

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	WC Docket No. 05-337
)	
)	

**COMMENTS OF CTIA – THE WIRELESS ASSOCIATION®
ON IOWA TELECOM’S PETITIONS FOR FORBEARANCE AND/OR WAIVER**

CTIA – The Wireless Association® (“CTIA”)¹ submits these comments in response to petitions filed by Iowa Telecommunications Services, Inc. (“Iowa Telecom”) for forbearance from and/or waiver of Sections 36.601 – 36.631, 54.395, 54.309, 54.313, and 54.314 of the Federal Communications Commission’s (“FCC” or “Commission”) rules so that it can receive high-cost universal service support based on its network’s forward-looking economic costs.² CTIA wholeheartedly agrees that larger rural telephone companies should immediately begin receiving high-cost universal service support based on forward-looking economic costs; however, that change should occur within the context of broader reforms to the high-cost universal service mechanisms that impact all similarly-situated carriers. CTIA does not believe it would be appropriate for Iowa Telecom alone to be able to elect to receive more high-cost universal service support based on a different regulatory regime. CTIA also questions whether forbearance and/or waiver petitions are appropriate legal vehicles for achieving such a result.

¹ CTIA is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the association covers Commercial Mobile Radio Service (“CMRS”) providers and manufacturers of wireless data services and products.

² See *Iowa Telecom Petition for Forbearance Under 47 U.S.C. 160(c) from the Universal Service High-Cost Loop Support Mechanisms*, CC Docket No. 96-45, (filed May 8, 2006) (Iowa Telecom Forbearance Petition); *Iowa Telecom Petition for Interim Waiver of the Commission’s Universal Service High-Cost Loop Support Mechanism*, WC Docket No. 05-337 (filed May 8, 2006) (Iowa Telecom Waiver Petition).

Because Iowa Telecom is effectively asking for a change in the Commission’s rules, it would be more appropriate for the Commission to consider Iowa Telecom’s request within the context of the rural high-cost reform proceeding currently pending before the Federal-State Joint Board on Universal Service.³ CTIA has put forth a detailed proposal to reform the high-cost universal service mechanisms consistent with Iowa Telecom’s request for support based on forward-looking economic costs.⁴ As Iowa notes, the FCC has “pledged for nine years that rural carriers would be shifted gradually to support based upon forward-looking economic cost.”⁵ Consistent with the FCC’s pledge, CTIA has proposed transitioning from the current five high-cost universal service mechanisms to one mechanism that calculates support based on the most efficient technology – whether wireline or wireless – in a small geographic area.⁶

CTIA’s proposal is a deregulatory, market-oriented effort to address mounting concerns about growth in the size of the high-cost universal service mechanisms. CTIA has supported efforts to reduce demand for universal service, while ensuring that support is available to both incumbent and competitive eligible telecommunications carriers (ETCs) on a non-discriminatory basis. Under CTIA’s proposals, both incumbents and competitors could see reductions (or the case of Iowa Telecom, increases) in support amounts.

³ See *Federal-State Joint Board on Universal Service Seeks Comment on Certain of the Commission’s Rulings Relating to High-Cost Universal Service Support*, Public Notice, 19 FCC Rcd 16083 (2004).

⁴ See Comments of CTIA-The Wireless Association™, CC Docket No. 96-45, filed October 15, 2004 (CTIA Comments).

⁵ See Iowa Telecom Forbearance Petition at 17-18.

⁶ CTIA is open to other market-driven proposals, such as reverse auctions, that would reward more efficient carriers that compete away the cost of universal service. An auction system would be a deregulatory, market-oriented means of approximating the “actual” costs of the most efficient carrier in a particular geographic area.

The first step in CTIA's proposal is directly on point to Iowa Telecom's request. Under CTIA's proposal, upon expiration of the five-year plan adopted in the *Rural Task Force Order*, incumbent LECs, that, along with their affiliates, have 50,000 or more access lines in a state, should begin receiving support, if any, based on forward-looking economic costs. As the Rural Task Force observed almost four years ago, with modest changes to the forward-looking high-cost support mechanism, carriers (like Iowa Telecom) with operations of this scope have no need to remain on an embedded-cost mechanism.⁷ In the *Rural Task Force Order*, the FCC noted that larger rural carriers are more similar in some respects to non-rural carriers than to smaller rural carriers.⁸ Moving larger carriers to the forward-looking high-cost support mechanism affects a small percentage of rural incumbent LEC study areas, but would cover approximately 14 million, or 65%, of the total lines served by rural carriers.⁹

Other short-term reforms proposed by CTIA are: updating the forward-looking model customer location, wire center locations, and road data;¹⁰ removing non-loop costs, such as risk-related profits and Corporate Operations Expenses, from the high-cost loop support mechanism;¹¹ requiring incumbent LECs with less than 50,000 access lines in a study area to provide that they in fact have high average switching costs prior to

⁷ Rural Task Force, White Paper 4, *Review of the FCC's Non-Rural Universal Service Fund Method and the Synthesis Model for Rural Telephone Companies*, available at <http://www.wutc.wa.gov/rtf> at 8 (Sept. 2000).

⁸ See *Federal-State Joint Board on Universal Service, Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, 16 FCC Rcd 11244, at para. 172 (2001) ("*Rural Task Force Order*") (citing Rural Task Force Recommendation at 13).

⁹ See Universal Service Administrative Company, *Federal Universal Service Support Mechanisms Fund Size Projections for the Third Quarter of 2004*, at Appendix HC05 (filed Apr. 30, 2004). This estimate does not account for affiliated study areas, which would be combined for purposes of this transition.

¹⁰ CTIA comments at 23.

¹¹ *Id.* at 23-24.

receiving local switching support;¹² and freezing further growth in the embedded cost mechanisms.¹³

For the foregoing reasons, the Commission should dismiss Iowa Telecom's petitions, but consider its request for support based on forward-looking economic costs in the context of the rural high-cost reform rulemaking currently pending before the Federal-State Joint Board on Universal Service.

RESPECTFULLY SUBMITTED,

CTIA – THE WIRELESS ASSOCIATION®

/s/ Paul Garnett

Paul W. Garnett

Assistant Vice President, Regulatory Affairs

Michael F. Altschul

Senior Vice President and General Counsel

Christopher Guttman-McCabe

Vice President, Regulatory Affairs

Its Attorneys

June 30, 2006

¹² *Id.* at 24.

¹³ *Id.* at 24-25.