

RFA incorporates into its own definition of "small business." See 15 U.S.C. 632(a) (Small Business Act); 5 U.S.C. 601(3) (RFA). SBA regulations interpret "small business concern" to include the concept of dominance on a national basis. 13 CFR 121.102(b). We have therefore included small incumbent LECs in this RFA analysis, although we emphasize that this RFA action has no effect on FCC analyses and determinations in other, non-RFA contexts.

*Incumbent Local Exchange Carriers.* Neither the Commission nor the SBA has developed a small business size standard specifically directed toward providers of incumbent local exchange service. The closest applicable size standard under SBA rules is for Wired Telecommunications Carriers. 13 CFR 121.201 NAICS Code 517110. This provides that such a carrier is a small entity if it employs no more than 1,500 employees. *Id.* Commission data from 2000 indicate that there are 1,329 incumbent local exchange carriers, total, with approximately 1,024 having 1,500 or fewer employees. *Trends in Telephone Service* at Table 5.3. The small carrier number is an estimate and might include some carriers that are not independently owned and operated; we are therefore unable at this time to estimate with greater precision the number of these carriers that would qualify as small businesses under SBA's size standard. Consequently, we estimate that there are no more than 1,024 ILECS that are small businesses possibly affected by our action.

*Interexchange Carriers.* Neither the Commission nor the SBA has developed a small business size standard specifically directed toward providers of interexchange services. The closest applicable size standard under SBA rules is for Wired Telecommunications Carriers. 13 CFR 121.201, NAICS Code 517110. This provides that such a carrier is a small entity if it employs no more than 1,500 employees. Commission data from 2000 indicate that there are 229 interexchange carriers, total, with approximately 181 having 1,500 or fewer employees. *Trends in Telephone Service* at Table 5.3. The small carrier number is an estimate and might include some carriers that are not independently owned and operated; we are therefore unable at this time to estimate with greater precision the number of these carriers that would qualify as small businesses under SBA's size standard. Consequently, we estimate that there are no more than 181 interexchange carriers that are small businesses possibly affected by our action.

*TRS Providers.* Neither the Commission nor the SBA has developed a definition of "small entity" specifically directed towards providers of telecommunications relay services (TRS). Again, the closest applicable size standard under the SBA rules is for Wired Telecommunications Carriers. 13 CFR 121.201, NAICS Code 517110. Currently, there are 10 interstate TRS providers, which consist of interexchange carriers, local exchange carriers, state-managed entities, and non-profit organizations. The Commission estimates that at least one TRS provider is a small entity. The FCC notes that these providers include several large interexchange carriers and incumbent local exchange carriers. Some of these large carriers may only provide TRS service in a small area but they nevertheless are not small business entities. MCI WorldCom, for example, provides TRS in only a few states but is not a small business. Consequently, the FCC estimates that at least one TRS provider is a small entity that may be affected by our action.

#### *Description of Projected Reporting, Recordkeeping and Other Compliance Requirements*

*Reporting and Recordkeeping.* This *Second Report and Order* involves no new mandatory reporting requirements. These rules require a speed dialing feature that may require TRS providers to maintain a list of telephone numbers. The *Second Report and Order* adopts a rule to require that TRS facilities provide speed dialing functionality on an intrastate and interstate basis; however, it does not adopt specific requirements for speed dialing functionality at this time. We anticipate that TRS providers will develop customized speed dialing and expect that consumers' needs will be addressed as this feature matures. The *Second Report and Order* also establishes voluntary reporting requirements associated with certain waivers available for certain TRS providers. Consistent with the *IP Relay Order on Reconsideration, Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, Declaratory Ruling and Second Further Notice of Proposed Rule Making*, FCC 02-121, 17 FCC Rcd 7779, April 22, 2002; published at 67 FR 39863 and 67 FR 39929, June 11, 2002 (*IP Relay Declaratory Ruling and FNPRM*), Order on Reconsideration, FCC 03-46, 18 FCC Rcd 4761, March 14, 2003; published at 68 FR 18825, April 16, 2003 (*IP Relay Order on Reconsideration*), this *Report and Order* establishes waivers for TRS

providers that provide Internet Protocol (IP) Relay and video relay service (VRS). The waivers set forth in the *Second Report and Order* are contingent on annual reports filed with the Commission detailing the technological changes in these areas, the progress made, and the steps taken to resolve the technologically problems that prevent IP Relay and VRS providers from offering these types of TRS calls. This requirement has very little economic impact on the TRS providers because it merely requires an annual submission of an annual report to the Commission and the reports are voluntary because IP Relay and VRS are not mandatory forms of TRS under our rules.

*Other Compliance Requirements.* The rules adopted in this *Second Report and Order* require that all TRS providers provide several types of TRS calls including: Two-line VCO and two-line HCO, HCO-to-TTY and HCO-to-HCO, and VCO-to-TTY and VCO-to-VCO. The rules also require that TRS facilities route emergency TRS calls to the designated PSAP to which a direct voice call from a non-TRS number would be delivered. Furthermore, the rules require that TRS facilities provide certain technological features, including call release and three-way calling. The *Order on Reconsideration* clarifies certain reporting requirements for contact persons. These rules will affect TRS providers.

#### *Steps Taken To Minimize Significant Economic Impact on Small Entities, and Significant Alternative Considered*

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. 5 U.S.C. 603 (c)(1)-(c)(4). One of the main purposes of this *Second Report and Order* is to clarify many of the current requirements for TRS providers. The annual reports associated with the waivers for IP Relay and VRS providers have been made to expire at the same time as previous waivers so that TRS providers have one deadline instead of multiple deadlines to which they must adhere if providing those non-mandatory forms of TRS. Any