Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–115145–25]

RIN 1545–BR76

Section 898(c) Transition Rule for Allocating Foreign Taxes and Section 960(d)(4) Foreign Tax Credit Disallowance; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking; correction.

SUMMARY: This document contains corrections to the proposed regulations (REG–115145–25), published in the **Federal Register** on August 3, 2026. These proposed regulations relate to allocating foreign taxes of foreign corporations affected by the repeal of the one-month deferral election and to the disallowance of foreign tax credits on certain distributions of previously taxed earnings and profits.

DATES: Written or electronic comments and requests for a public hearing must be received by September 17, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG–115145–25) by following the online instructions for submitting comments. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comment submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (REG–115145–25), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations related to section 898(c), Hayley Rassuchine at (202) 317–6936; concerning the proposed regulations related to section 960(d)(4), Le Chen at (202) 317–6936; and concerning submissions of comments and requests for a public hearing, Publications and Regulations at (202) 317–6901 (not toll-free numbers) or by sending an email to *publichearings@irs.gov* (preferred).

SUPPLEMENTARY INFORMATION:

Background

The proposed regulations (REG–115145–25) subject to this correction are proposed to be issued under sections 898(c) and 960(d)(4) and certain other provisions of the Internal Revenue Code (Code).

Correction of Publication

Accordingly, FR Doc. 2026–15614 (REG–115145–25), appearing on page 48794 in the **Federal Register** on August 3, 2026, is corrected as follows:

1. On page 48799, in the second column, in the first full paragraph, in the last line of the paragraph, the language ''1.442–2(b)(1)(i)'' is corrected to read ''1.441–2(b)(1)(i)''.

2. On page 48800, in the second column, in the last paragraph, in the fourteenth line from the top of the paragraph, the language ''§ 1.898(c)–1(c)(4)'' is corrected to read ''§ 1.898(c)–1(e)(4)''.

§ 1.898(c)–1 [Corrected]

3. On page 48801, in the third column, in paragraph (b), the fourth line from the bottom of the page is corrected to read ''taxpayer described in § 1.901–2(f).''

4. On page 48802, in the third column, in paragraph (e)(2)(i), in the fourth line from the bottom of the paragraph, the language ''percentage is adjusted'' is corrected to read ''percentage are adjusted''.

5. On page 48803, in the first column, in paragraph (f)(1), in the second line from the bottom of the paragraph, the language ''before the last day'' is corrected to read ''before the first day''.

6. On page 48805, in the second column, in paragraph (i)(7)(ii)(A), the eighth line from the bottom of the paragraph is corrected to read ''an income group specific allocation''.

7. On page 48805, in the third column, in paragraph (i)(7)(ii)(B), the eighth line from the bottom of the paragraph is corrected to read ''an income group specific allocation''.

8. On page 48805, in the third column, in paragraph (i)(8)(ii), in the first line of the paragraph, the language ''paragraph g'' is corrected to read ''paragraph (d)(4)''.

§ 1.960–3 [Corrected]

9. On page 48806, in the third column, in paragraph (e)(3)(ii)(B), in the second line from the bottom of the page, the language ''FC's'' is corrected to read ''FC1's''.

10. On page 48807, in the first column, in paragraph (e)(3)(ii)(B), in the first line from the top of the page, the language ''FC's'' is corrected to read ''FC1's''.

Oluwafunmilayo A. Taylor,

Chief, Publications and Regulations Section, Associate Chief Counsel, (Procedure and Administration).

[FR Doc. 2026–17764 Filed 8–28–26; 8:45 am]

BILLING CODE 4831–GV–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket No. 17–310; FCC No. 26–54; FR ID 364116]

Promoting Telehealth in Rural America

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Federal Communications Commission (Commission) seeks comments on the scope of the similar service and rural area comparability requirements, comments on possible improvements to, or replacements of, our existing cost study method of determining rural telecommunications rates, comments on possible methods of promoting the use of lower-cost technologies intended to provide backup services, comments on a proposal to establish an eligible services list for the Rural Health Care (RHC) Program, comments on whether to adopt performance metrics to expedite the processing of RHC Program funding requests, and comments on whether to eliminate the approval requirement of evergreen contracts and an annual report requirement.

DATES: Comments are due on or before September 30, 2026 and reply comments are due on or before October 30, 2026. If you anticipate that you will be submitting comments but find it difficult to do so within the period of time allowed by this document, you should advise the contact listed below as soon as possible.

ADDRESSES: Pursuant to §§ 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415, 1.419, interested parties may file comments and reply comments on or before the dates indicated in the **DATES** section of this document. You may submit comments identified by WC Docket No. 17–310, by any of the following methods:

- *Electronic Filers:* Comments may be filed electronically using the internet by accessing the ECFS: *https://www.fcc.gov/ecfs/.*
- *Paper Filers:* Parties who choose to file by paper must file an original and one copy of each filing.

○ Filings can be sent by hand or messenger delivery, by commercial courier, or by the U.S. Postal Service. All filings must be addressed to the Secretary, Federal Communications Commission.

○ Hand-delivered or messenger-delivered paper filings for the Commission's Secretary are accepted between 8:00 a.m. and 4:00 p.m. by the FCC's mailing contractor at 9050 Junction Drive, Annapolis Junction, MD 20701. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.

○ Commercial courier deliveries (any deliveries not by the U.S. Postal Service) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.

○ Filings sent by U.S. Postal Service First-Class Mail, Priority Mail, and Priority Mail Express must be sent to 45 L Street NE, 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* or call the Consumer & Governmental Affairs Bureau at (202) 418–0530.

FOR FURTHER INFORMATION CONTACT: Kate Dumouchel, *kate.dumouchel@fcc.gov,* Wireline Competition Bureau, 202–418–7400 or TTY: 202–418–0484. Requests for accommodations should be made as soon as possible in order to allow the agency to satisfy such requests whenever possible. Send an email to *fcc504@fcc.gov* or call the Consumer and Governmental Affairs Bureau at (202) 418–0530.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Promoting Telehealth in Rural America, Third Further Notice of Proposed Rulemaking (FNPRM) in WC Docket No. 17–310; FCC No. 26–54; adopted August 6, 2026 and released August 7, 2026. The full text of this document is available for public inspection during regular business hours at Commission's headquarters 45 L Street NE, Washington, DC 20554 or at the following internet address: *https://docs.fcc.gov/public/attachments/FCC-26-54A1.pdf.*

Synopsis

I. Third Further Notice of Proposed Rulemaking

In this FNPRM, we seek comment on several possible RHC Program improvements grouped within three distinct areas: Telecommunications (Telecom) Program support calculations, RHC Program supported services, and RHC Program processes. For Telecom Program support calculations, we seek comment on whether and how we should define the scope of ''similar services'' and ''comparable rural areas,'' and on ways to lessen the burdens resulting from cost studies and the associated evidentiary requirements proposed in the *Second Further Notice of Proposed Rulemaking* FCC 23–64 (88 FR 17495, March 23, 2023). In connection with RHC Program supported services, we request comment on possible ways to promote use of lower-cost backup services, and request comment on the establishment of an RHC Program eligible services list similar in concept to that in place for the E-Rate program. Regarding RHC Program processes, we seek comment on whether to adopt performance metrics applicable to the processing of RHC Program applications, and on whether to eliminate the Universal Service Administrative Company's (USAC) approval of evergreen contracts and the rule requiring the submission of an annual report by entities that receive Healthcare Connect Fund (HCF) Program support. The common thread in these proposals is the intent to reduce burdens and costs on RHC Program participants while protecting the limited resources of the Universal Service Fund by preventing waste, fraud, and abuse. When commenting on our proposals, or when offering alternatives to our proposals, we encourage commenters to explain how their positions further those goals.

A. Improving Support Calculations in the Telecom Program

1. Redefining Similar Services and Rural Area Comparability

Section 254(h)(1)(A) of the Communications Act of 1934 requires carriers to provide services to eligible health care providers ''at rates that are reasonably comparable to rates charged for similar services in urban areas in that state,'' and provides that Telecom Program support be based on the difference between that urban rate and the rural rate, which is the rate ''for similar services provided to other customers in comparable rural areas.'' In 2019, the Commission defined ''similar services'' to include services with advertised speeds 30% above or below the speed of the requested service. It also directed USAC, when determining similar services, to not limit the similar service inquiry to solely telecommunications services but instead to use a technology-agnostic approach that determines similarity from the perspective of the end user. The Commission affirmed these standards in 2023. Also in 2023, by restoring the previous rural rate determination rules after eliminating the Rates Database, the Commission in effect reinstated the pre-2019 definition of ''comparable rural area'' to be the immediate rural area in which the health care provider is located, but sought comment on what constitutes ''comparable rural areas.'' We now refresh the record by seeking additional comment on whether and how we should redefine the scope of ''similar services'' and ''comparable rural areas.''

We first ask whether the plus-or-minus 30% threshold for similar services is still a reasonable interpretation of the Act, or should we consider another approach to defining similar services? To the extent we decide to eliminate or broaden the requirement that the speeds of the comparable services must be within 30% of the speed of the requested service, how should we adjust the price of the comparable service to reflect any differences in speed? For example, if there were a 100 Mbps service sold to a non-HCP commercial customer in a rural area, and the provider wanted to justify the price of a 1 Gbps service that it wants to sell to an HCP, how should the price of the 100 Mbps service be adjusted to project the 1 Gbps price? One possible approach would be to convert the price of the 100 Mbps service to a price per Mbps and then multiply that price times the number of Mbps requested by the HCP. We note, however, that prices generally do not

rise linearly with speed (*i.e.,* the price per Mbps tends to decline as speed increases). Given this, how should we adjust the per Mbps price to reflect differences in bandwidth between the requested service and the comparable service? Should adjustments also be made for other differences in product characteristics, and if so, how might this be accomplished?

If we eliminate the 30% speed restriction and allow providers to adjust rates to account for differences in bandwidths, should we require that a provider submit multiple comparable commercial rates and then average the adjusted rates for the similar services in some way to reduce variation? If so, do we risk introducing bias into the calculation of the rural rate? For example, if providers include rates that are increasingly dissimilar to the supported service (*e.g.,* farther from the requesting HCP location), could this result in a less accurate estimate of the price of the supported service absent appropriate adjustments? In addition, if we allow the provider to choose which commercial rates it wants to use for purposes of calculating an adjusted rate for the supported service, this could lead to selection bias (*i.e.,* the provider might choose only those commercial services that would yield the highest derived price for the supported service). Would a possible solution to this bias problem be to require a provider seeking RHC Program support to file data on all ''sufficiently similar'' commercial rates within a ''sufficiently close proximity'' of the HCP for which the supported rate is being calculated, and if so, how should we define these terms to collect the appropriate universe of rates for similar services?

The former Rates Database demonstrated that, in addition to bandwidth, there are other factors that affect the costs of providing a broadband service to a location and the monthly recurring charges for the service, and that if these factors are not accounted for, inaccurate price projections may result. These factors may include the location of the customer, the distance and terrain that the service provider must cover to connect to the customer, the technology used, the type and cost of middle mile transport, the contract length, the service level agreement, the number of channel terminations, the geographic pricing area, and the monthly spending commitment, among other factors. Given all the factors that affect the costs of providing a service and observed broadband prices, how should the Commission determine which services and rates qualify as sufficiently similar?

The hierarchical approach to determining rural rates, which assigns priority to Methods 1 and 2, represents a preference for the use of commercial rates over the use of cost studies available under Method 3. In recent years, however, there has been a significant decline in the number of Telecom Program applications that have relied on Methods 1 and 2. For example, in Alaska, in funding year 2024, only 32 of 317 approved Telecom Program requests relied on Methods 1 or 2, while in funding year 2025, only 34 of 340 approved Telecom Program requests in Alaska relied on Methods 1 or 2. We seek comment on whether expanding the 30% speed restriction may promote expanded use of Method 1 or 2. Does the 30% restriction unduly limit the number of commercial rates that could be used in determining rural rates, and therefore limit a provider's ability to employ Methods 1 and 2? We also seek comment on whether we should continue to employ a ''functional'' approach to defining similar services, or should instead require that services be technologically similar.

Turning to how to redefine ''comparable rural areas,'' does ''comparable'' necessarily mean rural areas in the same state or may that geographic area encompass rural areas in adjoining states so long as they have similar levels of rurality? Section 254(h)(1)(A) of the Communications Act of 1934 requires the provision of telecommunications service at rates that are ''reasonably comparable to rates charged for similar services in urban areas in that State.'' Is it possible to read this language to include rural areas in adjoining states? On a separate point, is some form of rurality tiers, in which rates from more rural areas of a state are prevented from being unfairly reduced by the inclusion of rates for similar services in less rural areas, workable despite the inaccuracies and inconsistencies observed during our earlier attempt at such tiers? We encourage commenters to support their positions with actual examples of how their preferred definitions of similar services and comparable rural areas would work in practice.

2. Improving or Replacing Cost Studies

We next consider the possible improvement or replacement of cost studies. Under our current rules, cost-based rates must be justified under Method 3, including by submitting ''an itemization of the costs of providing the requested service.'' In the *Second Further Notice of Proposed Rulemaking,* the Commission sought comment on a proposal to maintain Method 3 but with the requirement that service providers seeking approval of a cost-based rate submit a cost study that satisfies the same evidentiary requirements that the Commission adopted as required for a waiver of the Rates Database. Parties submitting comments in response to the *Second Further Notice of Proposed Rulemaking* opposed that proposal, objecting to cost studies generally as expensive and time-consuming for the service provider to prepare and for the Commission to review, while also questioning their accuracy. Commenters also opposed the proposed evidentiary requirements as unnecessary and counterproductive. These parties maintained that the proposed requirements are not needed to persuade service providers to use simpler rural rate-determination methods because the existing Method 3 process already imposes burdens and processing delays significant enough to encourage use of alternatives. One commenter, GCI Communication Corp. (GCI), also offered alternatives to cost studies that it believes can be used in cases where rates cannot be determined using other means.

While the Commission previously recognized the burdens associated with cost studies, the comments filed in response to the *Second Further Notice of Proposed Rulemaking* heighten our awareness of this issue, and prompt us to revisit the efficacy and desirability of our existing cost study approach under Method 3. The comments also inform us of the potential benefits that could be realized from employing alternatives to Method 3. We discuss the reduction of cost study burdens and possible cost study alternatives below in turn, and encourage stakeholders to comment on our proposals, and to offer proposals of their own, that seek to improve the methodology of determining rural rates.

a. Reducing Cost Study Burdens

As noted, the record in response to the *Second Further Notice of Proposed Rulemaking* suggests that the cost study required under Method 3 is burdensome for service providers to prepare. These apparent burdens notwithstanding, the record also reveals that cost studies, initially intended to be a seldom-used ''safety valve,'' have become instead an increasingly utilized method for determining rural rates. For example, after the use of previously approved rural rates was permitted under a waiver granted by the Commission following the repeal of the Rates Database in 2023, participants in the Telecom Program utilized previously approved rates nearly 500 times in funding years 2024 and 2025 to justify rural rates. Absent

the waiver, the Commission likely would have seen a large number of cost studies submitted for approval. There is also a risk that service providers may have chosen to not bid for services if they could not easily justify rates. While various parties oppose the evidentiary requirements proposed in the *Second Further Notice of Proposed Rulemaking* and argue that cost studies in general are burdensome, the dearth of Telecom Program approved rural rates that were based on Methods 1 and 2 suggests that, if we eliminate the current waivers, more providers may need to rely on Method 3 cost studies.

Given this, we seek comment on how we can reduce the possible burdens associated with cost studies, while ensuring they remain transparent and reliable. Section 254(h)(1)(A) of the Communications Act of 1934 requires that rates must reflect the difference between the urban and rural rate (*i.e.,* the rate for similar service provided to other customers in comparable rural areas in that state) but does not specify the manner in which rates must be documented or specify a general standard or framework for ensuring accurate rates. We believe the statutory language requires the Commission to protect against improper payments and, accordingly, the Commission has a responsibility to ensure that rural rates are backed by trustworthy, accurate, and well-documented data. We seek comment on these beliefs and on the appropriate types and granularity of data needed to fulfill this obligation. Commenters are encouraged to identify the specific burdens and benefits of cost studies.

Evidentiary Requirements. In 2023, the Commission proposed that service providers seeking approval of a cost-based rate satisfy the same evidentiary requirements adopted by the Commission in 2019 for use in connection with requests for waiver of use of the Rates Database. This proposal, intended to increase transparency in how service providers calculate cost-based rates, would require service providers to include all financial and other information to verify the service provider's assertions, including, at a minimum, the following information:

- Company-wide and rural health care service gross investment, accumulated depreciation, deferred state and federal income taxes, and net investment; capital costs by category expressed as annual figures (*e.g.,* depreciation expense, state and federal income tax expense, return on net investment); operating expenses by category (*e.g.,* maintenance expense, administrative and other overhead expenses, and tax expense other than income tax expense); the applicable state and federal income tax rates; fixed charges (*e.g.,* interest expense); and any income tax adjustments;
- An explanation and a set of detailed spreadsheets showing the direct assignment of costs to the rural health care service and how company-wide common costs are allocated among the company's services, including the rural health care service, and the result of these direct assignments and allocations as necessary to develop a rate for the rural health care service;
- The company-wide and rural health care service costs for the most recent calendar year for which full-time actual, historical cost data are available;
- Projections of the company-wide and rural health care service costs for the funding year in question and an explanation of these projections;
- Actual monthly demand data for the rural health care service for the most recent three calendar years (if applicable);
- Projections of the monthly demand for the rural health care service for the funding year in question, and the data and details on the methodology used to make that projection;
- The annual revenue requirement (capital costs and operating expenses expressed as an annual number plus a return on net investment) and the rate for the funded service (annual revenue requirement divided by annual demand divided by 12 equals the monthly rate for the service), assuming one rate element for the service, based on the projected rural health care service costs and demands;
- Audited financial statements and notes to the financial statements for the most recent three fiscal years, if available, and otherwise unaudited financial statements for those years, specifically, the cash flow statement, income statement, and balance sheets. Such statements shall include information regarding costs and revenues associated with, or used as a starting point to develop, the rural health care service rate; and
- Density characteristics of the rural area or other relevant geographical areas including square miles, road miles, mountains, bodies of water, lack of roads, remoteness, challenges and costs associated with transporting fuel, satellite and backhaul availability, extreme weather conditions, challenging topography, short construction season, or any other characteristics that contribute to the high cost of servicing the health care providers.

Commenters who opposed this proposal as unnecessary, burdensome, and unlikely to encourage use of Methods 1 and 2 did not offer possible alternatives or improvements to the proposed requirements. Here, we seek comment on which of the proposed evidentiary requirements are necessary to preserve the transparency and reliability of cost studies and which can be eliminated without endangering the integrity of the funding process. Would it reduce the burden on applicants and facilitate Commission review of cost studies if the Commission were to adopt a standardized approach or template for cost studies? If so, please provide examples of such a standardized approach or cost study.

b. Cost Study Alternatives

We next turn to three cost study alternatives based on GCI's suggestions offered in response to the *Second Further Notice of Proposed Rulemaking.* We seek comment on these proposals—involving wholesale rates, previously approved cost models or rates, and rate projections—as well as on other possible approaches. We also seek comment on whether we should adopt only one alternative or provide program participants with a suite of options to choose from to justify rural rates.

Wholesale Rates. The first cost study alternative would allow the wholesale rates that a service provider actually charges other service providers for the same or similar service to be submitted for approval as a cost-based rate. This alternative is similar to Method 1 in that it allows the submission of rates charged to other customers but is differentiated by the documentation required to justify the rate. Under this approach, a service provider would be required to submit an invoice or contract showing the wholesale rate, rate of return, taxes, and working capital to justify the costs of providing service.

We seek comment on this proposal. First, we seek comment on how we should determine whether the wholesale service is sufficiently similar to the services whose price is being justified. We also seek comment on circumstances under which a wholesale rate charged by a service provider to a third party could provide a cost-based justification for the rate. In particular, we seek comment on whether we should view the wholesale rate as cost based if the wholesale service is used to support a service supported by the Universal Service Fund, such as with E-Rate or the RHC Program. We also seek comment on whether we should consider wholesale rates to be cost based if the wholesale provider has market power with respect to the wholesale service. In such a case, how

should market power be defined? We also seek comment on whether we should allow a provider to add additional costs to a wholesale rate that it charges other carriers. For example, does it make sense to allow a provider to add an additional rate of return to a wholesale rate that it offers other carriers, since the provider would not have offered the wholesale service at all if it were not making a profit on the service? Finally, we seek comment on whether other safeguards would be required to allow wholesale rates to be used to justify rural rates. For example, should we disallow wholesale rates contracted with affiliated companies? Would the contract need to be for a standalone wholesale service so that the price associated with the service is not affected by other services being purchased?

In addition, we seek comment on whether providers should be allowed to add an additional rate of return to a wholesale rate offered to other carriers and, if so, what an appropriate cap would be for the claimed rate of return and how this rate of return could be verified. Should the Commission rely on 9.75% as the cap used for high-cost rate-of-return carriers, or should it vary by some other characteristics, like service and location? Should the rural rate be adjusted downward until the return on reported working capital is equal to the maximum allowable return, and how should this be done? Finally, we seek comment on how, if the wholesale service supports service to multiple locations, the cost of that wholesale service can be allocated for the purpose of setting a rural rate for service to a single location.

Previously Approved Cost Models or Rates. Our second proposed alternative to cost studies involves the use of previously approved cost models or rates. The Commission has twice waived § 54.605(b) of the Commission's rules to permit the use of previously approved rates that would otherwise require approval of a cost-based justification, specifically to cover funding years 2024 through 2026. In the *Order,* we again waive our rule to permit the use of previously approved rates for funding year 2027. We seek comment on a proposal that would have the practical effect of making these rule waivers permanent.

We first seek comment on how the use of previously approved rates would work on a permanent basis. Should the Commission accept previously approved rates that were based on a cost model as a rate ceiling that a provider can use for the same service offered to a location or a location within close geographic proximity? Should there be a limit to how recent a rate must have been approved in order to use it as justification for a new rate? Should there be a time limit for how long a provider can rely on a previously approved rate before being required to have the rate reapproved using Method 1, 2, or 3? If so, we seek comment on the appropriate timelines for each of these parameters. Are there trends in the industry that the Commission should account for in these timeframe requirements? Given ongoing network deployments, the Commission believes rates will decrease over time and available bandwidth capacity will increase. Therefore, older rates may overcompensate providers relative to current market rates. We seek comment on this and how the Commission should factor these trends into any rules permitting the use of previously approved rates. Additionally, should the use of previously approved rates be limited to rates approved under Method 1, Method 2, or Method 3?

The waivers adopted in the past allowed for the use of rates approved within the past three funding years. Should there continue to be limits on how long a previously approved rate can be relied on by a provider? For example, if we permit using rates approved in the last three years as we have before, and a provider uses a rate approved two years ago, should it only be allowed to do that once? If not, the provider could continually use the same rate indefinitely, as it would become a newly approved rate every three years. Can rates approved under this approach be used as justification for rates proposed in future years under this or other proposed approaches?

Rate Projections. The final proposed alternative involves rate projections. Under this approach, service providers would be allowed to use a rational rate projection to justify the rural rate where the same service is justified at a lower bandwidth or range of bandwidths under Methods 1 or 2. The projection approach would allow service providers to develop a rate table for HCPs to understand specific tiers of service. We seek comment on whether the Commission should permit providers to use previously justified rural rates for a service to extrapolate a rural rate for the same service at a different bandwidth than the observed rates. In addition, consistent with our similar services and rural area comparability inquiry above, we seek comment on what the guidelines should be for characterizing a service as similar and a geographic rural area as comparable, and therefore appropriate to use for projecting a new rate.

We next seek comment on whether projections be allowed for bandwidth amounts that are greater than the bandwidths observed in the supporting rates (*i.e.,* extrapolation), or limited to projections for bandwidths that are between the bandwidths observed in the supporting rates (*i.e.,* interpolation)? We note that, in general, interpolation likely provides more accurate estimates than extrapolation because it estimates values within the range of the underlying data and therefore is constrained by the surrounding data points. If projections are only allowed for bandwidths within the range of observed bandwidths in the supporting rates, should the range of data be required to satisfy certain criteria? For example, would it be problematic if a provider submitted rate data for MPLS circuits with bandwidths of 1 Mbps and 1 Gbps and used this data to project rates for a 500 Mbps MPLS circuit?

We also seek comment on what parameters should be required of the supporting rates. Should we require that a certain minimum number of rates for similar services used for the projection? If so, what should that number be? In cases of interpolation, should a certain percentage of the rates be required to be below the bandwidth of the rate being projected and a certain percentage above? If extrapolations to higher bandwidth services are allowed, should the criteria for those supporting rates be more stringent than the criteria required for interpolation? We recognize that the cost of a service typically does not increase linearly as the bandwidth increases. In fact, observed costs are generally highly non-linear, with the prices of 1 Gbps circuits being far below the amount that would be predicted from multiplying a 100 Mbps circuit by 10. Given this empirical regularity in broadband pricing data, should there be limitations put in place to guard against linear pricing, especially in cases of extrapolation? If so, what should those guardrails look like?

We seek comment on limiting projections to interpolation or extrapolation of rates based on rates that were approved within the past two years under Methods 1 or 2 for services that are appropriately similar in both rurality and product characteristics, and on an appropriate number of rates for similar services (consistent with how we ultimately define ''similar'') to support a newly projected rate. Finally, we seek comment on the appropriate format to collect the data, methodology, and justification in order to limit burden to providers and Commission staff.

Should the Commission require the submission of any specific supporting documents, like signed contracts or public-facing information, during the review process?

Other Alternatives. Using wholesale rates, previously approved rates, and rate projections are not the only possible alternatives to cost studies. We seek comment on other approaches. For example, if tariffed or publicly available rates are not available or cannot be used in a particular case, should we consider rates from another area, time period, or type of service or service level standard? If so, what justification would be required to show such rates are representative? Should providers be required to certify under penalty of debarment that they provided all known tariffed or publicly available rates from the other area or time period? Should the Commission also request rates for different services and service standards in a given area? Could the Commission use other existing data (*e.g.,* from other Universal Service Fund programs like the HCF Program or E-Rate program) to model the costs of service to determine potential reasonable ceilings that could be used as an alternative? Commenters offering alternative approaches should demonstrate how and why their proposed approaches will reduce administrative burdens while simultaneously setting rural rates that are accurate measures of the true cost of telecommunications services. Finally, we ask whether the Commission should offer a choice of cost study alternatives rather than only one approach. Does offering service providers the discretion to choose a cost study alternative overcomplicate the rate-approval process? Is there a risk that, with a suite of options to choose from, program participants will face a new level of burden resulting from having to make market-by-market determinations of the best option to take?

B. Making Effective Use of RHC Program Supported Services

1. Promoting Lower-Cost Secondary Services

We next seek comment on measures to promote health care providers' use of lower-cost options for backup (*i.e.,* secondary) services. Backup services can be an essential component of a health care provider's risk management plan by providing continuity of patient care in the event of a communications system failure or cyber threat. The Commission has previously concluded, however, that the cost of bandwidth for a backup service ''must reasonably reflect its use as a secondary service, and it must be the most cost-effective option available.'' With this standard in mind, we seek comment on possible ways to lower program costs associated with secondary services.

The RHC Program rules currently do not distinguish primary services from secondary services. This lack of a distinction may lead to cost inefficiencies, such as a health care provider that uses more expensive C-band satellite services for both primary and secondary services where a less costly low earth orbit satellite service could be used instead for secondary services. How commonplace is this scenario, where a lower-cost technology can replace a more expensive technology to meet the health care provider's needs for secondary service? Alternatively, how commonplace is the scenario where health care providers choose a higher service level standard when a lower-cost alternative is available? In the HCF Program, price must be a primary factor that an applicant considers when choosing the required most cost-effective service offering. However, when facing a choice between service options at varying costs, a health care provider may reasonably reject lower-cost options due to concerns regarding the lower-cost technology's reliability or other functional shortcomings. How often do health care providers face this choice, and what metric or standard is used to weigh the competing interests of functionality and cost effectiveness? We ask that commenters support their responses with actual examples identifying the specific technology(ies) of where they opted for higher-cost options when lower-cost alternatives were available and explanations as to why the higher-cost service was selected.

We seek comment on whether we should modify the RHC Program rules to distinguish between primary and secondary services. The Commission has historically been technology-agnostic in regard to the services eligible for funding in the RHC Program. For secondary services, should we limit the technologies eligible for support? Should we limit the cost or the performance characteristics of the secondary service to no greater than that of the primary service? We seek comment on codifying the existing guidance that a secondary service ''must reasonably reflect its use as a secondary service, and it must be the most cost-effective option available'' into our program rules for clarity. Should cost be a primary factor for secondary services or should we take into account other factors? If so, what should those factors be? Has a primary factor requirement been problematic in the HCF Program? Due to the importance of connectivity for health care providers, should the primary focus of both primary and secondary services be ensuring reliable connectivity regardless of price and technology? Are there other considerations we should take into account when examining potential limitations on technologies for secondary services? The Commission currently prioritizes RHC Program support based on eight tiers ranked by degree of rurality and greatest medical need. Should we consider delineating primary and secondary services and prioritizing primary over secondary services when reviewing funding requests?

What level of capacity, latency, and security is necessary to support healthcare providers and networks? Are there any special considerations around network resiliency, latency, capacity, etc. for health care when it comes to support for secondary services? How is the current competitive bidding process impacted if an applicant is seeking bids for secondary services? How does a service provider responding to a request for proposal qualify that its services meet the applicant's needs in terms of network resiliency, safety, or otherwise?

2. Establishing an RHC Program Eligible Services List

We next propose to adopt an eligible services list for the RHC Program, modeled in part after the E-Rate program's eligible services list. An eligible services list specifies the services that will be supported for eligible program participants. The Commission delegated responsibility to the Wireline Competition Bureau to annually seek public comment on an eligible services list for the E-Rate program, which is prepared and released prior to the opening of each funding year's application filing window. We seek comment on whether the adoption of an analogous eligible services list for the RHC Program would promote clarity and consistency regarding the telecommunications and broadband services and equipment eligible through the program.

While the RHC Program lacks a formal eligible services list, lists of common products and services that qualify for support have been available through the USAC website for about five years. However, the adoption of a formal eligible services list would better align the RHC Program with other universal service programs. Not only has the E-Rate program released eligible services lists since 1998, such lists have been

used in connection with three recent temporary universal service programs: the COVID–19 Telehealth Program, the Connected Care Pilot Program, and the E-Rate Cybersecurity Pilot Program. In addition, adopting an eligible services list could make RHC Program rules more transparent, easier to administer, and more comprehensible, particularly for new entrants to the program.

We invite comment on our proposal to create an RHC Program eligible services list. Have conditions changed since the Commission opted to not adopt an eligible services list when establishing the HCF Program in 2012 that now support adopting such a list for the RHC Program? Do stakeholders have examples of specific situations where the availability of an eligible services list would have been useful? Will the creation of an eligible services list help applicants (including both providers and health care providers) in applying for support? For instance, are stakeholders experiencing problems with specific eligibility where a service or product appears eligible, but a funding application is denied after USAC review? If so, we invite comment on whether this would be better resolved with an eligible services list or an alternative change to our rules. Would an eligible services list increase transparency and make program administration simpler both for participants and the Commission? We also seek comment on how an eligible services list would work in practice. How frequently would the list need to be updated? We propose that revisions to the eligible services list be conducted on an as-needed basis with authority delegated to the Wireline Competition Bureau to seek comment on changes and on whether separate lists are needed for the Telecom and HCF Programs. Are there other aspects of the E-Rate program eligible services list process that should be modified for the RHC Program and, if so, how and for what reason? Alternatively, could the advantages of a more comprehensive eligible services list be achieved through modifications to existing USAC or Commission websites, without the adoption of rules?

Relatedly, the Ad Hoc Broadband for Rural Health Group (Ad Hoc Group) suggests that the Wireline Competition Bureau seek comment and publish guidance and clarifications on the list of entities eligible to participate in the RHC Program. Consistent with the Ad Hoc Group's desire for clarification and its cite to a prior Wireline Competition Bureau order as an example of helpful clarification, we direct the Wireline Competition Bureau to look for opportunities to further clarify the scope of eligible entities in the course of acting on RHC Program issues in the future. We also seek comment on which of the seven types of eligible health care providers require specific clarification and whether the Commission should adopt more formal definitions of each entity type, and, if so, recommendations for how to define.

C. Evaluating and Improving Program Processes

1. Applying Performance Metrics

We next ask whether we should adopt performance metrics to support the goal of making RHC Program application processing faster and more effective. The Commission adopted metrics for the E-Rate program in 2014 by directing USAC to aim to issue funding commitments or denials for all ''workable'' funding requests by September 1 of each funding year. The Commission defined ''workable'' to mean a funding request that is timely filed and complete with all necessary information, and filed by an applicant (or its service provider and consultants) not subject to investigation, audit, or other similar reasons to delay a funding decision. Should we adopt a similar performance metric for the RHC Program? Does the RHC Program's recent history warrant this or other processing targets? A September 1 deadline would provide USAC with approximately five months after the application filing deadline to review RHC Program funding requests. We note that the September 1 deadline for the E-Rate program was established with the intent of providing applicants ''certainty . . . by the beginning of the school year.'' Does the inapplicability of a school year to the RHC Program mean that another deadline would be more or equally appropriate? As always, we seek to balance program integrity with efficiency and predictability. Could an expedited processing timeline increase the risk of RHC Program waste, fraud, and abuse? If more (or less) processing time than five months is preferred, why? The E-Rate metrics recognize that even ''workable'' funding requests may be time-consuming for USAC to process due to the need for additional information from the applicant. We seek comment on whether there are RHC Program-specific exceptions that should be considered in determining what is a ''workable'' funding request.

Are there alternative measures to establishing a September 1 target (or any other specific deadline) that would more clearly define and track USAC's administrative procedures during an application review? In addition to considering performance metrics, data collected, and deadlines, what other ways can the Commission streamline the application process, clarify program rules, ensure effective and timely communication between USAC and applicants, and promote efficient program administration? Is there specific information that would be particularly helpful to publish in the RHC Open Data datasets? Are there other process controls that would keep the application process moving forward?

2. Changing Evergreen Contract Approval Timing

We next seek comment on whether to eliminate the requirements in § 54.622(i)(3) of the Commission's rules for USAC to approve multi-year contracts in the RHC program as ''evergreen'' before applicants can avail themselves of the competitive bidding exemption for ''evergreen'' contracts. Evergreen contracts are one of the exemptions to the general rule that applicants are required to undergo a competitive bidding process to identify the most cost-effective service in order to receive RHC Program support. After USAC designates a multi-year contract as evergreen, an applicant with an evergreen contract need not undertake competitive bidding for the life of the contract. The Schools, Health & Libraries Broadband Coalition (SHLB), in response to the *Delete, Delete, Delete (FCC 25–219, March 12, 2025)* initiative, recommends that the requirements in § 54.622(i)(3) of the Commission's rules for USAC to approve multi-year contracts as ''evergreen'' be eliminated as ''unnecessary,'' maintaining that ''there is no need for applicants to submit and wait for approval from USAC for their multi-year contracts.'' SHLB recommends that the RHC Program follow the approach used in the E-Rate program, where USAC approval of evergreen contracts is not required and ''applicants simply have to seek competitive bids when the multi-year contract is expiring.''

We seek comment on SHLB's recommendation to eliminate the requirements in § 54.622(i)(3) of the Commission's rules for USAC to approve multi-year contracts as ''evergreen'' before applicants can avail themselves of the competitive bidding exemption. As SHLB points out, the E-Rate program does not require evergreen contract approval. However, E-Rate competitive bidding violations can be discovered after a number of years, resulting in a larger recovery. Are the minor burdens of the evergreen contract

review outweighed by the benefits of ensuring that the contract is approved for its duration? Alternatively, are there ways the approval process be shortened so that it still delivers benefits while minimizing burdens? Are health care providers in the position to assume the risk of a potential future finding of a violation if they rely on a yet-to-be-approved evergreen contract?

3. Eliminating HCF Annual Report Requirement

We next propose to eliminate a reporting requirement that our current rules impose on HCF Program applicants. When the HCF Program was established in 2012, the Commission adopted a rule, now contained in § 54.618 of the Commission's rules, that requires each HCF Program applicant to file an annual report with USAC on or before September 30 for the preceding funding year. The Commission adopted this reporting requirement to provide ''information necessary to ensure the Commission can assess progress towards the performance goals and measures'' adopted in the *HCF Order, FCC 12–150 (78 FR 13936, March 1, 2013).* The Ad Hoc Broadband for Rural Health Group (Ad Hoc Group), in response to the *Delete, Delete, Delete* initiative, requests that § 54.618 of the Commission's rules be eliminated. The Ad Hoc Group maintains that the data gathered by the annual reports ''is no longer a meaningful metric for measuring HCF performance goals'' because of how much telehealth services have grown and changed since 2012.

We tentatively agree with the Ad Hoc Group, and propose deleting the HCF annual report requirement. The HCF Program has established itself as the predominant funding mechanism of the RHC Program. In funding year 2024, the most recent funding year for which complete data is available, the HCF Program accounted for 56.8% of the RHC Program funding commitments in terms of dollars. We tentatively conclude that the information gathered by the annual report requirement is no longer needed to measure the progress of HCF Program goals now that the program is so firmly established. The report instead serves as a hurdle that HCF Program applicants must clear in order to receive universal service support.

We request comment on our proposal to eliminate the HCF Program annual report requirement and our tentative conclusion that collection of this information is no longer necessary. Is the data collected in the annual reports of continuing value? Does the burden associated with complying with the annual reporting requirement outweigh any benefit for program administration? If the annual reporting requirement is to be retained, should the reports require different or additional information? Should the frequency and form of the retained reports remain as they are or revised to minimize the administrative burdens placed on reporting entities? We encourage commenting parties that favor continuation of the annual reports to explain how the value of the information contained in the reports outweighs the burdens associated with compiling and submitting the reports.

II. Procedural Matters

A. Paperwork Reduction Act

Paperwork Reduction Act. This *FNPRM* may contain proposed new or modified information collections. 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 any information collections contained in this document, as required by the Paperwork Reduction Act of 1995, 44 U.S.C. 3501–3521. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, 44 U.S.C. 3506(c)(4), we seek specific comment on how we might further reduce the information collection burden for small business concerns with fewer than 25 employees.

B. Regulatory Flexibility Act

Regulatory Flexibility Act. The Regulatory Flexibility Act of 1980, as amended (RFA), requires that an agency prepare a regulatory flexibility analysis for notice-and-comment rulemaking proceedings, unless the agency certifies that ''the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.'' Accordingly, the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) concerning potential rule and policy changes contained in the *FNPRM.* The Commission invites the general public, in particular small businesses, to comment on the IRFA. Comments must be filed by the deadlines for comments on the *FNPRM* indicated in the **DATES** section of this document and must have a separate and distinct heading designating them as responses to the IRFA.

Ex Parte Rules—Permit-But-Disclose. This proceeding 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 (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) 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 § 1.1206(b) of the Commission's rules. In proceedings governed by the Commission's rule § 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 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.

Providing Accountability Through Transparency Act. Consistent with the Providing Accountability Through Transparency Act, Public Law 118–9, a summary of the *FNPRM* will be available on *https://www.fcc.gov/proposed-rulemakings.*

C. Initial Regulatory Flexibility Analysis

As required by the RFA, the Commission has prepared this IRFA of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in the FNPRM. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments indicated in the **DATES** section of this document. In addition, the FNPRM and

IRFA (or summaries thereof) will be published in the **Federal Register**.

As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Federal Communications Commission (Commission) has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the policies and rules proposed in the *FNPRM* assessing the possible significant economic impact on a substantial number of small entities. The Commission requests written public comments on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments specified in the **DATES** section of this document. In addition, the *FNPRM* and IRFA (or summaries thereof) will be published in the **Federal Register**.

1. Need for, and Objectives of, the Proposed Rules

The Commission is required by section 254 of the Communications Act of 1934, as amended, to promulgate rules to implement the universal service provisions of section 254. On May 8, 1997, the Commission adopted rules to reform its system of universal service support mechanisms so that universal service is preserved and advanced as markets move toward competition. The Rural Health Care (RHC) Program consists of two component programs: (1) the Telecommunications (Telecom) Program, and (2) the Healthcare Connect Fund (HCF) Program. The Telecom Program, established in 1997, subsidizes the difference between the rates for eligible telecommunications services in the health care provider's rural area and rates for comparable services available in urban areas within that state. The HCF Program, created in 2012, promotes the use of broadband services and facilitates the formation of health care provider consortia that include both rural and urban health care providers by providing a flat 65% discount on an array of advanced telecommunications and information services.

The *FNPRM* proposes several improvements to reduce administrative burdens for RHC Program participants, as well as appropriate administrative responses to increased program demand. We seek comment on the scope of the similar service and rate comparability requirements in section 254(h)(1)(A) of the Communications Act of 1934; possible reforms to our existing cost study method of determining rural telecommunications rates; possible methods of promoting the use of lower-cost back-up and redundancy technologies; the establishment of an eligible services list for the RHC Program; whether to increase the RHC Program funding cap; and whether we should change how the RHC Program prioritizes support in the event that demand exceeds the program funding cap. We also request comment on whether to adopt USAC performance metrics to expedite the processing of RHC Program funding requests. Finally, we respond to two suggestions from stakeholders offered in response to our Delete, Delete, Delete initiative by seeking comment on the elimination of the evergreen contract competitive bidding exemption and proposing to eliminate an annual program report requirement

2. Legal Basis

The proposed action is authorized pursuant to sections 1, 4(j), 214, 254, and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(j), 254, and 303(r), and § 1.3 of the Commission's rules, 47 CFR 1.3.

3. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply

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, if adopted. The RFA generally defines the term ''small entity'' as having the same meaning as the terms ''small business,'' ''small organization,'' and ''small governmental jurisdiction.'' In addition, the term ''small business'' has the same meaning as the term ''small business concern'' under the Small Business Act. 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. The SBA establishes small business size standards that agencies are required to use when promulgating regulations relating to small businesses; agencies may establish alternative size standards for use in such programs, but must consult and obtain approval from SBA before doing so.

Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe three broad groups of small entities that could be directly affected by our actions. In general, a small business is an independent business having fewer than 500 employees. These types of small businesses represent 99.9% of all businesses in the United States, which translates to 34.75 million businesses. Next, ''small organizations'' are not-for-profit enterprises that are independently owned and operated and not dominant in their field. While we do not have data regarding the number of non-profits that meet that criteria, over 99 percent of nonprofits have fewer than 500 employees. Finally, ''small governmental jurisdictions'' are defined as cities, counties, towns, townships, villages, school districts, or special districts with populations of less than fifty thousand. Based on the 2022 U.S. Census of Governments data, we estimate that at least 48,724 out of 90,835 local government jurisdictions have a population of less than 50,000.

The rules proposed in the *FNPRM* will apply to small entities in the industries identified in the chart below by their six-digit North American Industry Classification System (NAICS) codes and corresponding SBA size standard. Where available, we also provide additional information regarding the number of potentially affected entities in the industries identified in Table 1 (2022 U.S. Census Bureau Data by NAICS Code) and Table 2 ((Telecommunications Service Provider Data).

4. Description of Economic Impact and Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

The RFA directs agencies to describe the economic impact of proposed rules on small entities, as well as projected reporting, recordkeeping and other compliance requirements, including an estimate of the classes of small entities which will be subject to the requirements and the type of professional skills necessary for preparation of the report or record.

In general, the proposals in the *FNPRM* should reduce administrative burdens for all program participants, including small entities, and have minimal impact on the hiring of professionals for compliance purposes for current participants who should be familiar with the program. We seek comment on whether the cost study approach under Method 3 is burdensome for providers to prepare, and whether and how to reduce the requirements associated with cost studies. We also seek comment on how to define the scope of ''comparable rural areas'' and ''similar services,'' and whether providers should be able to choose from alternative options to justify rural rates. The *FNPRM* also seeks comment on ways to lower costs using secondary services. We also propose to adopt an eligible services list to better align with other universal service programs. Finally, we seek comment on whether to apply performance metrics for the RHC program and eliminate HCF annual

reporting requirements, as well as the evergreen contract approval requirement. We do not expect the proposals to affect the overall size of the RHC or the type of health care provider that participates.

5. Discussion of Significant Alternatives Considered That Minimize the Significant Economic Impact on Small Entities

The RFA directs agencies to provide a description of any significant alternatives to the proposed rules that would accomplish the stated objectives of applicable statutes, and minimize any significant economic impact on small entities. The discussion is required to include alternatives such as: ''(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 and reporting requirements under the rule for such 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.''

The *FNPRM* proposes or seeks comment on several alternatives that may reduce the economic impact on program participants, including small entities. For example, we seek comment on alternatives to cost studies proposed by commenters that may streamline cost studies and reduce evidentiary requirements that some found to be burdensome. These include using rate projections and associated methodologies, rates previously approved for rural areas, or wholesale rates that service providers charge other providers. The Commission welcomes submission of any comments with constructive proposals that would minimize the compliance burden or economic impact for small entities.

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

None.

III. Ordering Clauses

Accordingly, *it is ordered*, pursuant to the authority contained in sections 1, 4(j), 214, 254, and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(j), 214, 254, and 303(r), and pursuant to § 1.3 of the Commission's rules, 47 CFR 1.3, that this *FNPRM is adopted*.

It is further ordered that pursuant to the authority in sections 1–4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. 151–154 and 254, and pursuant to § 1.3 of the Commission's rules, 47 CFR 1.3, that § 54.605(b) of the Commission's rules as amended herein, 47 CFR 54.605(b), *is waived* to the extent provided herein.

List of Subjects in 47 CFR Part 54

Health facilities, internet, Reporting and recordkeeping requirements, Telecommunications.

Federal Communications Commission.

Marlene Dortch,

Secretary.

Proposed Rules

For the reasons discussed in this document, the Federal Communications Commission proposes to amend 47 CFR part 54 as follows:

PART 54—UNIVERSAL SERVICE

■ 1. The authority citation for part 54 continues to read as follows:

Authority: 47 U.S.C. 151, 154(i), 155, 201, 205, 214, 219, 220, 229, 254, 303(r), 403, 1004, 1302, 1601–1609, and 1752, unless otherwise noted.

■ 2. Amend § 54.603 by revising paragraph (b) to read as follows:

§ 54.603 Consortia, telecommunications services, and existing contracts.

* * * * *

(b) *Telecommunications services.* Any telecommunications service listed in the eligible services list as provided in § 54.634 and that is the subject of a properly completed bona fide request by a rural health provider shall be eligible for universal service support. Upon submitting a bona fide request to a telecommunications carrier, each eligible health care provider is entitled to receive the most cost-effective, commercially available telecommunications service, and a telecommunications service carrier that is eligible for support under the Telecommunications Program shall provide such service at the urban rate, as defined in § 54.604. Services that provide back-up, redundant, or fail-over services are eligible for support, but the cost and bandwidth of the service must reasonably reflect its use as a secondary service and must be the most cost-effective option available.

* * * * *

■ 3. Amend § 54.612 by revising paragraph (a) to read as follows:

§ 54.612 Eligible services.

(a) *Eligible services.* Subject to the provisions of §§ 54.600 through 54.602 and 54.607 through 54.634, eligible health care providers may request support under the Healthcare Connect Fund Program for advanced telecommunications or information service that enables health care providers to post their own data, interact with stored data, generate new data, or communicate, by providing connectivity over private dedicated networks or the public internet for the provision of health information technology. The services eligible for support shall be contained in the eligible services list as provided in § 54.634. Services that provide back-up, redundant, or fail-over services are eligible for support, but the cost and bandwidth of the service must reasonably reflect its use as a secondary service and must be the most cost-effective option available.

* * * * *

■ 4. § 54.618 [Remove and Reserve]

Reserve § 54.618.

■ 5. Add § 54.634 to read as follows:

§ 54.634 Eligible Services List.

(a) *Eligible services list.* The Wireline Competition Bureau shall issue a Public Notice seeking comment on a list of all supported services eligible for Telecommunications Program and Healthcare Connect Fund Program support. The Wireline Competition Bureau shall publish the final list of services eligible for support at least 60 days prior to the opening of the application filing window for the following funding year. The eligible services list shall be subject to revision in accordance with paragraph (b) of this section.

(b) *Eligible services list revision.* As needed to account for changes to Commission rules applicable to subsequent funding years, technology advances, and other circumstances that cause or will cause the existing eligible services list to become outdated or incomplete, the Wireline Competition Bureau shall issue a Public Notice seeking comment on a revised eligible services list. The final revised list of services eligible for support will be released at least 60 days prior to the opening of the application filing window for the following funding year.

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