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 Universal Service	)	CC Docket No. 96-45

COMMENTS OF COMCAST CORPORATION

Comcast Corporation (Comcast) hereby submits these comments in response to the Federal Communications Commission's (Commission) Notice of Proposed Rulemaking released in the above-captioned proceeding.[1]

The Commission seeks comment on a recommendation from the Federal-State Joint Board on Universal Service (Joint Board) to impose an interim, emergency cap on the amount of support that wireless and wireline competitive eligible telecommunications carriers (CETCs) may receive, based on the average level of support distributed in a state in 2006. In its *Recommended Decision*, the Joint Board identifies increased support to CETCs as the leading cause of the sizeable growth in the high-cost fund in recent years.[2] It warns that "without immediate action to restrain growth in competitive ETC funding, the federal universal service fund is in dire jeopardy of becoming unsustainable."[3]

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

[2] *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337 and CC Docket No. 96-45, Recommended Decision, FCC 07J-1, ¶ 4 (rel. May 1, 2007) (attached as Appendix A to FCC 07-88, *supra* note 1) ("*Recommended Decision*").

[3] *Id.* ¶ 4.

Comcast supports the Joint Board's proposal because it is targeted to provide some limited interim relief from the ongoing rapid growth in the CETCs' portion of the fund.[4] Comcast recognizes, however, that the Joint Board's proposed interim remedy is no substitute for long-term reform.

The *Recommended Decision* claims that the interim cap would not violate the principle of competitive neutrality because of fundamental differences between the regulatory obligations of CETCs and incumbent LECs (such as equal access and carrier of last resort obligations) as well as differences in determining their levels of high-cost support.[5] However, the proposed approach would place all of the responsibility for reducing the fund's growth in the short run on one segment of the industry – competitive wireline and wireless providers. Moreover, although the Joint Board's analysis indicates that payments to that industry segment have been driving the recent overall growth in the fund, it bears emphasis that last year the amount of high-cost support provided to incumbent telephone companies was approximately 300% greater than the amount of high-cost support provided to CETCs.[6]

Because the Joint Board's interim, emergency proposal for controlling the growth of the fund would not address disbursements to the recipients currently receiving the lion's share of high-cost support, it is imperative that the Joint Board and the Commission move expeditiously to adopt long-term reforms that will curb the fund's

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[4] *Id*. (While support to incumbent LECs has been flat or even declined since 2003, CETC support from 2001 through 2006 "grew from $15 million to almost $1 billion – an annual growth rate of over 100 percent.").

[5] *Id.* ¶ 6.

[6] *Id.* ¶ 4. Indeed, under the current system, a rural incumbent LEC receives the same aggregate amount of high-cost support for a study area even after it loses customers to competing wireless or wireline providers. *See* 47 C.F.R. § 36.622(b).

growth in a pro-competitive manner. As discussed in Comcast's comments on the Joint Board's *Public Notice*, a properly designed reverse auction would promote the efficient delivery of voice service to high-cost areas, thereby fostering competition among alternative providers and putting downward pressure on the size of the fund.[7]

For the foregoing reasons, Comcast supports the Joint Board's proposed interim, emergency cap on the amount of high-cost support that CETCs may receive. Comcast, however, urges the Commission to move promptly to the adoption and implementation of a comprehensive, long-term plan for reforming the high-cost universal service fund in a manner that is technologically and competitively neutral.

Respectfully submitted,

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[7] *See High-Cost Universal Support*, WC Docket No. 05-337, Comments of Comcast Corporation at 4-6 (May 31, 2007).

Certificate of Service

I hereby certify that on this 6th day of June, 2007, I caused true and correct copies of the foregoing Comments of Comcast Corporation to be mailed by electronic mail to:

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