

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

In the Matter of

High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	

Comments of TCA

TCA, Inc. - Telcom Consulting Associates (TCA) hereby submits these comments in response to the Notice of Proposed Rulemaking (NPRM) released by the Federal Communications Commission (FCC) in the above-captioned proceeding.¹ The NPRM seeks comment on the recommendation of the Federal –State Joint Board on Universal Service (Joint Board) recommendation to adopt an interim cap on high-cost universal service support provided to competitive ETCs in order to stem the growth in high cost support. Specifically, the FCC requests comment on the Joint Board’s recommendation that the Commission implement an interim cap on the amount of support that competitive ETCs may receive for each state based on the average level of competitive ETC support distributed in that state in 2006.

TCA is a consulting firm that performs financial, regulatory, management, and marketing services for over one hundred small, rural local exchange carriers (LECs) throughout the United States. TCA clients serve some of the most sparsely populated, high-cost areas of the country and depend upon federal and state universal service support mechanisms in order to provide state of the art communications services to their customers and advance the policy of universal service. Accordingly, TCA files these comments of behalf of its clients, which will be directly impacted by this proceeding.

¹ *In the Matter of High-Cost Universal Service Support and Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, (FCC 07-88), Notice of Proposed Rulemaking, (rel. May 14, 2007).

TCA strongly supports the Joint Board's proposal to adopt an interim cap as a means to stem the growth of the high-cost universal service support provided to competitive ETCs. Additionally, we concur with the recommendation to set the support distributed in a state to the 2006 levels. By capping the support, the Commission would minimize, for an interim term, the growth of the fund until a long term solution is employed.

In its comments of May 31, 2007, TCA agreed with the Joint Board that the explosive growth in the size of federal universal service mechanisms has been the unfettered designation of wireless ETCs for little more than promising to bring "competition" to rural high-cost areas and ignoring the fact that these same wireless carriers have been operating (and presumably competing) in the same areas for years. As TCA has long advocated, this policy has had a detrimental impact upon federal high-cost support mechanisms as wireless ETCs have siphoned off billions of dollars, (the 2007 estimate -- \$1.56 billion),² for little more than serving their existing customer base. This explosion in the amount of universal service funds received by wireless ETCs has been perpetuated by the FCC's "identical support" rule which provides wireless ETCs support based upon the costs of the incumbent LEC and that are unrelated to the cost of actually providing wireless service.³ The interim cap will effectively eliminate the "identical support rule" and will curtail this excessive funding of wireless ETCs until such time as a long term solution can be implemented.

There is a clear disconnect between the network investment and high cost support provided to wireless ETCs, which perpetuates a lack of incentive for wireless carriers to invest in unserved and underserved high-cost areas. In order to meet the goals and objectives of universal service, it is critical that universal high-cost funds are appropriately deployed and legitimate needs are met. Implementing an interim cap will provide the vehicle of time that the Board needs to seek further recommendations, analyze their merit and prepare a recommendation for a long term solution. The interim cap on competitive ETC support is a stop-gap measure to seek an ultimate resolution and in time achieve an equitable solution that complies with the principles of universal service.

² Federal universal service support for competitive ETCs was approximately \$15 million in 2001.

³ See TCA comments filed in *Federal-State Joint Board on Universal Service on Long term, Comprehensive High-Cost Universal Service Reform*, FCC 07J-2, Public Notice, (rel. May 1, 2007).

TCA looks forward to contributing in the ongoing efforts of the Commission and the Joint Board in their process of developing and implementing a long term resolution to the issue of the universal service high cost fund.

Respectfully submitted,

[electronically filed]
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