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
	)	

TO: Federal-State Joint Board on Universal Service

REPLY COMMENTS OF THE WESTERN TELECOMMUNICATIONS ALLIANCE

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SUMMARY

The Western Telecommunications Alliance ("WTA") believes that the existing High Cost support programs for rural telephone companies have been the most successful and effective Universal Service Fund ("USF") programs. Since the mid-1980s, they have enabled small rural carriers with minimal financial resources to invest in, construct, operate and maintain the infrastructure necessary to provide quality, affordable and reasonably comparable telecommunications and information services to their rural service areas. They have accomplished these tasks in a highly efficient manner subject to substantial regulatory and private oversight and accountability, as well as with virtually no waste, fraud or abuse.

Most rural telephone companies have been transitioning from "plain old telephone service" to the developing broadband network. They need continued specific, predictable and sufficient High Cost support in order to replace their copper lines with fiber optic facilities, and to make other network upgrades, as rural demands for telecommunications and advanced services evolve. They also need continued High Cost support to satisfy the service demands and bear the economic consequences of their Provider of Last Resort ("POLR") status in many of the Nation's most rugged, sparsely populated and high-cost areas.

WTA believes that the existing High Cost programs for rural telephone companies should be retained in substantially their present form. It also supports separate High Cost support programs under the overall USF umbrella and contribution mechanism for (1) larger, non-rural POLRs; (2) new broadband construction in unserved areas; and (3) wireless carriers in high-cost wireless service or study areas. WTA believes that separate High Cost programs for different

industry segments will be much more effective and cost-efficient than "one-size-fits-all" solutions. Such separate programs should not be subject to integrated caps that may automatically divert support from one separate industry segment to others.

WTA opposes reverse auctions as a means of calculating and distributing support for any of the proposed separate High Cost programs. It believes that their investment disincentives, gaming opportunities and design complexities will harm rural telecommunications service and competition.

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The Western Telecommunications Alliance ("WTA") submits its Reply Comments with respect to the *Joint Board Comprehensive USF Reform NPRM*[1], the *Identical Support Rule NPRM*[2] and the *Reverse Auctions NPRM*[3].

The initial comments in this proceeding generally fall into three categories. One group (which includes Verizon and the National Taxpayers Union) wants to reduce their Universal Service Fund ("USF") contributions as much as possible by employing reverse auctions, limiting the size and scope of High Cost programs or eliminating such programs altogether. The second group (which includes various wireless and broadband providers) wants to increase substantially the amount of High Cost support its members receive, often at the expense of existing recipients. The third group (comprised of rural telephone

[1] *Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-22 (rel. Jan. 29, 2008) (*Joint Board Comprehensive USF Reform NPRM*)
[2] *Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-4 (rel. Jan. 29, 2008) (*Identical Support Rule NPRM*)
[3] *Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-5 (rel. Jan. 29, 2008) (*Reverse Auctions NPRM*)

company representatives) has attempted to preserve those High Cost support programs that have been very successful and effective.

WTA seeks greater civility and less polarization in the High Cost program review process. It has tried to work with large and mid-sized incumbent local exchange carriers ("ILECs"), wireless interests and other rural telephone associations to discuss and devise an industry-wide plan that would preserve the successful and effective programs in the existing High Cost Fund, while making the modifications necessary to satisfy Section 254(b) universal service principles as well as the various broadband deployment, mobility, cost containment and accountability goals proposed by the Joint Board and others. To date, such discussions have not yet born fruit, but WTA continues to work toward a broad-based industry settlement that will benefit consumers by promoting broadband deployment throughout the nation.

In the interim, WTA wishes to start a reasoned dialogue regarding some of the critical facts and questions affecting Universal Service reform. These matters include: (1) the most successful and effective High Cost support programs; (2) whether allegations of inefficiency, waste, fraud and abuse regarding High Cost programs are accurate; (3) whether High Cost programs for rural telephone companies continue to be necessary; (4) whether High Cost support is more effectively and efficiently provided via a single program or via separate programs targeted to distinct industry segments; and (5) whether reverse auctions should be used to calculate and distribute High Cost support.

I

What Are the Most Successful and Effective High Cost Support Programs?

In its *Recommended Decision* under consideration in this proceeding, the Joint Board commended rural telephone companies for their effective use of existing High Cost support mechanisms to provide and maintain essential telecommunications networks as well as to deploy broadband facilities and services. *Joint Board Comprehensive USF Reform NPRM, Appendix A* at paras. 30 and 39. Rural telephone companies are generally locally owned and/or locally operated, and have a long and exemplary record of meeting the infrastructure and service needs of their rural exchange areas. Most have employed their own limited financial resources, together with High Cost support, to construct and operate telecommunications networks, and provide services, reasonably comparable to those available in urban areas.

As a matter of fact, the High Cost Loop ("HCL"), Local Switching Support ("LSS") and Interstate Common Line Support ("ICLS") programs for rural telephone companies have been THE outstanding success story of the Universal Service Fund ("USF") from the mid-1980s to the present. These programs have been effective in enabling rural telephone companies to construct and maintain the lengthy and expensive loops necessary to serve the residents of their rural exchange areas (including isolated and difficult-to-reach clusters and households); to bury lines to limit weather damage and outages; to upgrade loops to furnish digital subscriber line ("DSL") capabilities; to replace copper facilities with fiber optic cable; to install and operate digital switches and soft switches; to implement Signaling System 7; to provide local or centralized equal access; to offer custom calling options; to comply with Emergency 911 ("E911") and

Communications Assistance for Law Enforcement ("CALEA") responsibilities; to provide better and faster access to the Internet and information services; and to keep local service rates at affordable levels in the high-cost areas they serve.

The success of the HCL, LSS and ICLS programs can be readily determined by visiting the exchanges of WTA members, inspecting their facilities, and testing their services. WTA would be happy to arrange visits by Commissioners and Commission staff members to as many of its member companies as they wish to examine. This success is further evidenced by the overall high degree of satisfaction of rural customers with the services, service quality and rates of their rural telephone companies, and with the relative lack of consumer complaints to this Commission, state commissions and Congress regarding rural telephone companies. As both this Commission and state commissions are well aware, in virtually all instances where rural telephone companies have been able to purchase rural exchanges from larger carriers in the Western states, the transactions have been welcomed and supported by large majorities of the affected local customers.

The High Cost Model ("HCM") and Interstate Access Support ("IAS") support programs for larger non-rural carriers have not had comparable success. WTA is not criticizing the investment or service efforts of large carriers in the rural areas they serve. Most such large carriers are publicly-traded, and subject to legal and economic obligations to invest their substantial (but not unlimited) resources in projects with much greater profit potentials than their rural exchanges. WTA's point is merely that the HCL, LSS and ICLS programs have been effective in enabling many relatively small rural telephone companies with limited financial resources to invest in quality rural networks and services, while the HCM and IAS programs have not yet been effective in spurring the much larger non-rural carriers to make similar investments and upgrades in many of their rural service areas.

Finally, there is presently little or no reliable evidence regarding the effectiveness of portable High Cost support for wireless eligible telecommunications carriers ("CETCs"). Given that wireless CETCs have not been subject to rate regulation, common accounting standards, or reporting requirements comparable to those of ILECs, or to other public measures of accountability, it is extremely difficult to evaluate objectively the impact and effectiveness of the portable High Cost support they have received.

In sum, the High Cost support programs for rural telephone companies have been, by far, the most successful and effective High Cost support programs.

II

Have High Cost Programs Been Subject to Inefficiency, Waste, Fraud and Abuse?

The High Cost support programs for rural telephone companies also have an outstanding record for efficiency and integrity. In any group of 1,100 to 1,200 entities, it is a statistical likelihood that there will be some that occasionally test or push the limits of certain rules, as well as a few that cross the line and violate such rules. However, since the USF was established in the mid-1980s and reconstituted after the 1996 Act, its rural telephone company programs have been clean and scandal-free to an extraordinary degree. The vast majority of rural telephone companies has respected and appreciated these programs, and has followed both the letter and the spirit of the program requirements.

Contrary to urban legend, rural telephone company services and facilities are not "gold-plated," and rural telephone companies have not invested in unnecessary facilities in order to earn larger profits under rate of return regulation. In the first place, the core requirement of rate of return regulation is that recoverable investments and expenses must be "reasonable and prudent." Cost companies periodically undergo rate cases and audits from their state utility commissions, the National Exchange Carrier Association ("NECA") and recently the Universal Service Administrative Company ("USAC"). They are well aware that unreasonable and imprudent investments and expenses may be disallowed in the calculation of their regulated rates, NECA settlements and High Cost support.

Second, rural telephone companies are generally small entities that have limited financial resources and limited access to loans and financial markets. Those alleging unnecessary investments and expenditures ignore the fact that most rural telephone company owners, boards of directors and cooperative members are notable for being very conservative and careful with expenditures. More significantly, rural telephone companies must borrow to finance most significant infrastructure investments, and generally can obtain the requisite loans only from a small number of lenders such as the Rural Utilities Service ("RUS"), the Cooperative Bank ("CoBank"), the Rural Telecommunications Finance Cooperative ("”RTFC") and a few small rural banks. These potential lenders do not finance investment projects without investigating business plans and assumptions very carefully, and assuring themselves that the proposed facilities and financial projections are reasonable and prudent.

Finally, as the Commission is well aware, the support flows in High Cost programs for rural telephone companies lag the costs they partially reimburse by two years. Small carriers with limited financial resources fully understand and directly experience the time value of money, and have no incentive to make unnecessary or excessive investments in Year 1 in the hope of increasing their returns on investment in Year 3.

In sum, the oft-repeated claims of inefficient and extravagant rural telephone company investment are a canard supported by nothing other than ignorant or ill-intentioned repetition. Rural telephone companies have neither the incentive nor the money to gold-plate their networks, nor any expectation that such unreasonable and imprudent expenditures would be allowed by their lenders, auditors and regulators.

Likewise, there has not been significant waste, fraud or abuse among the vast majority of rural telephone companies receiving support from High Cost programs. Rural telephone company costs and revenues have been subject to audit from state commissions and NECA for decades. Since mid-2006, increasing numbers of rural telephone companies receiving High Cost support have also been audited by independent accounting firms under the oversight of USAC and the Commission's Inspector General for purposes of compliance with the Improper Payments Information Act. To the best of WTA's information and belief, these audits have not revealed any significant waste, fraud or abuse by rural telephone company recipients of High Cost support. There appear to have been some errors, oversights, interpretations, accounting practices and similar matters that have resulted in minor overpayments and underpayments (some of which offset each other), but no substantial patterns or amounts of waste, fraud or abuse.

The National Taxpayer Union's attempt to tar the entire rural telephone industry by reference to an isolated past instance involving the takeover of two Missouri rural telephone companies by organized crime is particularly unfair. The Mob has infiltrated individual businesses in a variety of industries, but no one has reasonably claimed that the many innocent and law-abiding businesses in such industries should be stripped of government benefits and protections as a result. In the case of the Missouri companies, the alleged wrongdoers were immediately forced out over five years ago when the fraud was discovered, the Commission and the Missouri Commission oversaw the sale of the companies to experienced and legitimate buyers, and excessive payments to the Mob-controlled companies from NECA and USAC were required to be repaid from the sales proceeds as a condition of approval of the transactions. In sum, the Missouri matter raised by the National Taxpayers Union is an isolated past instance which clearly demonstrates that the existing High Cost programs for rural telephone companies have been well run and well regulated, and that the existing oversight mechanisms have worked effectively to uncover, minimize and mitigate fraud.

WTA believes that **all** recipients of Universal Service Fund ("USF") support should be monitored and held accountable for the proper calculation and use of the support that they request and receive. Whereas rural telephone companies have long been scrutinized far more closely than other USF recipients, such scrutiny has shown that the rural telephone industry has used its High Cost support effectively and efficiently, and without significant waste, fraud or abuse.

III

Is High Cost Support Still Necessary for Rural Telephone Companies?

Some commenting parties have tried to disregard and circumvent the success and efficiency of the High Cost programs for rural telephone companies by claiming that they should be abandoned or contracted as vestiges of the last century designed primarily to subsidize "legacy" wireline voice networks, while consumers have moved on to mobility and broadband.

In fact, most rural telephone companies no longer operate "legacy" voice networks, nor limit their service offerings to "plain old telephone service ("POTS")." As the Joint Board observed, rural telephone companies have moved well down the transition path from POTS to broadband networks, and are providing broadband services as well as voice services to increasing majorities of their rural customers.

However, the upgrades necessary to provide rural customers access to existing and future broadband services are far from complete. To date, most rural telephone companies have deployed broadband by installing transitional digital subscriber line ("DSL") technology further and further from their central offices. As customer demands for greater bandwidth and higher speeds continue to increase, rural telephone companies will need to replace existing copper lines with fiber optic trunks and loops further and further out into their networks. In order to continue to provide rural customers with services reasonably comparable to those in urban areas, rural telephone companies will ultimately have to construct and maintain fiber-to-the-curb or fiber-to-the home loops throughout much or all of their rural service areas.

These future broadband expansions and upgrades will be very expensive. As indicated by the 2006 NECA study[4] referenced in WTA's April 17, 2008 comments herein, an estimated additional investment of $11.902 billion will be necessary to upgrade 5.883 million lines of NECA's rural ILEC members to an 8 Mbps bandwidth. If present broadband trends continue, it is very likely that bandwidth demands and investment requirements will far exceed these levels. Rural telephone companies will not be able to obtain the loans necessary to make such investments, or generate the dollars necessary to operate and maintain the constructed facilities, without continued specific, predictable and sufficient High Cost support.

WTA notes also that rural telephone companies are Providers of Last Resort ("POLRs") subject to substantial and continuing additional costs resulting from their legal obligations to serve **ALL** customers requesting service within their certificated exchange boundaries. They presently serve (and may ultimately have to construct broadband facilities to serve) customers whose remote locations, high costs of service and/or minimal profit potentials would preclude them from being served (or would allow them to be served only at very high monthly rates) if the normal laws of economics applied. POLRs are also subject to quality of service requirements that increase their plant and operating costs, as well as regulation of their rates, costs, accounting methods, record keeping and customer relationships. These additional and continuing POLR obligations and costs constitute a substantial and independent reason for preservation of specific, predictable and sufficient High Cost support for rural telephone companies.

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[4] National Exchange Carrier Association, *The Packet Train Needs to Stop at Every Door* (June 2006) at pp. 30-2.

Finally, WTA reminds the Commission (as well as the wireless and broadband carriers seeking to eliminate or reduce rural telephone company support programs) that rural telephone networks provide transport and termination services essential for the routing and connection of other traffic, including wireless and Voice over Internet Protocol ("VoIP") traffic. For example, if the mischaracterized "legacy" wireline networks were to cease operations, many rural wireless carriers would find that they no longer had a way to connect their rural cell sites or to transport traffic to and from them.

For all of these reasons, it is clear that the existing and successful High Cost programs that ensure rural telephone companies are able to bring reasonably comparable services to rural customers need to continue providing specific, predictable and sufficient support for the foreseeable future.

IV

Should There Be Separate High Cost Programs for Different Industry Segments?

The recent explosive and uncontrolled growth of portable High Cost support pursuant to the Identical Support Rule [47 C.F.R. §54.307(a)] offers stark evidence of the difficulties, inefficiencies and unforeseen consequences of past attempts to stretch and contort "one-size-fits-all" mechanisms to distribute support to carriers having very different sizes, needs, investment incentives, cost structures and technologies. WTA believes that it is much more efficient and cost-effective for the Commission to design and maintain separate High Cost support programs under the overall USF umbrella and contribution mechanism for: (a) rural telephone company POLRs, (b) larger non-rural carrier POLRs, (c) new broadband construction in unserved areas, and (d) wireless carriers (as well as the separate Schools and Libraries and Rural Health Care support programs).

As indicated above, the existing High Cost programs for rural telephone companies have been very successful, and should be retained in substantially their present form. They remain necessary to permit small carriers with limited financial resources to invest in, construct, operate and maintain the infrastructure necessary to provide their rural customers with quality telecommunications and information services reasonably comparable to those available in urban areas at affordable and reasonably comparable rates. The separate programs can be further justified by the substantial POLR requirements borne by rural telephone companies in the nation's most rural, rugged and sparsely populated areas (most of which were deliberately avoided by the former Bell System, and others of which have been sold off by non-rural carriers since the 1984 divestiture).

The remaining Regional Bell Operating Companies ("RBOCs") and other non-rural carriers are much larger than rural telephone companies, and have very different financial resources, investment opportunities and incentives, cost structures, and economies of scale and scope. To put it simply, rural telephone companies need High Cost support in order to obtain and repay loans for essential infrastructure investment, whereas non-rural carriers (most of which are publicly traded and accountable to the investment community as well as to regulators and policy makers) can much more readily obtain internal or external investment financing but have had many investment alternatives that were far more attractive than upgrading their rural exchanges. It is not clear how much additional High Cost support would be necessary to provide effective incentives for non-rural carriers to upgrade their rural exchanges, or whether the more efficient policy would be the removal of existing disincentives to the sale by non-rural carriers of their unwanted rural exchanges to rural telephone companies that want to serve them.[5] What is absolutely clear is that the calculation and distribution of both rural and non-rural carrier support via the same High Cost program, standards and/or cap would result either in an extremely expensive program or the transfer of substantial support to non-rural carriers at the expense of investment and service in rural telephone company areas.

Similar considerations apply to the new Broadband Program recommended by the Joint Board. WTA supports revision of the current definition of supported services to include "broadband" services that exceed a Commission-specified (and evolving) minimum bandwidth or speed. It also supports the two-year Rural Broadband Pilot program proposed by AT&T Corporation in the present dockets,[6] and believes that such a program should be available to encourage broadband construction by carriers that do not qualify for support under the other High Cost programs. At the same time, WTA recognizes that broadband investment is very expensive, and that significant additional High Cost support may be needed to implement broadband in unserved and underserved areas both now and in the future as "broadband" demands and definitions evolve. WTA believes that the most effective and efficient approach is to design and operate the new

[5] For example, the "parent trap" provision in Section 54.305(b) of the Rules restricts the High Cost support for many exchanges acquired by rural telephone companies from large non-rural carriers, while the "safety valve" provisions of Sections 54.305(c) and (d) do not counterbalance the restriction. See *United Telephone Company of Kansas, et al., Petition for Clarification or Waiver of Section 54.305 of the Commission's Rules, Application for Review, CC Docket No. 96-45 (filed Oct. 10, 2006).*

[6] Letter from Robert W. Quinn, Jr., Senior Vice President, Federal Regulatory, AT&T Services, Inc. to Chairman Kevin J. Martin et. al., WC Docket No. 05-337 and CC Docket No. 96-45, dated July 16, 2007.

Broadband Program as a separate High Cost program having its own support calculation and distribution mechanisms, and not to place it under any overall USF or High Cost cap where it may automatically siphon support from other programs.

Finally, WTA supports a separate Mobility Program for wireless carriers. WTA has repeatedly asserted in Commission rulemakings that wireline and wireless are predominately complementary or supplementary services (rather than competitive services) that have very different technologies, costs, service areas and support needs. A recent Telecommunications Industry Association ("TIA") study found that changes in market share between wireline and wireless phone Have been due primarily to the transition to DSL from secondary lines used for dial-up Internet access, as well as to the increased use of wireless phones by multiple family members (particularly adolescents). TIA determined that:

> Households have been more reluctant to drop their primary landlines because they serve a community function. People can contact or leave messages for any household member, while wireless phones are associated with individual household members rather than with the household itself. Thus far, households have for the most part retained their landline subscriptions that serve all members, while each household member may also have a wireless subscription. Landlines also retain an advantage over wireless in terms of voice quality and reliability.[7]

WTA believes that wireless carriers should have a separate Mobility program wherein support for high-cost rural wireless carriers can be calculated and distributed on the basis of their own costs and their own state or regional service/study areas. WTA believes that wireless carriers should have the option to avoid increased regulation if they elect to forego High Cost support, but that they must be required to comply with

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[7] Telecommunications Industry Association, TIA 2008 Telecommunications Market Review and Forecast, p. 56.

accounting and accountability standards and related regulation if they request and receive High Cost support.

WTA disagrees with certain wireless interests that the level of Mobility program support should relate directly to the level of support for rural telephone company POLRs and/or to the amount of wireless contributions to the USF. In the first instance, as noted in connection with the Identical Support Rule mess, rural telephone company POLRs do not compete significantly with wireless carriers and have significantly different obligations and costs than wireless carriers. In the second, the logical conclusion of an "everyone-should-get-back-the-same-amount-that-they-put-in" standard is that there should be no USF at all, and that support to high-cost areas, schools, libraries, rural health care facilities, and low-income customers should cease. Finally, separate High-Cost programs for wireline and wireless carriers should not be placed under a common USF or High Cost cap where changes in the support needs of one non-competing industry segment can automatically reduce the amount of support available for another segment.

In sum, WTA supports the following four separate High Cost programs: (1) the existing High Cost programs for rural telephone company POLRs; (2) the existing or modified High Cost programs for non-rural POLRs; (3) a new Broadband program for unserved areas where carriers do not qualify for other High Cost programs; and (4) a new Mobility program for wireless carriers in high-cost wireless service/study areas.

V

Are Reverse Auctions an Effective High Cost Distribution Mechanism?

WTA opposes reverse auctions because their investment disincentives, gaming opportunities and design complexities will impair rural telecommunications service and competition. Experiments with reverse auctions are particularly inappropriate at the present critical juncture in the evolution of the public telecommunications network when the nature, extent and source of broadband service in Rural America remain in the balance.

As indicated above, rural telephone companies and other small carriers that lack substantial financial resources rely upon loans for significant infrastructure investments and upon high-cost support for loan repayment (and also operating and maintenance expenses in high-cost areas). The very uncertainty created by reverse auctions regarding the future availability and amounts of High Cost support will dry up the investment loan market for small carriers (or increase interest rates to unaffordable levels). As indicated by CoBank, one of the primary sources of investment loans for rural telephone companies, the uncertainty produced by reverse auctions would significantly reduce the availability of debt capital for the financing of rural infrastructure investment. *Comments of CoBank, ACB, WC Docket No. 05-337 and CC Docket No. 96-45, April 17, 2008, p. 4.*

Gaming is also a serious danger of reverse auctions, for a significant number of very different existing carriers will be tempted to do whatever is necessary to preserve their existing network investments and business operations. As the Commission has experienced in previous wireless lotteries and spectrum auctions, there will always be some participants that develop "creative" strategies (some legal and others questionable) to maximize their chances of winning a lottery or auction. If reverse auction participants deliberately underbid legitimate service providers for insufficient amounts of support in order to win the auction, drive out competitors, and come back later for additional support, it may be impossible to put Humpty Dumpty back together again after their gaming tactics subsequently become clear.

Finally, WTA has yet to see any proposed reverse auction design that is not subject to very dangerous and unwanted consequences upon rural telecommunications investment and service. For example, the commonly proposed five-year and ten-year auction terms are far too short to encourage substantial investment in fiber optic facilities and other typical telecommunications infrastructure that have much longer useful lives and loan repayment periods. Likewise, the size and shapes of the service areas of potential reverse auction participants differ significantly, raising dangers that large carriers will outbid small carriers, that some carriers will receive support only for portions of their existing networks and/or that some rural areas will lose service. Again, the very different types, qualities and packages of services offered by potential auction participants pursuant to different prices and pricing plans will make it very difficult to evaluate their bids, and force the Commission into making highly subjective (and legally vulnerable) choices or into inserting itself unduly into the regulation of service packages and pricing.

In sum, WTA opposes reverse auctions as a method for calculating and distributing High Cost support for any eligible telecommunications carriers.

VI

Conclusion

WTA requests the Commission to retain the highly successful, effective and efficient High Cost programs (HCL, LSS and ICLS) that have enabled rural telephone companies to obtain the loans and make the infrastructure investments necessary to provide affordable and reasonably comparable services to their rural customers, and that continue to be needed to upgrade, operate and maintain essential and evolving rural wireline networks during the transition to a broadband economy. WTA urges that the support provided by these rural telephone company programs be calculated and distributed separately from the Non-Rural Carrier, Broadband and Mobility programs that can and should be established to target High Cost support more effectively and efficiently to other industry segments. WTA opposes both an integrated cap on all High Cost programs and reverse auctions as mechanisms whose design flaws and uncertainties will discourage rural infrastructure investments and threaten the future success of Universal Service programs.

Respectfully submitted,
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