

**Before the  
Federal Communication Commission  
Washington, D.C. 20554**

<b>In the Matter Of</b>	)	
<b>High-Cost Universal Service Support</b>	)	<b>WC Docket No. 05-337</b>
<b>Federal-State Joint Board On</b>	)	
<b>Universal Service</b>	)	<b>CC Docket No. 96-45</b>

**Comments Of  
The Kansas Rural Independent Telephone Companies (KRITC)<sup>1</sup>  
On Reform of Universal Service**

---

<sup>1</sup> KRITC consists of the following companies: Bluestem Telephone Company, Blue Valley Telecommunications, Inc., Columbus Telephone Co., Inc., Council Grove Telephone Company, Craw-Kan Telephone Cooperative, Inc., Cunningham Telephone Co., Inc., Elkhart Telephone Co., Inc., Golden Belt Telephone Association, Inc., Gorham Telephone Co., Inc., H & B Communications, Inc., Haviland Telephone Company, Inc., Home Telephone Company, Inc., JBN Telephone Company, Inc., KanOkla Telephone Association, Inc., LaHarpe Telephone Company, Inc., Madison Telephone L.L.C., MoKan Dial, Inc., Moundridge Telephone Company, Inc., Mutual Telephone Company, Peoples Telecommunications, L.L.C., Pioneer Telephone Association, Inc., Rainbow Telecommunications Association, Rural Telephone Service Company, Inc., S & A Telephone Company, S & T Telephone Coop Association, Inc., South Central Telephone Association, Inc., Southern Kansas Telephone Company, Inc., Sunflower Telephone Company, Inc., The Tri-County Telephone Association, Inc., Totah Communications Company, Inc., Twin Valley Telephone, Inc., United Telephone Association, Inc., Wamego Telecommunications Company, Wheat State Telephone, Inc., Wilson Telephone Company, Inc., and Zenda Telephone Company, Inc. An informal association of all 36 Kansas rural telecommunications providers.

## **I. BACKGROUND AND SUMMARY OF COMMENTS**

KRITC submits these comments in response to the Commission's Notice of Proposed Rulemaking dated January 18, 2008.

As small independent telecommunications carriers serving high cost areas, the KRITC providers recognize the significant need for broad reform of Federal universal service policies and mechanisms. We support generally the recommendations to broaden the base of telecommunications services subject to universal service assessment and the recommendations to reduce unnecessary demand on support mechanisms through elimination of the identical support role. We concur that the substantial benefits and public acceptance of broadband service warrant that service's specific designation as a supported component of universal service. Although we believe we have been conscientious stewards of public resources we recognize the public interest in effective oversight of universal service expenditures by all eligible recipients, subject to the understanding that excessive oversight can generate burdens disproportionate to benefits. The KRITC providers, as wireline carriers, recognize the broad acceptance of mobile telecommunications services by the public. While we understand the proposal to designate mobility as a supported component of universal service we believe there are important questions necessitating threshold consideration regarding the scope of mobility that would be supported, the likely eventual cost of such support and the mechanisms under which a vigorously competitive wireless telecommunications industry would require and receive support. Proposals for an overall cap on high cost support are premature and counterproductive to substantive reform.

## **II. UNIVERSAL SERVICE IS AND SHOULD REMAIN THE CORNERSTONE OF NATIONAL TELECOMMUNICATIONS POLICY THROUGH CONTINUING RESPONSIBLE AND SUSTAINABLE SUPPORT MECHANISMS**

The KRITC carriers are able to exist in their present form only by virtue of universal service support. Market forces in sparsely populated areas are, and will continue to be, inadequate to ensure that every American has access to high-quality affordable telecommunications service. The rural independent companies of Kansas take pride in their long history of service to their communities and of responsible use of universal service support in the public interest. Although rural wireline carriers are not responsible for the significant continuing growth in overall universal service support we recognize this growth constitutes a growing threat to public acceptance and sustainability of existing support mechanisms. We join in recommendation, as discussed herein, for broad reform of existing policies and practices necessary to promote the continuing interconnection of Americans through basic and advanced communications services.

Present strains on universal service systems are attributable generally both to unreasonable limitations on contributions to the system and unnecessary demands on existing support mechanisms. In the former category, there is no justification for the maintenance of artificial distinctions among communications technologies benefiting from universal service support. More recent technologies such as voice over Internet protocol (VoIP) realize increased value as a result of universal service. Regardless of the specifics of the digital technology employed, VoIP and comparable services provide customers the ability to speak with each other in urban and rural settings alike. Permitting newer technologies to benefit from others' investments in the public switched network is consistent with universal service principles, but only to the extent that the beneficiaries

make equitable contribution toward that benefit. All technologies sharing the function of voice-to-voice communication should recognize and support the common value of the facilities with which they interact.

The substantial increase in demand on universal service mechanisms results primarily from policies intended to foster telecommunications competition as an independent objective. Arising over a decade ago, some of these policies no longer function effectively in light of subsequent technological and market developments. As we discuss in separate simultaneous comments, the identical support rule is a significant example of policies intended to benefit competition, but which now actually inhibit effective market competition; certainly this policy has resulted in strains on universal service mechanisms grossly out of proportion to any competitive benefit that may have resulted. An immediate cap on universal service support to competitive eligible telecommunications carriers (CETC), followed promptly by discontinuance and replacement of the identical support rule, should be the primary focus of the commission in its efforts to halt and ideally reverse unsustainable growth in universal service assessments and expenditures.

**III. BROADBAND SERVICE SHOULD BE DESIGNATED AND SUPPORTED AS A COMPONENT OF UNIVERSAL SERVICE, TOGETHER WITH ADDITIONAL SPECIFIC POLICY REVISION SUPPORTING FURTHER DEPLOYMENT**

The Federal-State Joint Board is entirely correct in recognizing the increasing importance and consumer acceptance of broadband communications. The KRITC providers have worked within existing mechanisms to deploy communications facilities affording their customers access not only to high quality voice communications but also to advanced services. We believe specific designation of broadband as a supported

service would facilitate further deployment, to the end that high-speed digital service may become comparably available and affordable everywhere.

The medium of digital communications is and will be the best opportunity to replace many vital services that have become physically unavailable in rural areas. Distance learning, telemedicine and e-commerce through broadband technology have become essential in smaller communities, as the physical availability of medical, educational and business services are increasingly concentrated only in more metropolitan locations. The information economy offers consumers the opportunity to work from any location, provided adequate communications facilities are available. The retention and development of more traditional employment opportunities increasingly will depend on the availability of advanced communications services to employers. These emerging factors make ubiquitous broadband service at least as great a component of the public interest as is traditional voice communications capability.

As has been true traditionally of voice communications, the benefits of ubiquitous broadband service can be achieved only through the prudent employment of support mechanisms. Rural independent companies in Kansas have had noticeable success in making advanced services available, not only to their existing customers but also to customers in new exchanges acquired from larger carriers. At least in the Kansas experience, the greatest predictor of broadband availability is not population density; it is the nature of the local telecommunications provider, with customers of small independent carriers most likely to have access to advanced services. Existing support policies in certain cases, however have impeded additional deployment. Specifically the so-called “parent trap” rule, artificially limiting universal service support in exchanges acquired by

a rural independent carrier from a larger provider to the amount of support received by the former carrier, makes deployment of advanced services significantly more difficult. universal service reform in support of broadband deployment should include reversal of the “parent trap” policy.

#### **IV. THE PROPOSAL FOR DESIGNATION OF MOBILITY AS A SUPPORTED UNIVERSAL SERVICE REQUIRES FURTHER DEFINITION AND CAREFUL CONSIDERATION**

The Federal-State Joint Board additionally has recommended that mobility be designated a component of universal service. It is true that mobile communications capability has enjoyed broad acceptance, but the consequences of designating mobility as a supported service need to be better understood. It is not entirely clear from the joint board’s finding exactly how mobility and universality would interrelate as supported objectives.

As mobile carriers are careful to point out in the fine print of their extensive promotions, customers cannot assume effective wireless service to be available in all areas under all conditions. This limitation is true under certain circumstances in urban and rural areas alike. Plainly any customer can secure mobile service if that customer travels to a location where a sufficient signal is available; conversely any customer can lose the availability of service if the customer travels to a location where wireless signal happens to be insufficient.

If mobility is to be made a supported universal service the commission must clarify what extent of mobility is proposed or required. If universal availability of mobile service is prescribed without limitation, the possible financial burden to ensure adequate signal throughout the United States could be wholly unsustainable and substantially

unnecessary. As a matter of public policy the threshold determination must be the circumstances under which a customer should be able to expect reliable and affordable mobile communications service. Until that determination is made and the probable support costs of satisfying the standard determined, blanket designation of mobility as a supported service could amount to the issuance of a blank check with unknown consequences.

Further, if the potential cost of assuring universal availability of mobile service gives pause, support for multiple wireless carriers' efforts to provide universality would multiply the potential demand on support mechanisms. As with more traditional components of universal service, the Commission must consider and resolve the extent to which universality and competitive neutrality can co-exist. Without such resolution premature designation of mobility as a supported service could become the next universal service time bomb, negating all other reform efforts now under consideration.

**V. A CAP ON HIGH COST SUPPORT PRIOR TO EFFECTIVE IMPOSITION OF OTHER REFORMS WOULD BE PREMATURE, COUNTERPRODUCTIVE TO SUBSTANTIVE REFORMS AND CONTRARY TO UNIVERSAL SERVICE OBJECTIVES**

The recommendation of the Federal-State Joint Board for an overall cap on high-cost support should not be adopted. The KRITC providers recognize substantial and growing pressure for action to address the growing demands universal service mechanisms, but imposition of an overall cap would provide only the appearance of a remedy. In practice an overall high cost cap would do more harm than good.

The KRITC providers believe other recommended reforms will provide such significant relief to pressure on universal service mechanisms as to eliminate any need for an overall cap. Significant broadening of the base of contribution, combined with a

substantial reduction in demand through elimination of the identical support rule, will provide relief at both ends of the universal service support process, leaving the high cost fund in a sustainable state comparable to that which existed in prior to the explosion in support being paid to competitive ETCs.

Imposition of an overall high cost cap as a “quick fix” would slow rather than advance substantive reform. The more responsible course would be to address and impose corrective measures that permit continuation of universal service objectives, while minimizing or precluding abuse to which present mechanisms are subject. So long as a cap is in place there will be a tendency to address substantive reform less aggressively. Meanwhile, although fund growth would be blocked, fund purposes would be frustrated. Recipients of support under the existing cap would be obliged to devote more and more effort and attention to maximizing their individual respective portions of an artificially limited universe of fund resources. Instead of this approach, telecommunications providers should focus their efforts on the provision of universally available high-quality affordable service and the Commission should focus its attention on “right-sizing” appropriately reformed mechanisms. Only after carriers’ support amounts are reset to reflect their individual costs, and after all communications providers benefiting from universal service are making their fair contributions to its advancement, should the commission find it necessary and useful to consider whether a continuing problem with overall fund size necessitates imposition of an arbitrary overall high cost cap.

By contrast, the multiplication of present demands for support by wireless carriers, in spite of a marginal resulting effect on advancement of universal service

principles, warrants an immediate cap on that particular segment of fund demand. That specific drain on universal service support has created the hole in which universal service is currently situated; imposition of an equally specific and limited cap, comparable to the longstanding cap that remains in effect on wireline support, is the best and only necessary way to “stop digging” while long-range reform is being implemented.

Respectfully submitted by,

Kansas Rural Independent Telephone Companies  
(KRITC)

By: /s/Thomas E. Gleason, Jr.

Thomas E. Gleason, Jr.  
GLEASON & DOTY, CHARTERED  
P.O. Box 6  
Lawrence, Kansas 66044  
Telephone: (785) 842-6800  
Fax: (785) 856-6800  
Email: gleason@sunflower.com

By: /s/Mark E. Caplinger

Mark E. Caplinger  
JAMES M. CAPLINGER, CHARTERED  
823 W. 10th Street  
Topeka, Kansas 66612  
Telephone: (785) 232-0495  
Fax: (785) 232-0724  
Email: mark@caplinger.net