Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Maximizing Efficiencies in Universal Service Administration	)	WC Docket No. 26-173
	)	

REPLY COMMENTS OF COMPETITIVE CARRIERS ASSOCIATION

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REPLY COMMENTS OF COMPETITIVE CARRIERS ASSOCIATION

Competitive Carriers Association ("CCA")[1] respectfully submits these reply comments in response to the Federal Communications Commission's ("Commission" or "FCC") Notice of Proposed Rulemaking ("NPRM") seeking comment on reforms to the processes, oversight, and structure of the Universal Service Administrative Company ("USAC").[2]

INTRODUCTION AND SUMMARY

CCA supports the Commission's efforts to improve USAC's efficiency, transparency, and accountability. However, reforms must not impose additional burdens on participating providers, undermine procedural protections, or deprive USAC of the resources necessary to carry out its responsibilities. CCA agrees with commenters in the record who maintain that meaningful improvements should focus on addressing administrative delays, increasing transparency, ensuring consistent audit procedures, and reducing unnecessary compliance costs. These improvements are particularly important for smaller providers with limited personnel and

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[1] CCA is the nation's leading association for competitive providers and stakeholders across the United States. Members range from small, rural carriers serving fewer than 5,000 customers, to regional and nationwide providers serving millions of customers, as well as vendors and suppliers that provide products and services throughout the communications ecosystem.

[2] *Maximizing Efficiencies in Universal Service Administration*, Notice of Proposed Rulemaking, WC Docket No. 26-173, FCC 26-52 (rel. Aug. 7, 2026) ("NPRM")

financial resources. Accordingly, CCA urges the Commission to establish meaningful deadlines for USAC actions, improve the consistency and proportionality of audit procedures, avoid indiscriminate extrapolation of recovery amounts, and retain meaningful industry representation and operational expertise in USAC governance.

I. THE COMMISSION SHOULD ESTABLISH MEANINGFUL USAC DEADLINES AND IMPROVE TRANSPARENCY

A. Enforceable Deadlines for USAC Decisions, Audits, and Appeals Would Improve Accountability and Predictability

The Commission seeks comment on whether to establish shot clocks for specific USAC processes, including what consequences should follow if USAC fails to meet an established deadline and under what circumstances such deadlines should be paused.[3] CCA supports establishing meaningful deadlines for USAC's administrative activities, particularly audits, funding determinations, and appeals. The record demonstrates that USAC's audit processes can be lengthy and unpredictable. WTA describes audits continuing for years despite comparatively short deadlines imposed on providers.[4] NTCA similarly reports prolonged periods without communication from USAC, followed by additional information requiring responses within only a few business days.[5] CCA members have encountered similar challenges, including audits remaining unsolved for weeks or months between successive requests, with little indication of whether previously submitted information was sufficient.

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[3] *Id.* ¶¶ 18-22.

[4] Comments of WTA—Advocates for Rural Broadband, WC Docket No. 26-173, at 3-4 ("WTA Comments").

[5] Comments of NTCA—The Rural Broadband Association, WC Docket No. 26-173, at 9-11 ("NTCA Comments")

The Commission should establish enforceable deadlines governing the stages of USAC's audit and review processes, including initial review, supplemental information requests, preliminary findings, consideration of provider responses, and final determinations. Stage-specific deadlines would encourage timely reviews and help identify sources of delay. USAC should not circumvent deadlines through successive or duplicative information requests. Any tolling should be limited to the time reasonably necessary to obtain and evaluate additional information. The Commission should also establish meaningful consequences for missed deadlines. As CTIA explains, unresolved audits can create continuing uncertainty regarding potential liability, with consequences for financing and other business activities.[6]

Accordingly, CCA urges the Commission to establish enforceable, stage-specific timelines, with reasonable opportunities for extensions where necessary to resolve legitimate disputes or obtain additional information. Such measures would promote accountability and provide greater certainty to USF participants without compromising the accuracy or integrity of administrative determinations.

B. Any Provider Response Deadlines Should Be Reasonable and Proportionate

In considering potential shot clocks, the Commission also seeks comment on circumstances that may warrant pausing applicable deadlines, including delays associated with obtaining necessary information.[7] CCA urges the Commission to ensure that any response deadlines applicable to providers are reasonable, proportionate to the scope of the request, and subject to appropriate extensions. USF participants already have substantial incentives to resolve administrative matters expeditiously. However, existing response periods can be unreasonably

[6] Comments of CTIA, WC Docket No. 26-173, at 5 ("CTIA Comments").

[7] NPRM ¶ 20.

short. WTA describes extensive information requests requiring responses within two business days, including requests involving historical records and numerous individual expenses.[8] NTCA similarly recommends minimum response periods for initial and supplemental requests.[9]

Although reasonable deadlines may help prevent unnecessary delays in responding to information requests, they should not impose unreasonable burdens on providers or permit USAC to shift responsibility for administrative delays. CCA emphasizes CTIA's assertion that deadlines applicable to USAC should not result in shorter response periods for USF participants.[10] CCA therefore urges the Commission to adopt a balanced approach that encourages timely responses while providing flexibility for complex or extensive requests. Such an approach would promote efficient resolution of administrative matters without unnecessarily burdening providers.

C. Greater Transparency Throughout USAC Proceedings Would Improve Administrative Efficiency

The Commission seeks comment on requiring USAC to publish additional information regarding its operations, including appeal decisions, performance metrics, and the timeliness of administrative actions.[11] CCA supports efforts to improve transparency throughout USAC's administrative processes, particularly during audits and reviews.

Providers should receive timely status updates regarding pending matters, including whether additional information is necessary and when a determination can reasonably be expected. Transparency should extend throughout the review process rather than being limited to

[8] WTA Comments at 3-4.

[9] NTCA Comments at i, 9-10.

[10] CTIA Comments at 3-4.

[11] NPRM ¶¶ 12-15, 18.

the issuance of findings. The Commission should also consider publishing appropriately redacted appeal decisions to promote consistency and provide stakeholders with greater insight into the standards being applied. However, disclosure must protect confidential and competitively sensitive information, including through anonymization where necessary.

As CTIA and WISPA explain, greater transparency regarding USAC's performance and administrative processes would improve accountability and predictability.[12] CCA therefore urges the Commission to require meaningful status updates and appropriate disclosure of administrative decisions, while ensuring that confidentiality protections are maintained.

II. THE COMMISSION SHOULD REFORM AUDIT AND RECOVERY PROCEDURES TO REDUCE UNNECESSARY BURDENS ON PROVIDERS

A. The Commission Should Reduce Disproportionate Audit Burdens on Small and Rural Providers While Preserving Appropriate Oversight

In the NPRM, the Commission proposes exempting certain smaller USF recipients from random audits based on the amount of support received and seeks comment on the appropriate threshold for such an exemption.[13] While random audits serve a legitimate purpose, CCA supports measures that would reduce disproportionate audit burdens on smaller providers while preserving appropriate oversight of USF disbursements. As the record demonstrates, audit costs can be particularly burdensome for smaller providers. WTA describes a provider incurring approximately $150,000 in outside consultant expenses in connection with an audit reviewing approximately $350,000 in USF payments.[14] NRECA similarly identifies a cooperative that incurred at least $29,000 in staff costs responding to an audit involving approximately $21,000 in

[12] CTIA Comments at 3-5; Comments of WISPA—The Association for Broadband Without Boundaries, WC Docket No. 26-173, at 3-4 ("WISPA Comments")

[13] NPRM ¶ 26.

[14] WTA Comments at 2-3.

Lifeline reimbursements.[15] These examples demonstrate that audit expenses can consume a substantial portion of the support under review, diverting resources from the provision of communications services.

If the Commission declines to adopt an exemption for smaller recipients, CCA encourages it to consider alternative measures to reduce unnecessary audit burdens. For example, the Commission could establish a separate random-audit selection pool for smaller providers with a lower selection rate, thereby reducing the likelihood of selection without eliminating oversight. The Commission could also consider excluding providers that have recently successfully completed a random audit from selection for another random audit of the same program for a three- to five-year period during which such providers would not ordinarily be selected for another random audit of the same program, while preserving risk-based and for-cause reviews.

B. The Commission Should Not Authorize Broad Use of Extrapolated Recovery Calculations without Accounting for Program-Specific Differences

The Commission proposes modifying section 54.707 of its rules to codify USAC's ability to calculate recovery amounts by extrapolating from statistically representative samples of an auditee's disbursements, and further seeks comment on whether extrapolation should be applied across all USF programs and what safeguards should govern its use.[16] CCA urges the Commission not to adopt a uniform rule authorizing extrapolated recovery calculations across all USF programs. Although extrapolation may improve efficiency in some circumstances, its

[15] Comments of the National Rural Electric Cooperative Association, WC Docket No. 26-173, at 4.

[16] NPRM ¶¶ 28-32.

appropriateness depends on program structure, available information, and the nature of the compliance determination.

As CTIA explains, extrapolation may be appropriate for High-Cost deployment reviews involving large numbers of individual locations, where representative sampling can substantially reduce verification burdens.[17] Lifeline, however, presents materially different circumstances. For Lifeline eligibility determinations, USAC maintains subscriber-level information through the National Verifier and reimbursement information through the Lifeline Claims System. Providers can also supply relevant usage information. These records may permit direct compliance assessments without relying on extrapolation. Extrapolation in Lifeline audits may therefore provide fewer efficiency benefits while creating substantial recovery obligations based on estimated violations where more direct methods are available. CTIA similarly recommends limiting extrapolated recoveries to circumstances where sampling is reasonably likely to assess noncompliance accurately and materially reduce audit burdens, and further explains that statistical methods used to estimate program-wide improper payment rates should not automatically determine individual recovery obligations.[18]

CCA agrees. The Commission should distinguish between statistical methods used for program-integrity measurement and those establishing a provider's repayment obligations. At a minimum, extrapolation should require reliable methodologies, access to underlying data, and meaningful opportunities to challenge sample representativeness and recovery calculations. Because the suitability of extrapolation varies among USF programs, the Commission should not adopt a uniform approach. CCA urges the Commission to decline to extend extrapolated

[17] CTIA Comments at 9-10.

[18] *Id.* at 10-14.

recovery calculations broadly to Lifeline absent evidence demonstrating that such an approach would be more accurate and less burdensome than direct review.

C. The Commission Should Reject Expansion of the Pay-and-Dispute Recovery Approach

The Commission proposes extending a pay-and-dispute approach to all USF programs, under which recipients could be required to repay disputed support following a Bureau- or Commission-level decision, notwithstanding the availability of further review.[19] CCA opposes this proposal because requiring repayment before the completion of available review could impose significant financial burdens on providers, particularly smaller carriers, and raise due process concerns. Recovery determinations may involve disputed facts or interpretations of Commission rules that are subsequently modified or reversed, leaving providers to bear the financial consequences of potentially erroneous decisions. CTIA explains that the existing recovery framework appropriately allows for resolution of appeals before repayment and that the record does not demonstrate systematic abuse of the appeals process to delay recovery.[20] NTCA similarly opposes expanded pay-and-dispute requirements,[21] while SHLB and ALA note that administrative delays are substantially within the Commission's control and that adverse decisions have subsequently been reconsidered or reversed.[22]

Rather than shifting the financial consequences of unresolved disputes onto providers, the Commission should focus on improving the timeliness of administrative review. CCA therefore

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[19] NPRM ¶¶ 33–35.

[20] CTIA Comments at 13-14.

[21] NTCA Comments at 16–17.

[22] Comments of the Schools, Health & Libraries Broadband Coalition and American Library Association, WC Docket No. 26-173, at 29-31.

urges the Commission to reject the proposed expansion and preserve recovery procedures that appropriately balance program integrity with procedural fairness.

III. THE COMMISSION SHOULD AVOID ARBITRARY ADMINISTRATIVE BUDGET CAPS AND PRIORITIZE EFFECTIVE OVERSIGHT

The Commission seeks comment on establishing an overall cap on USAC's administrative budget, as well as limits on specific categories of expenditures, including information technology, outreach, contractors, and audits.[23] CCA cautions against imposing inflexible caps that could undermine USAC's ability to fulfill its responsibilities and implement the efficiency improvements contemplated in the NPRM. As CTIA explains, the Commission already exercises substantial oversight through its budget review and approval process, and arbitrary spending caps could impair USAC's operations.[24]

CCA members have experienced delays in obtaining responses to inquiries and resolving administrative matters, raising concerns that additional resource constraints could further diminish USAC's responsiveness. Rather than imposing arbitrary caps, the Commission should establish clear performance goals, ensure USAC has adequate resources to meet those goals, and consider whether resources devoted to repetitive or unnecessarily burdensome audits could be better allocated to administrative functions. The Commission should also ensure that its own staff has sufficient resources to oversee USAC expenditures and provide necessary policy guidance.

CCA therefore urges the Commission to prioritize performance-based oversight and responsible resource allocation rather than inflexible budget caps that could exacerbate existing administrative inefficiencies.

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[23] NPRM ¶¶ 39-41.

[24] CTIA Comments at 15-16.

IV. REFORMS TO USAC'S STRUCTURE AND GOVERNANCE SHOULD PRESERVE CONTINUITY, INDUSTRY REPRESENTATION, AND RELEVANT EXPERTISE

The Commission seeks comment on whether USAC should continue serving as the permanent administrator of the USF and whether certain administrative functions could be performed more efficiently by Commission personnel.[25] CCA cautions against structural changes that could disrupt ongoing operations and create additional administrative costs. As CTIA explains, replacing the administrator could disrupt essential functions, including disbursements and billing.[26] The Commission should instead prioritize targeted improvements to existing processes while considering whether certain responsibilities would be more appropriately handled by FCC personnel.

The Commission also seeks comment on changes to USAC's Board of Directors, including reducing its size and emphasizing relevant administrative expertise.[27] CCA supports reforms that improve USAC's governance but urges the Commission to preserve meaningful industry representation, particularly given that industry stakeholders contribute to the USF and possess valuable operational knowledge. As CTIA recommends, the USAC Board should also include individuals with expertise in program administration, auditing, information technology, and procurement.[28] CCA encourages the Commission to pursue targeted governance reforms that strengthen operational oversight and relevant expertise while preserving administrative continuity and meaningful stakeholder representation.

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[25] NPRM ¶¶ 46-48.

[26] CTIA Comments at 14-15.

[27] NPRM ¶¶ 57-60.

[28] CTIA Comments at 16-17.

CONCLUSION

CCA appreciates the Commission's efforts to improve USAC's efficiency, transparency, and accountability. As the record demonstrates, targeted reforms to administrative timelines, audit procedures, and recovery processes can reduce unnecessary burdens on USF participants while strengthening program integrity. CCA therefore urges the Commission to establish enforceable USAC performance standards, improve audit transparency and proportionality, reduce disproportionate burdens on smaller providers, avoid indiscriminate extrapolation and premature recovery of disputed support, and preserve adequate administrative resources and meaningful industry representation.

Respectfully submitted,

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