October 9, 2006

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: CC Docket 96-45
CC Docket 01-92
Written Ex Parte Presentation

Dear Madam Secretary:

On behalf of Alltel Communications, Inc., Centennial Communications Corp., Dobson Cellular Systems, Inc., CTIA - The Wireless Association®, and the Alliance of Rural CMRS Carriers, we write to respond to correspondence filed by CenturyTel, Inc. dated September 13, 2006, describing prior *ex parte* meetings in the above-referenced dockets.[1] As we understand the presentation, CenturyTel believes the Commission should (1) conserve growth in the federal high-cost support mechanism by cutting support to competitive ETCs ("CETCs"), and (2) increase support to rural ILECs, even when consumers of voice services in rural areas "cut the cord" and express their clear preference for a competitor's service offerings.

As discussed below, the Commission has for ten years set a firm course to distribute universal service efficiently. That goal is not yet achieved, and it should be pursued aggressively. At a time when wireless consumers are contributing roughly 35% of the total universal service system fund ($2.5 billion annually, even before the recent increase in the safe harbor to 37.1%) while receiving only about 14% of the benefits, we are acutely aware of the need to control growth in the fund.

More important, policies must ensure that rural consumers see the benefits of high-quality choices in telecommunications services that the Congress intended to deliver. Instead of distorting the competitive market and perpetuating incumbent carrier inefficiency, as CenturyTel's suggestions would do, the Commission should pursue meaningful reforms to the high-cost universal service mechanisms that will better target support to high-cost areas, encourage and reward carrier efficiency, and simplify administration.

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[1] The Alliance of Rural CMRS Carriers is a group of CMRS carriers who are licensed to serve rural areas in seventeen states. Its membership is comprised of the following carriers (or their subsidiaries): Alaska DigiTel, LLC, Cellular South Licenses, Inc., Easterbrooke Cellular Corporation, Guam Cellular and Paging, Inc., Midwest Wireless Communications, LLC, N.E. Colorado Cellular, Inc., and Rural Cellular Corporation. CTIA-The Wireless Association® is the international organization of the wireless communications industry for wireless carriers, manufacturers, and application providers. CTIA membership covers Commercial Mobile Radio Service (CMRS) providers and manufacturers, including cellular, broadband, PCS, ESMR, and AWS, as well as providers and manufacturers of wireless data services and products.

Below, we respond to four universal service issues raised by CenturyTel and also provide the Commission with an example of how federal universal service funds deliver health and safety benefits to rural citizens.

All Universal Service Support is Portable;
<u>Reserving Certain Categories of Support to ILECs Violates the Act.</u>

CenturyTel suggests controlling fund growth by cutting off so-called "access replacement" support contained in the Interstate Access Support ("IAS") and Interstate Common Line Support ("ICLS") mechanisms, ostensibly because CETCs were not receiving access payments before the funds were created. CenturyTel also suggests that the Commission should, for the first time, decide that future access support mechanisms should not be portable. These suggestions contravene the Act,[2] existing FCC rules,[3] and applicable court precedent.

As the Fifth Circuit in *Alenco v. FCC* affirmed, portability is required by statute.[4] It is not negotiable. "The purpose of universal service is to benefit the customer, not the carrier. 'Sufficient' funding of the customer's right to adequate telephone service can be achieved regardless of which carrier ultimately receives the subsidy."[5]

A central requirement of universal service reform is to make support "explicit and sufficient to achieve the [universal service] purposes" contained in Section 254 of the Act.[6] Following protracted rulemaking proceedings, the Commission has removed substantial implicit subsidies from both non-rural and rural carrier access charges.[7] IAS and ICLS are examples of formerly implicit support that has been made explicit. The sole justification for the creation of these funds was that ILECs needed the revenue streams (formerly from access) in order to provide universal service. If the revenue represents universal service support and is funded by universal service contributions, it must be portable. Conversely, if it is not universal service, then there is no justification for providing the guaranteed revenue stream to the ILECs (or any other class of carrier), and these funds should be eliminated altogether.

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[2] 47 U.S.C. § 214(e).
[3] 47 C.F.R. § 54.307.
[4] *Alenco, et al., v. FCC*, 201 F.3d 608, 616 (2000) ("Again, this principle is made necessary not only by the economic realities of competitive markets but also by statute. *See* 47 U.S.C. § 214(e)(1) (requiring that all "eligible telecommunications carrier[s] ... shall be eligible to receive universal service support")).
[5] *Alenco*, 201 F.3d at 621.
[6] 47 U.S.C. § 254(e).
[7] *Access Charge Reform, Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249, and Eleventh Report and Order in CC Docket No. 96-45,* 15 FCC Rcd. 12,962 (2000) ("*Sixth Order*"); *Multi-Association Group (MAG) Plan For Regulation Of Interstate Services Of Non-Price Cap Incumbent Local Exchange Carriers And Interexchange Carriers, Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166,* 16 FCC Rcd. 19,613 (2001) ("*MAG Order*").

With respect to IAS, the Commission has stated:

> By simultaneously removing implicit subsidies from the interstate access charge system and replacing them with a new interstate access universal service support mechanism that supplies portable support to competitors, this Order allows us to provide more equal footing for competitors in both the local and long-distance markets, while still keeping rates in higher cost areas affordable and reasonably comparable with those in lower cost areas.[8]

With respect to ICLS, the Commission has stated:

> Our actions are consistent with prior Commission actions to foster competition and efficient pricing in the market for interstate access services, and to create universal service mechanisms that will be secure in an increasingly competitive environment. ***By simultaneously removing implicit support from the rate structure and replacing it with explicit, portable support, this Order will provide a more equal footing for competitors in the local and long distance markets, while ensuring that consumers in all areas of the country, especially those living in high-cost, rural areas, have access to telecommunications services at affordable and reasonably comparably rates.*** This Order also is tailored to the needs of small and mid-sized local telephone companies serving rural and high-cost areas, and will help provide certainty and stability for rate-of-return carriers, encourage investment in rural America, and provide important consumer benefits.[9]

In addition to conflicting with universal service policy, CenturyTel's suggestion to cut off IAS to CETCs would not accomplish its stated objective. IAS is frozen at $650 million per year and "fully portable" to CETCs.[10] Thus, CETC draws from the fund reduce the amount flowing to ILECs. In short, if there were no CETCs, the IAS fund level would be the same. The only possible effect of denying IAS to competitors would be to "discourage competitive entry in high-cost areas and stifle a competitor's ability to provide service at rates competitive to those of the incumbent."[11]

With respect to ICLS for competitors in rural areas, the Commission should finish its long overdue task of making ICLS "fully portable" by freezing support to an area upon competitive entry so that fund growth is controlled and all carriers are forced to compete for both

[8] *Sixth Order,* 15 FCC Rcd. at 12,964.
[9] *MAG Order*, 16 FCC Rcd. at 19,617 (emphasis added).
[10] *Sixth Order*, 15 FCC Rcd. at 12976 ("The CALLS Proposal identifies and removes $650 million of implicit universal service support in interstate access charges, creates an explicit interstate access universal service support mechanism in this amount to replace the implicit support, ***and makes interstate access universal service support fully portable among eligible telecommunications carriers***; IAS is also disaggregated so that support is targeted to high-cost areas.") (emphasis added).
[11] *Federal-State Joint Board on Universal Service, Ninth Report & Order and Eighteenth Order on Reconsideration,* 14 FCC Rcd. 20432, 20480 (1999) (footnotes omitted) ("*Ninth Order*").

customers and support. As in a competitive market, ETCs that lose customers would lose universal service funding formerly associated with serving that customer. This will further the Act's requirement to balance the advancement of universal service in a competitive marketplace. To date, no party has presented any evidence that making IAS fully portable has reduced investment by non-rural ILECs; there is, however, a wealth of data showing how CETCs in non-rural areas have used support to construct new network facilities benefiting consumers.

CenturyTel's suggestion that existing or future support mechanisms should be reserved to ILECs is antithetical to the Act and the universal service principles implemented by this Commission over the past ten years. From the many Commission pronouncements, we think this best captures where the law is – and where it must remain:

> We reiterate that ***federal universal service high-cost support should be available and portable to all eligible telecommunications carriers, and conclude that the same amount of support (i.e., either the forward-looking high-cost support amount or any interim hold-harmless amount) received by an incumbent LEC should be fully portable to competitive providers.*** A competitive eligible telecommunications carrier, when support is available, shall receive per-line high-cost support for lines that it captures from an incumbent LEC, as well as for any "new" lines that the competitive eligible telecommunications carrier serves in high-cost areas. ***To ensure competitive neutrality, we believe that a competitor that wins a high-cost customer from an incumbent LEC should be entitled to the same amount of support that the incumbent would have received for the line, including any interim hold-harmless amount.*** While hold-harmless amounts do not necessarily reflect the forward-looking cost of serving customers in a particular area, we believe this concern is outweighed by the competitive harm that could be caused by providing unequal support amounts to incumbents and competitors. ***Unequal federal funding could discourage competitive entry in high-cost areas and stifle a competitor's ability to provide service at rates competitive to those of the incumbent.***[12]

In sum, CenturyTel's position is a non-starter and deserves no further consideration either here or in the proposed "Missoula Plan" for intercarrier compensation.

CenturyTel Advocates Increasing the Size of the Fund for Rural Carriers,
<u>Even When They Lose Customers.</u>

CenturyTel complains that rural ILECs are receiving less high-cost loop support due to "the unintended consequence of negative line growth as used in the Rural Growth Factor."[13] In

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[12] *Id.*(emphasis added); *see also, Federal-State Joint Board on Universal Service, Fourth Order on Reconsideration in CC Docket No. 96-45, Report and Order in CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-7,* 13 FCC Rcd. 5318 ("*Fourth Order*").

[13] CenturyTel ex parte at p. 1.

plain English, ILEC high-cost loop support is going down because they are losing customers – a result of consumer choice. CenturyTel does not cite, and we cannot find, anything in the relevant Commission orders expressing an intent that high-cost support to rural ILECs will never go down or that it will go up when line "growth" is negative.

Instead of focusing on winning customers back, Century proposes a regulatory solution: "[M]odify the Rural Growth Factor so line growth can never be less than zero, and recalculate support from 2003 to the present based on this change."[14] Once again in plain English, CenturyTel wants the Commission to declare that support will never decline, even when an ILEC loses half its access lines. CenturyTel, in essence, wants to receive support for customers it no longer serves – a result that would turn consumer choice on its head.

In the very same presentation in which it advocates a cut in IAS to competitors (which, as discussed above, would contradict universal service policy and have no effect on the overall fund), CenturyTel asks the Commission to allow "modest growth in the fund as originally envisioned by the Rural Task Force, without significantly expanding the overall size of the fund."[15] CenturyTel does not explain what it believes to be "modest", but given that ILECs consume over $3 billion of support annually, even a "modest" five percent increase would be $150 million annually going forward, not including the requested back payments from 2003 to the present. Because the loss of wireline access lines is continuing, what is considered modest today could be significant tomorrow.

While the Rural Task Force surely envisioned modest fund growth with the modest growth of access lines, we can find nothing in the record indicating that either the Rural Task Force or the Commission ever contemplated modest fund growth as a result of carriers *losing* access lines. Although any increase in support to ILECs necessarily increases portable support to competitors, we cannot support this proposal, which borders on the absurd.

Finally, this proposal is an assault on the fundamental principle that *sufficient* universal service support is not a guarantee of success for any carrier, or class of carrier. The *Alenco* court said it best:

> The Act does *not* guarantee all local telephone service providers a sufficient return on investment; quite to the contrary, it is intended to introduce competition into the market. Competition necessarily brings the risk that some telephone service providers will be unable to compete. The Act only promises universal service, and that is a goal that requires sufficient funding of *customers*, not *providers*. So long as there is sufficient and competitively-neutral funding to enable all customers to receive basic telecommunications services, the FCC has satisfied the Act and is not further required to ensure sufficient funding of every local telephone provider as well.[16]

[14] *Id*., at 1-2.
[15] *Id*.
[16] *Alenco,* 201 F.3d at 620.

We now know that wireline carriers are losing access lines, and may continue to do so for the foreseeable future. As wireless networks expand, rural consumers are expressing a desire – in some cases a preference – for mobile wireless services. As the statute requires, and the Commission has repeatedly ruled, universal service mechanisms must provide sufficient support so that rural consumers can receive the supported services from the technology they choose, not sufficient support to guarantee success in the marketplace for any carrier or technology.

The Current "Per-Line" Support Mechanism Only Supports Customers Served, No Matter How Many CETCs Are Designated.

Without providing any data, CenturyTel claims that "[i]n most cases, the number of lines supported exceeds the number of customers served in those markets by a significant margin."[17] CenturyTel also complains that in one of its markets there are nine "largely deregulated" CETCs competing against it.[18]

CenturyTel's unsupported statements require further examination, because the amount of support in any given area is effectively capped by the number of customers within that area. That is, CETCs only receive support when they win a customer and lose support when they lose a customer. So if there are 100 customers in a remote area, no more than 100 connections will be supported. It matters not how many CETCs are designated – competitors have to fight over a fixed number of customers.

Also implicit in CenturyTel's message is the commonly presented misconception that each wireless carrier gets the "same money" as wireline carriers - so that nine competitive ETCs would result in nine times the amount of support received by the incumbent. That is just not true. CETCs receive identical "per-line" support that can only be gained when facilities are constructed and customers captured – and are lost when a customer is lost.

Below is a chart that shows a side-by-side for situations where we've been able to match up wireless and wireline service areas, so as to illustrate an "apples to apples" comparison. While anecdotal in nature, every area we have examined shows that the CETC's number of lines served, and its corresponding support levels, are much smaller than that of the wireline carrier.[19]

[17] CenturyTel ex parte at p. 1.
[18] *Id*. As an aside, wireless carriers are not "largely deregulated" and wireline carriers are seeking deregulation throughout the country, while not proposing to give up ETC status.
[19] Figures as of December 31, 2005.

State	ILEC Lines	CETC Lines	ILEC Quarterly Support	CETC Quarterly Support
Alaska	62,740	2,468	$6,123,808	$261,327
Minnesota	2,843,749	389,266	$19,951,846	$7,881,102
New Hampshire	784,053	29,734	$2,498,318	$67,206
Mississippi	1,278,863	409,389	$28,355,233	$8,860,756
Vermont	414,268	102,971	$7,046,762	$1,584,505

An important aspect of this debate is the unfinished work of properly targeting support to high-cost rural areas. The Commission's permissive disaggregation rules need to be made mandatory.[20] More accurately targeting support to high-cost areas will have two critical public interest benefits. First, it will minimize funds being distributed to CETCs serving low-cost rural areas. Second, it will provide CETCs with appropriate incentives to construct facilities in high-cost areas.[21] The Commission has ruled that disaggregation can address cream-skimming issues.[22] Reforms to the high-cost universal service support mechanisms that better target support to high-cost areas will further address cream-skimming concerns.

Not requiring carriers to target support to high-cost areas harms consumers. Because ILEC support is averaged over an entire study area, a CETC's ability to meet its obligation to serve all customers upon reasonable request is crippled by the Commission's new policy of only designating CETCs in the highest-cost wire centers. If support is insufficient to permit a CETC to construct facilities, rural consumers who contribute to the fund are harmed. The undersigned are concerned that some rural ILECs are using their decision to not disaggregate support to those highest-cost wire centers (or to the higher-cost areas of low-cost wire centers) as an anti-

[20] 47 C.F.R. § 54.315. To date, less than 150 of over 1300 rural ILECs have disaggregated support.
[21] The Commission should follow the example set by the state of Washington, which has disaggregated support throughout the state.
[22] *Federal-State Joint Board on Universal Service, Petitions for Reconsideration of Western Wireless Corporation's Designation as an Eligible Telecommunications Carrier in the State of Wyoming, Order on Reconsideration*, 16 FCC Rcd. 19,144, 19,149 (2001) ("In addition, as the Commission concluded in *Universal Service Order*, the primary objective in retaining the rural telephone company's study area as the designated service area of a competitive ETC is to ensure that competitors will not be able to target only the customers that are the least expensive to serve and thus undercut the incumbent carrier's ability to provide service to high-cost customers. Rural telephone companies, however, now have the option of disaggregating and targeting high-cost support below the study area level so that support will be distributed in a manner that ensures that the per-line level of support is more closely associated with the cost of providing service. ***Therefore, any concern regarding "cream-skimming" of customers that may arise in designating a service area that does not encompass the entire study area of the rural telephone company has been substantially eliminated.***") (emphasis added).

competitive shield from competition. This is an issue the Commission acknowledged when it decided to make disaggregation permissive rather than mandatory.[23]

The Commission has repeatedly stated its intention "to transform universal service mechanisms so that they are both sustainable as competition in local markets develops, and explicit in a manner that promotes the development of efficient competition across the nation."[24] Indeed, the Commission's universal service reform for non-rural carriers, which operate in some of the most remote rural areas in the country, has accomplished these goals in important respects. The non-rural mechanism targets support to high-cost wire centers, is based on the cost of constructing a more efficient network, and does not guarantee any carrier's recovery for making inefficient investments.

It is certainly possible to balance the need to sustain support mechanisms for areas served by rural ILECs with the goal of seeing that consumers continue to receive high-quality services as competition develops. The Commission has repeatedly affirmed its Congressional mandate to develop competitively neutral universal service mechanisms that encourage efficient competitors to enter. For example:

> Our decisions here are intended to minimize departures from competitive neutrality, so as to facilitate a market-based process whereby each user comes to be served by the most efficient technology and carrier. We conclude that competitively neutral rules will ensure that such disparities are minimized ***so that no entity receives an unfair competitive advantage that may skew the marketplace or inhibit competition by limiting the available quantity of services or restricting the entry of potential service providers.***[25]

As of this writing, wireless consumers are contributing far more than they are getting from the program, despite the clear indication that for many consumers wireless service is fast becoming the preferred means of receiving the supported services. The appropriate policy choice must be to continue the work of reforming universal service mechanisms so as to encourage efficient competitive entry in rural areas.

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[23] *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,* 16 FCC Rcd. 11,244, 11,303 (2001) ("*RTF Order*").

[24] *See, e.g., Federal-Sate Joint Board on Universal Service, Seventh Report & Order, and Thirteenth Order on Reconsideration in CC Docket No. 96-45 Fourth Report & Order in CC Docket No. 96-262 and Further Notice of Proposed Rulemaking*, 14 FCC Rcd 8078, 8086 (1999).

[25] *First Order*, supra, 12 FCC Rcd. at 8802; See also, Sixth Order, supra, 15 FCC Rcd at 13,007-08 ("We found that deaveraged rates more closely reflect the actual cost of providing service, which promotes competition and efficiency by allowing a LEC to compete for subscribers when it is the lowest cost service provider, and by removing support flows to the LEC's higher-cost services. Prices that are below cost reduce the incentives for entry by firms that could provide the services as efficiently, or more efficiently, than the incumbent LEC.").

FCC Universal Service Policy Decisions Have Had Substantial Positive Impact on Consumers.

CenturyTel's presentation incorrectly blames CETCs for growth in the federal high-cost fund, as if that alone should be a reason to limit support to efficient competitors. Almost a decade ago, the Commission determined that high-cost universal support should be available to the ETC of a customer's choosing so as to avoid "the unintended consequence of discouraging investment in rural infrastructure."[26] That monumental decision has brought tremendous benefits to consumers located in high-cost rural areas – but that work is not yet complete. We provide four comments on recent growth in the fund.

First, the Commission's decision in its *RTF Order* to increase the fund for rural carriers by $1.26 billion and to not freeze support in rural ILEC study areas upon competitive entry are the greatest drivers of fund growth since 2001. The decisions to protect ILEC revenue streams, without ever ascertaining whether they are necessary to ensure universal service, have exacerbated the modest growth in the universal service fund that should have been anticipated to result from the competition Congress sought to stimulate in the 1996 Act.

Congress, the FCC, and the courts have made clear that portability is required by the Act. Qualified carriers providing the supported services must receive equal support so as to prevent economic distortions in the market that favor one class of carrier. The development of competition necessarily entails the entry of new providers; unless support to legacy providers is reduced, the fund will necessarily grow. New and efficient entry is no basis on which to justify balancing the universal service fund's checkbook on the backs of rural wireless providers.

Second, the increase in support to CETCs has been largely dwarfed by the contributions that wireless consumers are now required to make. By next year, wireless will contribute close to $3 billion annually, most of which will subsidize wireline networks, which have drawn roughly $20 billion since 1996 (even as wireline incumbents have been losing customers). There is no reason why wireless consumers should contribute any more than is necessary to fund networks that those consumers are choosing to use.

Third, increasing support to wireless carriers simply reflects the fact that rural consumers are increasingly choosing wireless services. The net result of wireless carriers drawing from the fund is substantial new investment in rural areas that would not have otherwise seen such investment in the absence of high-cost support. Each wireless CETC can demonstrate how support is being used to improve service levels, in terms of new coverage, improved service quality, and system redundancies that contribute to the public safety benefits of wireless communications. The fact that support is flowing to carriers investing risk capital to construct new wireless facilities serving rural areas is an enormous positive for the Commission's universal service program.

[26] RTF Order, *supra*, 16 FCC Rcd. at 11,296.

Finally, fund growth can be addressed by meaningful reform within the current program structure, which may include freezing overall support levels upon competitive entry and following the non-rural model which only funds carriers based on the cost of an efficient provider of services. It cannot be addressed by simply cutting support to wireless CETCs – who bear a large share of the universal service burden and whose customers are demanding better quality wireless service in further corners of rural America.

High-Cost Support Drives Critical Rural Infrastructure Investment.

Just as universal service support was critical to achieving the wireline network deployment in rural areas that we now take for granted, universal service support is critical for bringing the next generation of technology to rural America. Allowing rural America to lag behind in the deployment of wireless infrastructure would be a grave error.

Over the past several years, wireless carriers have been using federal high-cost support to construct new cell sites, upgrade to modern digital voice technology, and increase capacity and redundancy.

Just over one year ago, Hurricane Katrina came ashore.

Since then, it is has been generally recognized by federal, state and local officials that reliable wireless service is a necessary universal service in the U.S. The Commission specifically asked wireless carriers to provide universal service Lifeline discounts to individuals displaced by Katrina. Many wireless carriers, including the undersigned, have responded to the needs of consumers and rescue personnel by making wireless service available to the areas hardest hit by Katrina and other natural disasters.

For example, sixty percent (60%) of Cellular South's Gulf Coast network was operational one day after Katrina hit, and full service was restored to the entire network within two weeks after landfall. In many of the hardest hit areas, *Cellular South had the only operational communications network* in the weeks following the storm's coming ashore. Remarkably, Cellular South did not lose a single tower on the Mississippi coast, and never lost wireless service at any time in some of the hardest-hit areas such as Hattiesburg, Biloxi and Bay St. Louis.[27] On the day after the storm hit, Cellular South handled a record 1,000,000 calls, and over the next few weeks its daily volume surged to 2,600,000 calls per day.

In the first week after the storm, Cellular South assisted over 7,000 storm victims and evacuees at various phone banks it established, and offered free cellular calling and free handset charging to all wireless customers regardless of the customer's carrier. More than 90% of the company's retail locations were open after the storm, with storefronts in Biloxi, Bay St. Louis

[27] Article: *Cellular South: An Honest Approach & No Excuses*, Wireless Week, April 1, 2006 (Wireless Week Article) at 3.

and Hattiesburg operating out of tents.[28] Realizing that it had the only operational communications network available on the Gulf Coast, the company distributed over 500 handsets at no charge to public safety personnel in the Gulf Coast region.[29]

Cellular South's ability to maintain the continuity of its service despite the storm's wholesale destruction enabled public safety officials to carry out their disaster relief responsibilities in an efficient manner. George Scholl, the Director of the Jackson County (Mississippi) Emergency District, explained:

> Throughout the worst of the storm, I used my Cellular South phone to stay in touch with Bell South to coordinate 911 coverage and with Motorola officials to coordinate repair of our primary 800 MHz radio system. After the storm, even with the 800 MHz system restored to full capability for operational use by first responders, there was a continuing need by county and city command structures for an "administrative" system to either replace destroyed landline phones or to enable workers to move immediately into alternate facilities that had no communications capabilities. Cellular South was vital in helping to fulfill this need and continues to do so.[30]

Likewise, Jim Catchot, the E911 Dispatcher for the Ocean Springs, Mississippi, Police Department stated:

> I work as a dispatcher for the Ocean Springs Police Department. During the storm my Cellular South phone was the only phone I could count on to be working at all times. I never lost a signal and was able to use the phone as needed. Also, the police officers were able to use the phone to check on family and loved ones.

This is but one example of many that companies represented below can provide. Across the country, CETCs are investing high-cost support to improve their networks. As a rule of thumb, each new cell site delivers roughly 144 square miles of new or improved service. When high-cost support is used to purchase new cell sites, battery backups, generators, microwave back haul links, extra channel capacity, and digital technologies that increase service quality and capacity, rural consumers who are displaced in a natural or man-made disaster receive critical health and safety benefits that only wireless technology can deliver.

In addition to providing important public safety benefits, wireless carriers provide the benefits of mobility (which is often even more important to rural consumers than to urban ones). The availability of wireless service, like accessible airports and good roads, is a public good that immeasurably aids business development. In addition, wireless carriers are rapidly deploying

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[28] Blog: *Eyes on Katrina, a South Mississippi Hurricane Journal*, September 8, 2005.
[29] Cellular South website: "Storm Stories" http://www.cellularsouth.com/hurricane/stormStories.jsp .
[30] *Id.*

infrastructure that can be used to deliver high-speed data services, including Internet access.[31] In short, there is no more deserving application of the limited supply of universal service support.

Conclusion

We estimate from USAC's web site that America's rural wireline carriers have taken in over $20 billion of federal high-cost support since the 1996 Act. Through 2005, CETCs have drawn roughly $1 billion in the aggregate. At this point, wireless consumers are providing a significant subsidy to carriers against whom their carriers compete, while rural consumers generally are seeing an excess number of their universal service dollars supporting wireline networks that many would abandon if wireless carriers are able to construct high-quality networks.

We urge the Commission to continue the work of encouraging efficient carriers to enter the market so that, in the long term, the size of the fund can be reduced and rural consumers can achieve the benefits of advanced telecommunications services that the Congress intended to deliver. In this regard, we are encouraged by the Chairman's recent comments at his confirmation hearing before the Senate Commerce Committee that efficient technologies must be encouraged to enter rural areas, and acknowledging that encouraging efficient delivery of universal service can reduce the overall cost of the program.

Likewise, we are encouraged by the Senate Commerce Committee's approval of Section 253 to H.R.5252, which codifies the FCC's core principle of competitive neutrality, that is, the FCC's universal service rules "neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another.'' The Report accompanying the legislation makes clear that "the Commission should not favor wireline providers over wireless providers."

Finally, we urge the Commission to work toward developing sound accountability measures for all classes of carriers, to ensure that inefficient investments are not rewarded and that federal high-cost support funds are invested in a way that directly benefits consumers as required by the Act and the Commission's rules.

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[31] Although broadband access is not a supported service, the Commission has recognized that facilities that provide the supported services also can be used to provide advanced services. Rural ILECs, too, have touted the importance of their broadband deployment as a reason they should continue to receive support. Indeed, given demographic trends, it is difficult to imagine how else rural ILECs could possibly be spending the enormous amounts of support they receive.

In accordance with Section 1.1206 of the Commission's rules, this letter is being filed electronically in each Docket referenced above.

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