

November 16, 2015

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: CAF Phase II Competitive Bidding Process (WC Docket No. 10-90)
Mobility Fund Phase II (WT Docket No. 10-208)

Dear Ms. Dortch:

On November 12, 2015, CTIA – The Wireless Association® (“CTIA”) met with staff from the Commission’s Wireline Competition Bureau to discuss the criteria for participation in the Connect America Fund (“CAF”) Phase II competitive bidding process and the Mobility Fund Phase II, in the above-referenced dockets. Specifically, CTIA met with Matthew DelNero, Carol Mattey, Ryan Palmer, and Alexander Minard. In the meeting, CTIA was represented by Scott Bergmann, Krista Witanowski, and outside counsel L. Charles Keller and Patrick Halley of Wilkinson Barker Knauer LLP.

CTIA urged the Commission to adopt technologically and competitively neutral criteria for bidder participation, and to ensure that the process encourages the use of efficient technologies to serve high-cost areas. CTIA noted that it has frequently pointed out the wireless industry’s strong interest in the efficiency and cost-effectiveness of universal service. Wireless consumers and providers are the largest contributors to the federal USF, responsible for 44 percent of total annual contributions.

Moreover, consumers increasingly are adopting wireless as their primary, or even their exclusive, form of accessing essential communications services and information resources, with continually advancing service capabilities. As of December 2014, there were approximately 355.4 million wireless connections nationwide, equal to 110 percent of the U.S. population.¹ The percentage of households that are wireless-only has been steadily increasing, and many American adults now exclusively have access to telephone service via wireless devices.² What’s

¹ *CTIA Annual Survey Report*, CTIA – THE WIRELESS ASSOCIATION® (June 2015), available at <http://www.ctia.org/your-wireless-life/how-wireless-works/annual-wireless-industry-survey> (“*CTIA Survey Report*”); Comments of CTIA, WT Docket No. 15-125, at 3-5 (filed June 29, 2015) (“*CTIA 2015 Mobile Competition Report Comments*”).

² Stephen J. Blumberg, Ph.D. and Julian V. Luke, *Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July-December 2014*, NATIONAL CENTER FOR HEALTH STATISTICS (June 2015), available at <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201506.pdf>.

more, some 19 percent of American adults rely primarily or solely on their mobile devices for online access.³

With consumers' strong preference for mobile services in mind, CTIA has long advocated for competitive and technological neutrality in the formulation of universal service policies. In addition to advancing consumers' interest in access to mobile services, competitively and technologically neutral rules for participation in the CAF Phase II competitive bidding process also is good policy. A wider range of participating providers will lead to more aggressive bidding, lower winning bid prices, and thus more effective use of universal service resources.

Broader participation also will help ensure that rural locations receive service using the most efficient technology. As the Commission acknowledged in the *National Broadband Plan* and the *USF/ICC Transformation Order*, the most efficient technology to serve a particular area will vary based on a number of factors including the locations of customers, proximity to other facilities, and topography.⁴ For many areas, wireless will be the most efficient technology. Use of the most efficient technology will ensure that more Americans receive broadband service at a lower cost to the fund. Ensuring wireless can participate equitably in CAF Phase II is also consistent with consumers' clear preference for mobile technology discussed above. In addition to providing high quality, high-speed broadband, wireless carriers also offer the benefit of mobility, which consumers clearly favor. Further, ensuring that wireless providers can participate equitably in CAF Phase II is particularly important given the long delay of Mobility Fund Phase II support.⁵

CTIA urged the Commission not to adopt bidding categories or criteria that explicitly favor providers using a specific technology – particularly a wireline technology such as fiber. Instead, all bidders that are able to meet the basic criteria for participation should compete on equal footing in the auction. And the criteria for participation in the auction must be

³ Aaron Smith, *U.S. Smartphone Use in 2015*, PEW RESEARCH CENTER (Apr. 1, 2015), available at <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015> (“*U.S. Smartphone Use*”); CTIA 2015 Mobile Competition Report Comments at 5.

⁴ *Connect America Fund, et al.*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 17663, 18088 ¶ 1204 (2011), *aff’d sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014) (“allowing more technologies to compete for funding ... enable[es] the Connect America Fund’s budget to yield greater coverage at acceptable broadband performance standards.”); NATIONAL BROADBAND PLAN at 145 (“The eligibility criteria for obtaining support from CAF should be company- and technology-agnostic so long as the service provided meets the specifications set by the FCC. Support should be available to both incumbent and competitive telephone companies (whether classified today as “rural” or “non-rural”), fixed and mobile wireless providers, satellite providers and other broadband providers, consistent with statutory requirements.”).

⁵ See *Connect America Fund, et al.*, WC Docket No. 10-90, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, 29 FCC Rcd 7051, 7129 ¶¶ 243-44 (2014).

Marlene H. Dortch, Secretary

November 16, 2015

Page 3

technologically and competitively neutral. In particular, the criteria should not include latency or capacity requirements that categorically exclude spectrum-based services.

With regard to Mobility Fund Phase II, CTIA urged the Commission to move ahead with the implementation of Mobility Fund Phase II, and, consistent with CTIA's prior advocacy, the Commission should retain its commitment to providing at least \$500 million per year in funding, given that the compromise that underlay the selection of the \$500 million figure remains sound, as does the compelling need to cover not just population but unserved road miles where Americans live, work, and travel.⁶

This letter is filed consistent with the Commission's ex parte rules.

Sincerely,

/s/ Scott K. Bergmann

Scott K. Bergmann

Vice President, Regulatory Affairs

cc: Matthew DelNero
Carol Matthey
Ryan Palmer
Alexander Minard

⁶ See Comments of CTIA – The Wireless Association®, WT Docket No. 10-90 *et al.* (filed Aug. 8, 2014) at 5-6.