

**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 THE
NEW JERSEY BOARD OF PUBLIC UTILITIES¹**

The New Jersey Board of Public Utilities (“Board”) submits the following comments in response to the Notice of Proposed Rulemaking (NPRM) released by the Federal Communications Commission (FCC or Commission) on May 14, 2007. In this NPRM the Commission seeks comment on a recommendation of the Federal-State Joint Board on Universal Service (Joint Board) that the Commission take immediate action to rein in the explosive growth in the high-cost universal service support disbursements.²

SUMMARY

¹ Commissioner Frederick F. Butler did not participate in the deliberation or vote in this matter.

² Federal-State Joint Board on Universal Service, WC Docket No. 05-337, CC Docket No. 96-45, Recommended Decision, FCC 07J-1 (Fed.-State Jt. Bd., rel. May 1, 2007) (Recommended Decision)

On May 1, 2007, the Joint Board recommended that the Commission adopt an interim cap on high-cost universal service support provided to competitive eligible telecommunications carriers (ETCs) to stem the dramatic growth in high-cost support. Specifically, the Joint Board recommended that the Commission cap 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 2006.³ The Joint Board further recommended that the interim cap apply until one year from the date that the Joint Board makes its recommendation regarding comprehensive and fundamental high-cost universal service reform.⁴

In this NPRM the Commission seeks comment on the recommendation of the Joint Board that the Commission take immediate action to rein in the explosive growth in high-cost universal service support disbursements. Specifically, the Commission seeks comment on the Joint Board's recommendation that the FCC impose an interim, emergency cap on the amount of high-cost support that competitive eligible telecommunications carriers may receive.

The Commission requests commenters to address whether the Commission should control the growth of high-cost support by capping support on competitive ETCs as recommended by the Joint Board. The Commission

³ NPRM at ¶ 4.

⁴ *Id.*

also asks parties to address the Joint Board's recommendation to limit the cap to competitive ETCs only, and whether there are public interest concerns that warrant modifying the application of the recommendation to providers of certain services.⁵ The NPRM also seeks input regarding the operation of any interim cap, including the duration of the cap, its application, and the base period for the cap.⁶

The Commission also seeks comment on the Joint Board's recommendation to impose the cap on a state-by-state basis, including how this would affect the state ETC designation process and whether the cap should be set at the level of support received by competitive ETCs in 2006, as the Joint Board recommended, or some other level.⁷

COMMENTS

The Board again welcomes the opportunity to respond to this NPRM and will limit our comments to the interim emergency cap recommended by the Joint Board. The Board has separately submitted comments on comprehensive high-

⁵ NPRM at ¶ 5.

⁶ *Id.*

⁷ *Id.*

cost universal service reform in accordance with the Joint Board's recent *Public Notice*.⁸

The Board supports the Commission's efforts to expedite this NPRM and concurs that a short comment cycle is appropriate. We further concur with the Joint Board's recommendation that the Commission take immediate action to rein in the explosive and dramatic growth of high-cost support. Immediate action is necessary and appropriate. This Board does, however, respectfully recommend that the emergency interim cap be extended to apply to all recipients of high cost support, including both competitive ETCs and incumbent local exchange carriers (ILEC). The Board agrees that the cap should be based upon disbursements in 2006 and should remain in effect until comprehensive high-cost distribution reform is implemented. While the Board does agree that the bulk of the growth in the high-cost fund is attributed to CETCs, the fund itself has grown well beyond its intended use and must be capped for all recipients until fundamental reform is completed. The high cost fund has grown over the years for other reasons including substantial increases to fund offsets to access charge reductions. Capping all high-cost distributions will help ensure such inappropriate use of Universal Service Funding will not continue. Finally, capping all recipients of high-cost support will treat all providers equally.

CONCLUSION

⁸ Federal-State Joint Board on Universal Service Seeks Comment on Long Term, Comprehensive High-Cost Universal Service Reform, WC Docket No. 05-337, CC Docket No. 96-45, Public Notice, FCC 07J-2 (Fed.-State Jt. Bd., rel. May 1, 2007) (Public Notice)

