

having 1,500 or fewer employees), and "is not dominant in its field of operation." 15 U.S.C. 632. The SBA's Office of Advocacy contends that, for RFA purposes, small incumbent LECs are not dominant in their field of operation because any such dominance is not "national" in scope. Letter from Jere W. Glover, Chief Counsel for Advocacy, SBA to William E. Kennard, Chairman, FCC (May 27, 1999). The Small Business Act contains a definition of "small business concern," which the 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 of a national basis. 13 CFR 121.102 (b). We have therefore included small incumbent LECs in the RFA analysis, although we emphasize that this RFA action has no effect on FCC analyses and determinations in other, non-RFA contexts. NAICS code 513310.

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 the SBA rules is for Wired Telecommunications Carriers. 13 CFR 121.201, NAICS Code 517110. This provides that such a carrier is 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 service. The closest applicable size standard under the SBA rules is for Wired Telecommunications Carriers. 13 CFR 121.201, NAICS Code 517110. This provides that such a carrier is 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 toward 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. Approximately five or fewer of these entities are small businesses. See National Association for State Relay Administration (NASRA) Statistics. These numbers are estimates because of recent and pending mergers and partnerships in the telecommunications industry. 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 approximately only a few states but is not a small business. The FCC estimates that there is at least one TRS provider that is a small entity that may be affected by our action.

Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements

This NPRM seeks comment on a proposal regarding possible certification of TRS providers seeking to provide interstate TRS. The proposed certification process would mirror an existing certification process established for certification of state TRS programs. The proposed certification process for interstate TRS providers, if implemented, would impose a new requirement to file information with the Federal Communications Commission.

Steps Taken To Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives 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: (1) The establishment of differing compliance or reporting requirements or timetables that take (among others) 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 such small entities. 5 U.S.C. 603.

The proposals in the NPRM, and the comments the Commission seeks regarding them, are part of the Commission's role with respect to the implementation and operation of nationwide TRS for persons with hearing and speech disabilities. See, e.g., 47 U.S.C. 225. The guiding principle shaping these proposals is Congress' direction to the Commission to ensure that TRS keeps pace with advancing technology, that the Commission's rules do not discourage the implementation of technological advances or improvements, and that TRS provides functionally equivalent telecommunications services for persons with hearing and speech disabilities. The majority of TRS service is provided by large interexchange carriers and incumbent local exchange carriers, and we believe that the number of small entities impacted by these proposals would be potentially very small. With respect to proposed amendments to the Commission's rules governing TRS, by statute common carriers (including small entities) providing voice transmission services that are subject to the TRS rules may comply with their obligations individually, through designees, through competitively selected vendors, or in concert with other carriers. 47 U.S.C. 225 (c). For this reason, the Commission expects that the proposed rule amendments will have a minimal impact on small entities. We seek comment on our tentative conclusion.

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

None.

Ordering Clauses

It is further ordered that, pursuant to the authority contained in sections 1, 2, 4 (i), 4 (j), 225, 303 (r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154 (i), 154 (j), 225, 303 (r), and 403, the *notice of proposed rulemaking is adopted*.