

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
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)
Inquiry Concerning the Deployment of) GN Docket No. 07-45
Advanced Telecommunications Capability to) FCC 07-21
All Americans in a Reasonable and Timely)
Fashion, and Possible Steps to Accelerate)
Such Deployment Pursuant to Section 706 of)
the Telecommunications Act of 1996)

**NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
REPLY COMMENTS**

The National Telecommunications Cooperative Association (NTCA)¹ files these reply comments in response to initial comments filed May 16, 2007, regarding the Federal Communications Commission's (Commission's or FCC's) April 16, 2007, Notice of Inquiry (NOI) into whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion.² NTCA and other commenters agree that broadband deployment in rural areas will accelerate using three fundamental principles: additional incentives, regulatory certainty and network cost recovery.

¹ NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents 575 rural rate-of-return regulated incumbent local exchange carriers (ILECs). All of its members are full service local exchange carriers, and many members provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). NTCA members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

² *In re the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, Notice of Inquiry, GN Docket No. 07-45 (rel. Apr. 16, 2007) (NOI), ¶ 1.

I. Broadband Incentives Are Key To Broadband Deployment.

Broadband access is a vital component to every successful community, but it means even more in rural communities. Broadband access can literally influence the survival of rural towns across the country. To accelerate broadband deployment, the Commission should concentrate on creating and expanding special incentive programs targeted to extend broadband service to unserved rural broadband areas. The Commission has already witnessed the rural health care community's heightened response to expanded financial support for rural health care broadband services. By May 7, 2007, the Commission had received over 55 applications from rural and urban health care providers as part of its Rural Health Care Support Mechanism Pilot Program, totaling over \$200 million in requests for funding.³ The dramatic response to this pilot program demonstrates that broadband incentives will motivate broadband deployment. Other financial incentives, including tax incentives and RUS loan programs, augment the funding sources available for broadband deployment.

Commenters agree with NTCA that broadband deployment is costly and, especially in high cost rural areas, deployment will accelerate where financial incentives are available.⁴ For example, Alexicon supports the continuation of current economic incentives that allow small ILECs to continue their enhancement of advanced telecommunications services in rural and insular areas.⁵ The Alliance for Public Technology and Computer Industry Association

³ *Rural Health Care Support Mechanism*, WC Docket No. 02-60. This is a two-year pilot program in which health care providers can seek reimbursement of up to 85% of the costs of infrastructure and advanced services, for a total of approximately \$60 million each year. Applications were due May 7, 2007, and the Commission staff is now reviewing the 55+ applications (NTCA count) for final selection and award.

⁴ NTCA Comment, p. 6. NTCA silence on any positions or proposals raised by other commenters in this proceeding connotes neither agreement nor disagreement by NTCA with those positions or proposals.

⁵ Alexicon Telecommunications Consulting (Alexicon) Comment, p. 5.

accurately contend that broadband deployment is enhanced through tax incentives, low interest loans, and grants for broadband deployment.⁶ Expensive broadband infrastructure can become cost-effective through the use of financial incentives, and the Commission's broadband policy should encourage these funding sources.

II. Regulatory Certainty Is Crucial To Rural Investment Decisions.

Providing advanced telecommunications services requires significant investment and rural providers must be able to make long-term investment decisions based on the future regulatory environment. Regulatory uncertainty arises in questions of how to classify various types of broadband services and whether certain broadband providers should contribute to the universal service fund. NTCA urges the Commission to resolve pending dockets involving broadband classification as a means of providing predictability for investment decisions in the broadband sector.

Others agree with NTCA that regulatory certainty is crucial to rural investment decisions.⁷ The separations reform and unresolved USF issues, according to Alexicon, cause anxiety within the ILEC industry related to making long-range financial investment decisions.⁸ NTCA agrees with Alexicon that: "It is imperative that stability in these economic support programs be clarified and quantified so that the ILECs may continue investment planning related to future advanced telecommunications."⁹ AT&T correctly observes that as the traffic delivered over these advanced services platforms continues to grow, the need for a stable, pro-

⁶ Alliance for Public Technology Comment, p. 12; Computer & Communications Industry Association (CCIA) Comment, p. 5.

⁷ NTCA Comment, p. 6.

⁸ Alexicon Comment, pp. 7-8.

⁹ Alexicon Comment, p. 5.

investment de-regulatory environment likewise grows.¹⁰ Embarq rightly states that the Commission and Congress can accelerate and extend broadband deployment with targeted support.¹¹

Several commenters note the statewide success of ConnectKentucky's efforts with broadband mapping and alternatives to using zip codes for broadband availability,¹² and others express their views on how fast broadband speed should be to be classified as "broadband."¹³ Collecting and classifying data are just two parts of the solution; creating a predictable regulatory environment so that carriers can use the data to make wise business investment decisions is also crucial to successful deployment strategies. Covad describes in detail the broadband issues that exist because the Commission has not yet resolved legacy copper loop retirement or unbundling forbearance dockets.¹⁴ These and other unresolved dockets are causing rural providers to hesitate or restrict their investments in broadband deployment.

III. Cost Recovery For Network Usage Is Important.

Another tenet that should guide the Commission in developing its broadband policy is requiring broadband providers who use the public switched telephone network to pay their fair

¹⁰ AT&T Comment, p. 2.

¹¹ Embarq Comment, p. 1.

¹² American Library Association Comment, p. 8; CCIA Comment, p. 4; Connected Nation Comment, p. 3; NASUCA Comment, p. 7. The Commission is exploring various methods of collecting broadband data in its pending NPRM, WC 07-38. Broadband mapping has its own concerns, such as who will collect the data and whether the data will be subject to confidential treatment. Metropolitan Washington Council of Governments Comment, p. 2.

¹³ Alexicon Comment, p. 4; CTIA Comment, pp. 10-11; Fiber-to-the-Home-Council Comment, p. 11; Verizon and Verizon Wireless Comment, p. 2. If the definition of "broadband" changes over time, rural carriers and other broadband providers may have to upgrade their services to meet any evolving definition. NATOA *et al.* Comment, p. 9.

¹⁴ Covad Comment, pp. 10-11.

share of regulatory costs for network usage through access charges.¹⁵ Interconnected Voice over Internet Protocol (VoIP) service providers must pay for their fair share of use of the network. This issue is pending before the Commission in its *IP Enabled Services* Docket, WC Docket No. 04-36. As VoIP grows in popularity, this issue will become increasingly important to those rural carriers upon whose network the interconnected VoIP providers depend. Cost recovery for network usage is important to rural ILECs and to the sustainability of America's communications system.

IV. Using Universal Support For Broadband Services Should Be Further Explored.

Several commenters urged the Commission to include broadband facilities or services as supported services that qualify for USF support. The Computer & Communications Industry Association contends that broadband facilities should be classified as a supported "advanced telecommunications capability" under the Telecommunications Act of 1996 for purposes of universal service funding.¹⁶ Consumers Union asserts that USF programs should be transitioned to broadband.¹⁷ Embarq claims that extending universal service support for the underlying telecommunications networks upon which broadband services will rely in sparsely-populated, high-cost rural areas is an effective technique to deploy broadband.¹⁸ The National Cable & Telecommunications Association (NCTA) asserts that the Commission can achieve the goals of Section 706 through federal universal service mechanisms and supports legislation that would set

¹⁵ NTCA Comment, pp. 6-7.

¹⁶ CCIA Comment, p. 6.

¹⁷ Consumers Union, Consumer Federation of America and Free Press Comment, pp. 3-4.

¹⁸ Embarq Comment, p. 2.

aside additional funding for the deployment of broadband services in unserved areas.¹⁹ What these commenters do not say, however, is what impacts the USF, its current contributors, its current recipients, and consumers will see if broadband services and/or facilities are listed as USF supported services.

The Commission is exploring the definition of “broadband” in this proceeding and has received numerous suggestions and classification systems.²⁰ The Federal-State Joint Board has sought comment on whether broadband should be added to the list of USF supported services, among other issues.²¹ NCTA recommends that the Commission open a separate universal service redefinition proceeding that focuses on the effects that including a specific definition of “broadband” will have, including all known potential benefits, difficulties, risks and rewards associated with including that newly defined service into the definition of universal service and its impact on the high-cost USF mechanisms. This will enable the Commission, Joint Board, the Congress, the telecommunications industry and consumers to understand the implications of adding broadband facilities and/or services within the umbrella of USF supported services.

V. Conclusion.

For these reasons, the FCC should focus its efforts to accelerate broadband deployment in rural areas using three principles: additional incentives, regulatory certainty and network cost recovery. The Commission should also open a separate rulemaking proceeding to ascertain the

¹⁹ National Cable & Telecommunications Association (NCTA) Comment, pp. 27-28.

²⁰ See fn. 13, *supra*.

²¹ *Federal-State Joint Board on Universal Service Seeks Comment on Long Term, Comprehensive High-Cost Universal Service Reform*, Public Notice, WC Docket No. 05-337, CC Docket No. 96-45 (Public Notice) (rel. May 1, 2007). See also NCTA Comments filed in that proceeding on May 31, 2007.

effects of including specifically-defined broadband facilities and/or services in the list of USF supported services.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Adrienne Rolls, certify that a copy of the foregoing Reply Comments of the National Telecommunications Cooperative Association in WC Docket No. 07-45, FCC 07-21, was served on this 31st day of May 2007 by first-class, United States mail, postage prepaid, or via electronic mail to the following persons:

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