

provides that a wired telecommunications carrier is a small entity if it employs no more than 1,500 employees. According to the most recent Commission data there are 1,619 local services providers with 1,500 or fewer employees. Because it seems certain that some of these carriers are not independently owned and operated, the Commission is unable at this time to estimate with greater precision the number of these carriers that would qualify as small business concerns under SBA's size standard. Of the 1,619 local service providers, 1,024 are incumbent local exchange carriers, 411 are Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs), 131 are resellers and 53 are other local exchange carriers. Consequently, the Commission estimate that no more than 1,619 providers of local exchange service are small entities may be affected.

15. *Cellular and Other Wireless Telecommunications.* The SBA has developed a small business size standard for Cellular and Other Wireless Telecommunications, which consists of all such firms having 1,500 or fewer employees. According to data for 1997, a total of 977 such firms operated for the entire year. Of those, 965 firms employed 999 or fewer persons for the year, and 12 firms employed 1,000 or more. Therefore, nearly all such firms were small businesses. In addition, the Commission notes that there are 1,807 cellular licenses; however, a cellular licensee may own several licenses. According to Commission data, 858 carriers reported that they were engaged in the provision of cellular service, Personal Communications Service (PCS), or Specialized Mobile Radio telephony service, which are placed together in the data. We have estimated that 291 of these are small under the SBA small business size standard.

16. *Broadband Personal Communications Service (PCS).* The broadband PCS spectrum is divided into six frequencies designated A through F, and the Commission has held auctions for each block. The Commission defined "small entity" for Blocks C and F as an entity that has average gross revenues of less than \$40 million in the three previous calendar years. For Block F, an additional classification for "very small business" was added and is defined as an entity that, together with their affiliates, has average gross revenues of not more than \$15 million for the preceding three calendar years. These regulations defining "small entity" in the context of broadband PCS auctions have been approved by the SBA. No small businesses within the SBA-

approved definition bid successfully for licenses in Blocks A and B. There were 90 winning bidders that qualified as small entities in the Block C auctions.

A total of 93 small and very small business bidders won approximately 40% of the 1,479 licenses for Blocks D, E, and F. On March 23, 1999, the Commission re-auctioned 347 C, D, E, and F Block licenses; there were 48 small business winning bidders. Based on this information, the Commission concludes that the number of small broadband PCS licensees will include the 90 winning C Block bidders and the 93 qualifying bidders in the D, E, and F blocks, plus the 48 winning bidders in the re-auction, for a total of 231 small entity PCS providers as defined by the SBA and the Commission's auction rules. On January 26, 2001, the Commission completed the auction of 422 C and F Broadband PCS licenses in Auction No. 35. Of the 35 winning bidders in this auction, 29 qualified as small or very small businesses.

4. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements

17. Currently, carriers that receive Lifeline/Link-Up support are required to submit FCC Form 497 on a quarterly basis for each month. Regardless of any rule changes, carriers will continue to be required to submit this form to USAC. Should the Commission decide to adopt the Joint Board's recommendation to require states to implement and carriers to perform certification and verification procedures, the associated rule changes could require carriers to retain additional records to document compliance with performing certification and verification of a consumer's eligibility. Without more certainty about which options the Commission will or will not adopt as rules, we cannot accurately estimate the cost of compliance by small carriers, including whether FCC Form 497 will require carriers to provide more information in response to new rule changes. In this NPRM, the Commission therefore seeks comment on the types of burdens carriers will face in retaining records documenting certification and verification compliance, and in submitting reports to USAC. The Commission also seeks comment on whether the costs of such recordkeeping and reporting are outweighed by the potential benefits of the possible reforms. Entities, especially small businesses, are encouraged to quantify, if possible, the costs and benefits of the reporting and recordkeeping requirement proposals, if possible.

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

18. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance 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.

19. The NPRM seeks comment on how to reduce the administrative burden and cost of compliance for small telecommunications service providers. The Commission has accepted the statutory requirement that an alternative be considered when necessary to protect the interests of small entities. We particularly seek comment from contributors that are "small business concerns" under the Small Business Act on the following proposals contained in the *Recommended Decision*.

20. The Commission seeks comment, for example, on the Joint Board's recommendation that the Commission require carriers to notify consumers of their impending termination of Lifeline benefits when the carrier initiates termination of a consumer's Lifeline benefits. The consumer could have up to 60 days to appeal to their carrier before Lifeline support is discontinued. The Commission seeks further comment on how such an appeals process would work, balancing the needs of Lifeline recipients with the administrative burden that an appeals process may impose on carriers. Without such an appeals process, consumers may have difficulty maintaining telephone service if the consumer's financial situation temporarily fluctuates. Telephone service is necessary for finding and keeping a job, thus assisting the consumer in his/her climb out of poverty into the working world.

21. To reduce the administrative burden on states to adopt certification and verification procedures, the Joint Board compiled an appendix of state certification and verification procedures to provide guidance to other states seeking to adapt those procedures to their state Lifeline/Link-Up programs. Although these requirements may impose an additional burden on carriers required to perform the certification and