|  | **FY 2015** | **FY 2015** | **FY 2015** |
|  | **regulatory** | **regulatory** | **revenue** |
|  | **fee** | **fee** |  |
| PLMRS (Exclusive Use) | 30 | 30 | 540,000 |
| PLMRS (Shared use) | 10 | 10 | 3,100,000 |
| Microwave | 20 | 20 | 2,520,000 |
| Marine (Ship) | 15 | 15 | 945,000 |
| Aviation (Aircraft) | 10 | 10 | 420,000 |
| Marine (Coast) | 35 | 35 | 171,500 |
| Aviation (Ground) | 35 | 35 | 161,000 |
| AM Class A fn4 | 4,280 | 4,275 | 277,875 |
| AM Class B fn4 | 2,291 | 2,300 | 3,461,500 |
| AM Class C fn4 | 1,385 | 1,375 | 1,222,375 |
| AM Class D fn4 | 2,794 | 2,800 | 4,177,600 |
| FM Classes A, B1 & C3 fn4 | 2,744 | 2,750 | 8,613,000 |
| FM Classes B, C, C0, C1 & C2 | 3,323 | 3,325 | 10,450,475 |
| fn4 |  |  |  |
| AM Construction Permits fn1 | 590 | 590 | 17,110 |
| FM Construction Permits fn1 | 750 | 750 | 136,500 |
| Satellite TV | 1,561 | 1,550 | 196,850 |
| Digital TV Markets 1-10 | 46,447 | 46,450 | 6,224,300 |
| Digital TV Markets 11-25 | 42,858 | 42,850 | 5,870,450 |
| Digital TV Markets 26-50 | 27,402 | 27,400 | 4,959,400 |
| Digital TV Markets 51-100 | 16,150 | 16,150 | 4,570,450 |
| Digital TV Remaining Markets | 4,808 | 4,800 | 1,819,200 |
| Digital TV Construction | 4,800 | 4,800 | 9,600 |
| Permits fn1 |  |  |  |
| LPTV/Translators/Boosters/Cla | 433 | 435 | 1,583,400 |
| ss A TV |  |  |  |
| CARS Stations | 655 | 655 | 196,500 |
| Cable TV Systems, including | .94658 | .95 | 61,275,000 |
| IPTV |  |  |  |
| Direct Broadcast Satellite | .12 | .12 | 4,080,000 |
| (DBS) |  |  |  |
| Interstate Telecommunication | 0.0032929 | 0.00329 | 127,652,000 |
| Service Providers |  |  |  |
| Toll Free Numbers | 0.1208 | 0.12 | 4,380,000 |
| CMRS Mobile Services | 0.1712 | 0.17 | 58,990,000 |
| (Cellular/Public Mobile) |  |  |  |
| CMRS Messag. Services | 0.0800 | 0.080 | 208,000 |
| BRS fn2 | 629 | 630 | 560,700 |
| LMDS | 629 | 630 | 236,250 |
| Per 64 kbps Int'l Bearer | .2211 | .22 | 836,000 |
| Circuits |  |  |  |
| Terrestrial (Common) & |  |  |  |
| Satellite (Common & Non- |  |  |  |
| Common) fn5 |  |  |  |
| Submarine Cable Providers | 151,437 | 151,425 | 5,933,967 |
| (see chart in Table C) fn3 |  |  |  |
| fn5 |  |  |  |
| Earth Stations fn5 | 342 | 340 | 1,122,000 |
| Space Stations | 133,830 | 133,825 | 12,713,375 |
| (Geostationary) fn5 |  |  |  |
| Space Stations (Non- | 176,225 | 176,225 | 881,125 |
| Geostationary) fn5 |  |  |  |
| \* \* \* \* \* \* Total Estimated |  |  | 340,512,502 |
| Revenue to be Collected |  |  |  |
| \* \* \* \* \* \* Total Revenue |  |  | 339,844,000 |
| Requirement |  |  |  |
| Difference |  |  | 668,502 |

Notes on Table B.

fn1 The AM and FM Construction Permit revenues and the Digital (VHF/UHF) Construction Permit revenues were adjusted to set the regulatory fee to an amount no higher than the lowest licensed fee for that class of service. The reductions in the AM and FM Construction Permit revenues were so small that there was no need to offset them with increases in the revenue totals for AM and FM radio stations, respectively. Reductions in the Digital (VHF/UHF) Construction Permit revenues, however, were offset by increases in the revenue totals for various Digital television stations by market size, respectively.

fn2 MDS/MMDS category was renamed Broadband Radio Service (BRS). See Amendment of Parts 1, 21, 73, 74 and 101 of the Commission's Rules to Facilitate the Provision of Fixed and Mobile Broadband Access, Educational and Other Advanced Services in the 2150-2162 [*and 2500-2690 MHz Bands, Report & Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 14165, 14169, para. 6 (2004).*](https://advance.lexis.com/api/document?collection=administrative-materials&id=urn:contentItem:4D08-8960-000K-537C-00000-00&context=)

fn3 The chart at the end of Table C lists the submarine cable bearer circuit regulatory fees (common and non-common carrier basis) that resulted from the adoption of the [*Assessment and Collection of Regulatory Fees for Fiscal Year 2008, Second Report and Order, 24 FCC Rcd 4208 (2009).*](https://advance.lexis.com/api/document?collection=administrative-materials&id=urn:contentItem:4VXJ-B9X0-01KR-94WN-00000-00&context=)

fn4 The fee amounts listed in the column entitled "Rounded New FY 2015 Regulatory Fee" constitute a weighted average media regulatory fee by class of service. The actual FY 2015 regulatory fees for AM/FM radio station are listed on a grid located at the end of Table C.

fn5 As a continuation of our regulatory fee reform for the submarine cable and bearer circuit fee categories, the allocation percentage for these two categories, in relation to the satellite (GSO and NGSO) and earth station fee categories, was reduced by approximately 5 percent. This allocation reduction of 5 percent resulted in an increase in the allocation for the satellite and earth station fee categories, and a fee rate increase from FY 2014.

| **Table C--Proposed Regulatory Fees; FY 2015 Schedule of Regulatory Fees** | |
| --- | --- |
| **[Regulatory fees for the first eight categories below are collected by the** | |
| **Commission in advance to cover the term of the license and are submitted at** | |
| **the time the application is filed.]** | |
|  |  |
| **Fee category** | **Annual** |
|  | **regulatory fee** |
|  | **(U.S. ]** |
| PLMRS (per license) (Exclusive Use) | 30. |
| (47 CFR part 90) |  |
| Microwave (per license) (47 CFR part | 20. |
| 101) |  |
| Marine (Ship) (per station) (47 CFR | 15. |
| part 80) |  |
| Marine (Coast) (per license) (47 CFR | 35. |
| part 80) |  |
| Rural Radio (47 CFR part 22) | 10. |
| (previously listed under the Land |  |
| Mobile category) |  |
| PLMRS (Shared Use) (per license) (47 | 10. |
| CFR part 90) |  |
| Aviation (Aircraft) (per station) (47 | 10. |
| CFR part 87) |  |
| Aviation (Ground) (per license) (47 | 35. |
| CFR part 87) |  |
| CMRS Mobile/Cellular Services (per | .17. |
| unit) (47 CFR parts 20, 22, 24, 27, 80 |  |
| and 90) |  |
| CMRS Messaging Services (per unit) (47 | .08. |
| CFR parts 20, 22, 24 and 90) |  |
| Broadband Radio Service (formerly | 630. |
| MMDS/MDS) (per license) (47 CFR part |  |
| 27) |  |
| Local Multipoint Distribution Service | 630. |
| (per call sign) (47 CFR, part 101) |  |
| AM Radio Construction Permits | 590. |
| FM Radio Construction Permits | 750. |
| Digital TV (47 CFR part 73) VHF and |  |
| UHF Commercial: |  |
| Markets 1-10 | 46,450. |
| Markets 11-25 | 42,850. |
| Markets 26-50 | 27,400. |
| Markets 51-100 | 16,150. |
| Remaining Markets | 4,800. |
| Construction Permits | 4,800. |
| Satellite Television Stations (All | 1,550. |
| Markets) |  |
| Low Power TV, Class A TV, TV/FM | 435. |
| Translators & Boosters (47 CFR part |  |
| 74) |  |
| CARS (47 CFR part 78) | 655. |
| Cable Television Systems (per | .95. |
| subscriber) (47 CFR part 76), |  |
| Including IPTV |  |
| Direct Broadcast Service (DBS) (per | .12. |
| subscriber) (as defined by section |  |
| 602(13) of the Act) |  |
| Interstate Telecommunication Service | .00329. |
| Providers (per revenue dollar) |  |
| Toll Free (per toll free subscriber) | .12. |
| (47 CFR section 52.101 (f) of the |  |
| rules) |  |
| Earth Stations (47 CFR part 25) | 340. |
| Space Stations (per operational | 133,825. |
| station in geostationary orbit) (47 |  |
| CFR part 25) also includes DBS Service |  |
| (per operational station) (47 CFR part |  |
| 100) |  |
| Space Stations (per operational system | 176,225. |
| in non-geostationary orbit) (47 CFR |  |
| part 25) |  |
| International Bearer | .22. |
| Circuits--Terrestrial/Satellites (per |  |
| 64KB circuit) |  |
| International Bearer | See Table Below. |
| Circuits--Submarine Cable |  |

| **FY 2015 Radio Station Regulatory Fees** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| **Population** | **AM Class** | **AM Class** | **AM Class** | **AM Class** | **FM Classes** | **FM Classes** |
| **served** | **A** | **B** | **C** | **D** | **A, B1** | **B, C, C0,** |
|  |  |  |  |  | **& C3** | **C1 & C2** |
| <=25,000 | $ 775 | $ 645 | $ 590 | $ 670 | $ 750 | $ 925 |
| 25,001- | 1,550 | 1,300 | 900 | 1,000 | 1,500 | 1,625 |
| 75,000 |  |  |  |  |  |  |
| 75,001- | 2,325 | 1,625 | 1,200 | 1,675 | 2,050 | 3,000 |
| 150,000 |  |  |  |  |  |  |
| 150,001- | 3,475 | 2,750 | 1,800 | 2,025 | 3,175 | 3,925 |
| 500,000 |  |  |  |  |  |  |
| 500,001- | 5,025 | 4,225 | 3,000 | 3,375 | 5,050 | 5,775 |
| 1,200,000 |  |  |  |  |  |  |
| 1,200,001- | 7,750 | 6,500 | 4,500 | 5,400 | 8,250 | 9,250 |
| 3,000,00 |  |  |  |  |  |  |
| >3,000,000 | 9,300 | 7,800 | 5,700 | 6,750 | 10,500 | 12,025 |

**[\*37214]**

| **FY 2015 Schedule of Regulatory Fees** | |
| --- | --- |
| **[International Bearer Circuits--Submarine Cable]** | |
|  |  |
| **Submarine cable systems** | **Fee** |
| **(capacity as of December 31, 2014)** | **amount** |
| <2.5 Gbps | $ 9,475 |
| 2.5 Gbps or greater, but less than 5 Gbps | 18,925 |
| 5 Gbps or greater, but less than 10 Gbps | 37,850 |
| 10 Gbps or greater, but less than 20 Gbps | 75,725 |
| 20 Gbps or greater | 151,425 |

In order to calculate individual service fees for FY 2015, we adjusted FY 2014 payment units for each service to more accurately reflect expected FY 2015 payment liabilities. We obtained our updated estimates through a variety of means. For example, we used Commission licensee data bases, actual prior year payment records and industry and trade association projections when available. The databases we consulted include our Universal Licensing System (ULS), International Bureau Filing System (IBFS), Consolidated Database System (CDBS) and Cable Operations and Licensing System (COALS), as well as reports generated within the Commission such as the Wireless Telecommunications Bureau's *Numbering Resource Utilization Forecast.*

We sought verification for these estimates from multiple sources and, in all cases, we compared FY 2015 estimates with actual FY 2014 payment units to ensure that our revised estimates were reasonable. Where appropriate, we adjusted and/or rounded our final estimates to take into consideration the fact that certain variables that impact on the number of payment units cannot yet be estimated with sufficient accuracy. These include an unknown number of waivers and/or exemptions that may occur in FY 2015 and the fact that, in many services, the number of actual licensees or station operators fluctuates from time to time due to economic, technical, or other reasons. When we note, for example, that our estimated FY 2015 payment units are based on FY 2014 actual payment units, it does not necessarily mean that our FY 2015 projection is exactly the same number as in FY 2014. We have either rounded the FY 2015 number or adjusted it slightly to account for these variables.

| **Table D--Sources of Payment Unit Estimates for FY 2015** | |
| --- | --- |
|  |  |
| **Fee category** | **Sources of payment unit estimates** |
| Land Mobile (All), | Based on Wireless Telecommunications Bureau (WTB) |
| Microwave, Marine (Ship | projections of new applications and renewals |
| & Coast), Aviation | taking into consideration existing Commission |
| (Aircraft & Ground), | licensee data bases. Aviation (Aircraft) and |
| Domestic Public Fixed | Marine (Ship) estimates have been adjusted to take |
|  | into consideration the licensing of portions of |
|  | these services on a voluntary basis. |
| CMRS Cellular/Mobile | Based on WTB projection reports, and FY 14 payment |
| Services | data. |
| CMRS Messaging Services | Based on WTB reports, and FY 14 payment data. |
| AM/FM Radio Stations | Based on CDBS data, adjusted for exemptions, and |
|  | actual FY 2014 payment units. |
| Digital TV Stations | Based on CDBS data, adjusted for exemptions, and |
| (Combined VHF/UHF units) | actual FY 2014 payment units. |
| AM/FM/TV Construction | Based on CDBS data, adjusted for exemptions, and |
| Permits | actual FY 2014 payment units. |
| LPTV, Translators and | Based on CDBS data, adjusted for exemptions, and |
| Boosters, Class A | actual FY 2014 payment units. |
| Television |  |
| BRS (formerly MDS/MMDS) | Based on WTB reports and actual FY 2014 payment |
| LMDS | units. |
|  | Based on WTB reports and actual FY 2014 payment |
|  | units. |

**Initial Regulatory Flexibility Analysis**

1. As required by the Regulatory Flexibility Act (RFA), n54 the Commission prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in the Notice of Proposed Rulemaking (*NPRM*). Written comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadline for comments on this *NPRM.* The Commission will send a copy of the *NPRM,* including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA). n55 In addition, the **Federal Register** . n56

n54 *5 U.S.C. 603*. The RFA, *5 U.S.C. 601*-612 has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), *Pub. L. 104-121*, Title II, *110 Stat. 847* (1996).

n55 *5 U.S.C. 603(a)*.

n56 *Id.*

*A. Need for, and Objectives of, the NPRM*

2. The *NPRM* seeks comment regarding the Commission's proposed amendment of its schedule of regulatory fees in the amount of $ 339,844,000, the amount that Congress has required the Commission to recover. The Commission seeks to collect the necessary amount through its proposed schedule of regulatory fees in a manner that will not administratively burden the public. The Commission also seeks comment on a request by the Puerto Rico Broadcasters Association to provide regulatory fee relief to radio stations in Puerto Rico; revising the apportionment between International Bureau licensees to reduce the regulatory fees for the submarine cable/bearer circuit category; revising the apportionment of regulatory fees among radio and television broadcasters; raising the earth station regulatory fees and lowering the regulatory fees for space stations; and other proposals for regulatory fee reform.

*B. Legal Basis*

3. This action, including publication of proposed rules, is authorized under Sections (4)(i) and (j), 9, and 303(r) of **[\*37215]** the Communications Act of 1934, as amended. n57

n57 [*47 U.S.C. 154(i)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GRD1-NRF4-42HS-00000-00&context=) and (j), 159, and 303(r).

*C. Description and Estimate of the Number of Small Entities to Which the 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 and policies, if adopted. n58 The RFA generally defines the term "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction." n59 In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act. n60 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. n61

n58 *5 U.S.C. 603(b)(3)*.

n59 *5 U.S.C. 601(6)*.

n60 *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*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GTT1-NRF4-4010-00000-00&context=)). 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** ."

n61 [*15 U.S.C. 632*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GTT1-NRF4-4010-00000-00&context=).

5. Small Entities. Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe here, at the outset, three comprehensive small entity size standards that could be directly affected by the proposals under consideration. n62 As of 2009, small businesses represented 99.9 percent of the 27.5 million businesses in the United States, according to the SBA. n63 In addition, a "small organization is generally any not-for-profit enterprise which is independently owned and operated and not dominant in its field. n64 Nationwide, as of 2007, there were approximately 1,621,215 small organizations. n65 Finally the term "small governmental jurisdiction" is defined generally as "governments of cities, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand. n66 Census Bureau data for 2011 indicate that there were 90,056 local governmental jurisdictions in the United States. n67 We estimate that, of this total, as many as 89,327 entities may qualify as "small governmental jurisdictions." n68 Thus, we estimate that most local government jurisdictions are small.

n62 *See* *5 U.S.C. 601(3)*-(6).

n63 *See* SBA, Office of Advocacy, "Frequently Asked Questions", available at [*http://www.sba.gov/faqs/faqindex.cfm?arealD=24*](http://www.sba.gov/faqs/faqindex.cfm?arealD=24)*.*

n64 *5 U.S.C. 601(4)*.

n65 *See* Independent Sector, The New Nonprofit Almanac and Desk Reference (2010).

n66 *5 U.S.C. 601(5)*.

n67 *See* SBA, Office of Advocacy, "Frequently Asked Questions," available at *http.*[*www.sba.gov/sites/default/files.FAQ*](http://www.sba.gov/sites/default/files.FAQ) March 201\_Opdf.

n68 The 2011 Census Data for small governmental organizations are not presented based on the size of the population in each organization. As stated above, there were 90,056 local governmental organizations in 2011. As a basis for estimating how many of these 90,056 local organizations were small, we note that there were a total of 729 cities and towns (incorporated places and civil divisions) with populations over 50,000. *See* [*http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk*](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk)*.* If we subtract the 729 cities and towns that exceed the 50,000 population threshold, we conclude that approximately 789, 237 are small.

6. Wired Telecommunications Carriers. The U.S. Census Bureau defines this industry as "establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry." n69 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. n70 Census data for 2007 shows that there were 3,188 firms that operated that year. Of this total, 3,144 operated with fewer than 1,000 employees. n71 Thus, under this size standard, the majority of firms in this industry can be considered small.

n69 *See* [*http://www.census.gov/cgi-bin/sssd/naics/naicsrch*](http://www.census.gov/cgi-bin/sssd/naics/naicsrch)*.*

n70 See [*13 CFR 120.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SWK-7H50-008G-Y1TD-00000-00&context=), NAICS Code 517110.

n71 [*http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\_2007\_US\_51SSSZ5&prodType=table*](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2007_US_51SSSZ5&prodType=table)*.*

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 NAICS Code category is for Wired Telecommunications Carriers as defined in paragraph 6 of this IRFA. Under that size standard, such a business is small if it has 1,500 or fewer employees. n72 According to Commission data, census data for 2007 shows that there were 3,188 establishments that operated that year. Of this total, 3,144 operated with fewer than 1,000 employees. n73 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 *Notice of Proposed Rulemaking.*

n72 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517110.

n73 *See id.*

8. Incumbent LECs. Neither the Commission nor the SBA has developed a small business size standard specifically for incumbent local exchange services. The closest applicable NAICS Code category is Wired Telecommunications Carriers, as defined in paragraph 6 of this IRFA. Under that size standard, such a business is small if it has 1,500 or fewer employees. n74 According to Commission data, 3,188 firms operated in that year. 1,307 carriers reported that they were incumbent local exchange service providers. n75 Of this total, 3,144 operated with fewer than 1,000 employees. n76 Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses that may be affected by the rules and policies proposed in the *NPRM.* Three hundred and seven (307) Incumbent Local Exchange Carriers reported that they were incumbent local exchange service providers. n77 Of this total, an estimated 1,006 have 1,500 or fewer employees. n78

n74 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517110.

n75 *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*).

n76 *See id.*

n77 *See id.*

n78 *Id.*

9. ***Competitive*** Local Exchange Carriers (***Competitive*** LECs), ***Competitive*** Access Providers (CAPs), Shared-Tenant Service Providers, and Other Local Service Providers. Neither the Commission nor the SBA has developed a small business size standard specifically for these service providers. The appropriate NAICS Code category is Wired Telecommunications Carriers, as defined in paragraph 6 of this IRFA. Under that size standard, such a business is small if it has 1,500 or fewer employees. n79 U.S. Census data for 2007 indicate that 3,188 firms **[\*37216]** operated during that year. Of that number, 3,144 operated with fewer than 1,000 employees. n80 Based on this data, the Commission concludes that the majority of ***Competitive*** LECs, CAPs, Shared-Tenant Service Providers, and Other Local Service Providers are small entities. According to Commission data, 1,442 carriers reported that they were engaged in the provision of either ***competitive*** local exchange services or ***competitive*** access provider services. n81 Of these 1,442 carriers, an estimated 1,256 have 1,500 or fewer employees. In addition, 17 carriers have reported that they are Shared-Tenant Service Providers, and all 17 are estimated to have 1,500 or fewer employees. n82 In addition, 72 carriers have reported that they are Other Local Service Providers. n83 Of this total, 70 have 1,500 or fewer employees. n84 Consequently, the Commission estimates that most providers of ***competitive*** local exchange service, ***competitive*** access providers, Shared-Tenant Service Providers, and Other Local Service Providers are small entities that may be affected by rules adopted pursuant to the proposals in this *NPRM.*

n79 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517110.

n80 [*http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\_2007\_US\_51SSSZ5&prodType=%20table*](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2007_US_51SSSZ5&prodType=%20table)*.*

n81 *See Trends in Telephone Service,* at tbl. 5.3.

n82 *Id.*

n83 *Id.*

n84 *Id.*

10. Interexchange Carriers (IXCs). Neither the Commission nor the SBA has developed a definition for Interexchange Carriers. The closest NAICS Code category is Wired Telecommunications Carriers as defined in paragraph 6 of this IRFA. The applicable size standard under SBA rules is that such a business is small if it has 1,500 or fewer employees. n85 According to Commission data, 359 companies reported that their primary telecommunications service activity was the provision of interexchange services. n86 Of this total, an estimated 317 have 1,500 or fewer employees and 42 have more than 1,500 employees. n87 Consequently, the Commission estimates that the majority of interexchange service providers are small entities that may be affected by rules adopted pursuant to the *Notice of Proposed Rulemaking.*

n85 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517110.

n86 *See Trends in Telephone Service,* at tbl. 5.3.

n87 *Id.*

11. Prepaid Calling Card Providers. Neither the Commission nor the SBA has developed a small business size standard specifically for prepaid calling card providers. The appropriate NAICS Code category for prepaid calling card providers is Telecommunications Resellers. This industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Mobile virtual networks operators (MVNOs) are included in this industry. n88 Under the applicable SBA size standard, such a business is small if it has 1,500 or fewer employees. n89 U.S. Census data for 2007 show that 1,523 firms provided resale services during that year. Of that number, 1,522 operated with fewer than 1,000 employees. n90 Thus, under this category and the associated small business size standard, the majority of these prepaid calling card providers can be considered small entities. According to Commission data, 193 carriers have reported that they are engaged in the provision of prepaid calling cards. n91 All 193 carriers have 1,500 or fewer employees. n92 Consequently, the Commission estimates that the majority of prepaid calling card providers are small entities that may be affected by rules adopted pursuant to the *NPRM.*

n88 [*http://www.census.gov/cgi-bin/ssd/naics/naicsrch*](http://www.census.gov/cgi-bin/ssd/naics/naicsrch)*.*

n89 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517911.

n90 [*http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\_2007\_US\_51SSSZ5&prodType=table*](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2007_US_51SSSZ5&prodType=table)*.*

n91 *See Trends in Telephone Service,* at tbl. 5.3.

n92 *Id.*

12. Local Resellers. The SBA has developed a small business size standard for the category of Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees. n93 Census data for 2007 show that 1,523 firms provided resale services during that year. Of that number, 1,522 operated with fewer than 1,000 employees. n94 Under this category and the associated small business size standard, the majority of these local resellers can be considered small entities. According to Commission data, 213 carriers have reported that they are engaged in the provision of local resale services. n95 Of this total, an estimated 211 have 1,500 or fewer employees. n96 Consequently, the Commission estimates that the majority of local resellers are small entities that may be affected by rules adopted pursuant to the proposals in this *NPRM.*

n93 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517911.

n94 *Id.*

n95 *See Trends in Telephone Service,* at tbl. 5.3.

n96 *Id.*

13. Toll Resellers. The Commission has not developed a definition for Toll Resellers. The closest NAICS Code Category is Telecommunications Resellers, and the SBA has developed a small business size standard for the category of Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees. n97 Census data for 2007 show that 1,523 firms provided resale services during that year. Of that number, 1,522 operated with fewer than 1,000 employees. n98 Thus, under this category and the associated small business size standard, the majority of these resellers can be considered small entities. According to Commission data, 881 carriers have reported that they are engaged in the provision of toll resale services. n99 Of this total, an estimated 857 have 1,500 or fewer employees. n100 Consequently, the Commission estimates that the majority of toll resellers are small entities that may be affected by our proposals in the *NPRM.*

n97 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517911.

n98 *Id.*

n99 *Trends in Telephone Service,* at tbl. 5.3.

n100 *Id.*

14. Other Toll Carriers. Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to Other Toll Carriers. This category includes toll carriers that do not fall within the categories of interexchange carriers, operator service providers, prepaid calling card providers, satellite service carriers, or toll resellers. The closest applicable NAICS Code category is for Wired Telecommunications Carriers, as defined in paragraph 6 of this IRFA. Under that size standard, such a business is small if it has 1,500 or fewer employees. n101 Census data for 2007 shows that there were 3,188 firms that operated that year. Of this total, 3,144 operated with fewer than 1,000 employees. n102 Thus, under this category and the associated small business size standard, the majority of Other Toll Carriers can be considered small. According to Commission data, 284 companies reported that their primary telecommunications service activity was the provision of other toll carriage. n103 Of these, an estimated 279 have 1,500 or fewer employees. n104 Consequently, the Commission estimates that most Other Toll Carriers are small entities that may be affected by the rules and policies adopted pursuant to the *NPRM.*

n101 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517110.

n102 *Id.*

n103 *Trends in Telephone Service,* at tbl. 5.3.

n104 *Id.* **[\*37217]**

15. Wireless Telecommunications Carriers (except Satellite). This industry comprises establishments engaged in operating and maintaining switching and transmission facilities to provide communications via the airwaves, such as cellular services, paging services, wireless internet access, and wireless video services. n105 The appropriate size standard under SBA rules is that such a business is small if it has 1,500 or fewer employees. For this industry, Census Data for 2007 show that there were 1,383 firms that operated for the entire year. Of this total, 1,368 firms had fewer than 1,000 employees. Thus under this category and the associated size standard, the Commission estimates that the majority of wireless telecommunications carriers (except satellite) are small entities. Similarly, according to internally developed Commission data, 413 carriers reported that they were engaged in the provision of wireless telephony, including cellular service, Personal Communications Service (PCS), and Specialized Mobile Radio (SMR) services. n106 Of this total, an estimated 261 have 1,500 or fewer employees. n107 Consequently, the Commission estimates that approximately half of these firms can be considered small. Thus, using available data, we estimate that the majority of wireless firms can be considered small.

n105 NAICS Code 517210. *See* [*http://www.census.gov/cgi-bin/ssd/naics/naiscsrch*](http://www.census.gov/cgi-bin/ssd/naics/naiscsrch)*.*

n106 *Trends in Telephone Service,* at tbl. 5.3.

n107 *Id.*

16. Cable Television and other Subscription Programming. n108 Since 2007, these services have been defined within the broad economic census category of Wired Telecommunications Carriers. That category is defined as follows: "This industry comprises establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired telecommunications networks. Transmission facilities may be based on a single technology or a combination of technologies." n109 The SBA has developed a small business size standard for this category, which is: All such firms having 1,500 or fewer employees. n110 Census data for 2007 shows that there were 3,188 firms that operated that year. Of this total, 3,144 had fewer than 1,000 employees. n111 Thus under this size standard, the majority of firms offering cable and other program distribution services can be considered small and may be affected by rules adopted pursuant to the *NPRM.*

n108 In 2014, "Cable and Other Subscription Programming," NAICS Code 515210, replaced a prior category, now obsolete, which was called "Cable and Other Program Distribution." Cable and Other Program Distribution, prior to 2014, were placed under NAICS Code 517110, Wired Telecommunications Carriers. Wired Telecommunications Carriers is still a current and valid NAICS Code Category. Because of the similarity between "Cable and Other Subscription Programming" and "Cable and other Program Distribution," we will, in this proceeding, continue to use Wired Telecommunications Carrier data based on the U.S. Census. The alternative of using data gathered under Cable and Other Subscription Programming (NAICS Code 515210) is unavailable to us for two reasons. First, the size standard established by the SBA for Cable and Other Subscription Programming is annual receipts of $ 38.5 million or less. Thus to use the annual receipts size standard would require the Commission either to switch from existing employee based size standard of 1,500 employees or less for Wired Telecommunications Carriers, or else would require the use of two size standards. No official approval of either option has been granted by the Commission as of the time of the release of this Regulatory Fees NPRM and its associated Report and Order and Order. Second, the data available under the size standard of $ 38.5 million dollars or less is not applicable at this time, because the only currently available U.S. Census data for annual receipts of all businesses operating in the NAICS Code category of 515210 (Cable and other Subscription Programming) consists only of total receipts for all businesses operating in this category in 2007 and of total annual receipts for all businesses operating in this category in 2012. Hence the data do not provide any basis for determining, for either year, how many businesses were small because they had annual receipts of $ 38.5 million or less. *See* [*http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\_2012\_US\_51I2&prodType=table*](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2012_US_51I2&prodType=table)*.*

n109 U.S. Census Bureau, 2007 NAICS Definitions, "517110 Wired Telecommunications Carriers" (partial definition), (Full definition stated in paragraph 6 of this IRFA) available at [*http://www.census.gov/cgi-bin/sssd/naics/naicsrch*](http://www.census.gov/cgi-bin/sssd/naics/naicsrch)*.*

n110 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=), NAICS code 517110.

n111 [*http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\_2007\_US-51SSSZ5&prodType=Table*](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2007_US-51SSSZ5&prodType=Table)*.*

17. Cable Companies and Systems. The Commission has developed its own small business size standards, for the purpose of cable rate ***regulation***. Under the Commission's rules, a "small cable company" is one serving 400,000 or fewer subscribers, nationwide. n112 Industry data indicate that at the end of June 2012, of 1,141 cable companies were in operation; of this total, all but ten cable operators are small under this size standard. n113 In addition, under the Commission's rules, a "small system" is a cable system serving 15,000 or fewer subscribers. n114 Industry data indicate that of 4,945 systems nationwide, 4,380 systems have fewer than 20,000 subscribers. n115 Thus, under this second size standard, most cable systems are small and may be affected by rules adopted pursuant to the *NPRM.*

n112 *See* [*47 CFR 76.901(e)*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5S99-1SX0-008H-01V5-00000-00&context=). The Commission determined that this size standard equates approximately to a size standard of $ 100 million or less in annual revenues. *See Implementation of Sections of the 1992 Cable Television Consumer Protection and* ***Competition*** *Act:* [*Rate* ***Regulation****, MM Docket Nos. 92-266, 93-215, Sixth Report and Order and Eleventh Order on Reconsideration, 10 FCC Rcd 7393, 7408, para. 28 (1995).*](https://advance.lexis.com/api/document?collection=administrative-materials&id=urn:contentItem:3T1N-RX50-000K-53RH-00000-00&context=)

n113 These data are derived from R.R. BOWKER, BROADCASTING & CABLE YEARBOOK 2006, "Top 25 Cable/Satellite Operators," pages A-8 & C-2 (data current as of June 30, 2005); WARREN COMMUNICATIONS NEWS, TELEVISION & CABLE FACTBOOK 2006, "Ownership of Cable Systems in the United States," pages D-1805 to D-1857.

n114 *See* [*47 CFR 76.901(c)*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5S99-1SX0-008H-01V5-00000-00&context=).

n115 WARREN COMMUNICATIONS NEWS, TELEVISION & CABLE FACTBOOK 2006, "U.S. Cable Systems by Subscriber Size," page F-2 (data current as of Oct. 2007). The data do not include 851 systems for which classifying data were not available.

18. All Other Telecommunications. "All Other Telecommunications" is defined as follows: This U.S. industry is comprised of establishments that are primarily engaged in providing specialized telecommunications services, such as satellite tracking, communications telemetry, and radar station operation. This industry also includes establishments primarily engaged in providing satellite terminal stations and associated facilities connected with one or more terrestrial systems and capable of transmitting telecommunications to, and receiving telecommunications from, satellite systems. Establishments providing Internet services or voice over Internet protocol (VoIP) services via client-supplied telecommunications connections are also included in this industry. n116 The SBA has developed a small business size standard for "All Other Telecommunications," which consists of all such firms with gross annual receipts of $ 32.5 million or less. n117 For this category, census data for 2007 show that there were 2,383 firms that operated for the entire year. Of these firms, a total of 2,346 had gross annual receipts of less than $ 25 million. n118 Thus, a majority of "All Other Telecommunications" firms potentially affected by the proposals in the *NPRM* can be considered small.

n116 [*http://www.census.gov/cgi-bin/ssssd/naics/naicsrch*](http://www.census.gov/cgi-bin/ssssd/naics/naicsrch)*.*

n117 [*13 CFR 121.201*](https://advance.lexis.com/api/document?collection=administrative-codes&id=urn:contentItem:5SH4-RJN0-008G-Y195-00000-00&context=); NAICs Code 517919.

n118 [*http://factfinder.census.gov/faces/tableservices.jasf/pages/productview.xhtml?pid+ECN\_2007\_US.51SSSZ4&prodType=table*](http://factfinder.census.gov/faces/tableservices.jasf/pages/productview.xhtml?pid+ECN_2007_US.51SSSZ4&prodType=table)*.*

*D. Description of Projected Reporting, Recordkeeping and Other Compliance Requirements*

19. This *NPRM* does not propose any changes to the Commission's current information collection, reporting, recordkeeping, or compliance requirements. **[\*37218]**

*E. Steps Taken To Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered*

20. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its 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 or reporting requirements under the rule for 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 small entities. n119

n119 *5 U.S.C. 603(c)(1)*-(c)(4).

21. This *NPRM* seeks comment on the Commission's regulatory fee collection for Fiscal Year 2015. Our regulatory fee rules now have a significantly higher *de minimis* threshold ($ 500) than in previous years ($ 10), which takes into account the differing needs of smaller entities. With the increase in the *de minimis* threshold, entities that have total annual fees below the threshold will not have to submit payment, which reduces the administrative burden on small entities, as well as on the Commission. The threshold was raised to $ 500 to reduce the financial and administrative burden on small entities, as well as the burden that the previous $ 10 threshold placed on the Commission to process payments, and when applicable, to pursue non-payers whose total regulatory fee obligation exceeded $ 10. In the future, the Commission may increase the *de minimis* threshold to a higher level. In addition, the Commission is also seeking comment on additional regulatory fee relief for the radio stations in Puerto Rico.

*F. Federal Rules That May Duplicate, Overlap, or Conflict With the Proposed Rules*

22. None.

**VII. Ordering Clauses**

23. Accordingly, IT IS ORDERED that, pursuant to sections 4(i) and (j), 9, and 303(r) of the Communications Act of 1934, as amended, [*47 U.S.C. 154(i)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GRD1-NRF4-42HS-00000-00&context=), [*154(j)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GRD1-NRF4-42HS-00000-00&context=), [*159*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GMX1-NRF4-442N-00000-00&context=), and [*303(r)*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:4YF7-GVC1-NRF4-40XS-00000-00&context=), this Report and Order, Notice of Proposed Rulemaking, and Order IS HEREBY ADOPTED.

24. IT IS FURTHER ORDERED that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this *Notice of Proposed Rulemaking,* including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the U.S. Small Business Administration.

Federal Communications Commission.

**Gloria J. Miles,**

*Federal Register Liaison Officer.*

[FR Doc. 2015-15971 Filed 6-29-15; 8:45 am]

BILLING CODE 6712-01-P

**Dates**

**DATES:** Submit comments on or before June 22, 2015, and reply comments on or before July 6, 2015.

**Contacts**

**ADDRESSES:** You may submit comments, identified by MD Docket No. 15-121, by any of the following methods:

* Federal eRulemaking Portal: [*http://www.****regulations****.gov*](http://www.regulations.gov)*.* Follow the instructions for submitting comments.

1. Federal Communications Commission's Web site: [*http://www.fcc.gov/cgb/ecfs*](http://www.fcc.gov/cgb/ecfs)*.* Follow the instructions for submitting comments.
2. *People with Disabilities:* Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by email: [*FCC504@fcc.gov*](mailto:FCC504@fcc.gov) or phone: 202-418-0530 or TTY: 202-418-0432.
3. *E-mail:* [*ecfs@fcc.gov*](mailto:ecfs@fcc.gov)*.* Include MD Docket No. 15-121 in the subject line of the message.
4. *Mail:* 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 should be addressed to 445 12th Street SW., Washington DC 20554.

For detailed instructions for submitting comments and additional information on the rulemaking process, see the **SUPPLEMENTARY INFORMATION** section of this document.

**FOR FURTHER INFORMATION CONTACT:** Roland Helvajian, Office of Managing Director at (202) 418-0444.

FEDERAL REGISTER

**End of Document**