Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 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	)	

REPLY COMMENTS OF TDS TELECOMMUNICATIONS CORPORATION

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SUMMARY

Many months of deliberation and study among the most knowledgeable people in the telecommunications field have brought the debate over the future of universal service policy to an important fork in the road.

In one direction lies a path towards limiting the Universal Service Fund – ultimately at the expense of universal service itself. The proponents of this path advocate measures such as placing a permanent cap on the Fund and restricting the Fund's goals to ensuring the availability of affordable voice services only. While this path may save money in the short term, it would undercut the gains already made towards the provision of advanced telecommunications services at comparable rates throughout the country. The consequences of taking this path would be devastating to the economic future of the nation, as that future is dependent on the existence of a viable and vital telecommunications infrastructure.

In the other direction lies a path towards retooling universal service mechanisms to serve the true goal of universal service: ensuring the availability of comparable services at comparable rates in all corners of the country. For the 21st century, as the definition of covered services evolves, this will mean providing for ubiquitous broadband and mobility. In this direction lies a meaningful future for universal service that will meet the continually evolving needs of all Americans.

Though the comments submitted in the first round reveal a heartening consensus on a variety of topics – such as realigning the distribution of universal service funding to competitive eligible telecommunications carriers ("CETCs") in order to create proper incentives and accountability for the build-out and maintenance of high cost infrastructure – TDS Telecommunications Corporation ("TDS") believes that the differences illustrated by

our fork in the road metaphor are the headline of this proceeding. After months of deliberation in the policy community over the Joint Board's Recommended Decision and after the development of a robust record, it is now time for the Commission to tackle and solve these important issues. It cannot simply follow Yogi Berra's advice – "When you come to a fork in the road, take it" – but must set out in one direction or the other. (Whereas taking either direction at the last fork in the road leading to Yogi's house would loop back around to his house, in our case the fork in the road offers two entirely different directions, with starkly contrasting destinations.) The Commission cannot hide behind the "interim" cap and act as though universal service reform can now be put on the back burner. Indeed, as Commissioner Copps noted in his statement regarding the consolidated NPRM, the "good news is that [this proceeding] put the urgent need for comprehensive Universal Service reform squarely in front of the Commission."

Though these issues are difficult, TDS urges the Commission to steer its decisions firmly toward the path that offers a meaningful future for universal service. The Commission must reject proposals to eliminate or drastically reduce funding for providers of last resort ("POLRs"); to adopt such proposals would undercut investment in and maintenance of the very infrastructure upon which ubiquitous broadband and mobility depend. Rather, the Commission must consider and adopt a judicious recalibration of universal service support such as that contemplated in the Joint Board's Recommended Decision.

Equally important, and long overdue, is the Commission's attention to unresolved intercarrier compensation issues. Only by (1) "unmasking" phantom traffic in accordance with time-honored network principles to ensure that network use is paid for by users and (2) adopting mechanisms that allow carriers to stabilize intercarrier compensation revenues, can the Commission put the public switched telephone network on a sound footing to support the true goals of universal service.

Finally, the Commission must broaden the USF contribution base so that all who benefit from the use of high cost networks equitably share in supporting the costs of those networks.

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REPLY COMMENTS OF TDS TELECOMMUNICATIONS CORPORATION

TDS Telecommunications Corporation ("TDS") hereby submits its reply comments in the above-captioned consolidated proceedings regarding universal service reform.[1]

INTRODUCTION

The record reflects broad consensus among commenters with respect to the policy objectives articulated by the Federal-State Joint Board on Universal Service (the "Joint Board"). Commenters uniformly acknowledge the need for reform of the current universal service system over a reasonable transition period.

There is likewise near universal recognition among commenters that reform efforts should include realigning the distribution of universal service funding to competitive eligible telecommunications carriers ("CETCs") in order to create proper incentives for the build-out and maintenance of high cost infrastructure. Commenters further agree that any

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[1] See High-Cost Universal Service Support; Federal-State Joint Board on Universal Service, WC Docket No. 05-337, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-4 (Jan. 29, 2008); High-Cost Universal Service Support; Federal-State Joint Board on Universal Service, WC Docket No. 05-337, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-5 (Jan. 29, 2008); High-Cost Universal Service Support; Federal-State Joint Board on Universal Service, WC Docket No. 05-337, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-22 (Jan. 29, 2008).

new mechanism for the allocation and distribution of universal service funding should incorporate greater accountability with respect to the use of such funding.[2]

The consensus breaks down, however, with respect to the vision driving universal service reform, where commenters present the Commission with two very different paths that will impact the economic future of the nation in different ways. The primary goal of those who propose taking the first path is to reduce the size of the Universal Service Fund. These parties tend to advance the unproductive view that universal service funding is a drag on the economy, and that the many obstacles to achieving universal service can be resolved entirely by market forces. Consequently, they argue, universal service support should be drastically reduced across the board.[3] Sprint Nextel, for example, proposes an aggressive combination of new and old mechanisms that would reduce the size of the Universal Service Fund over a short period and constrict the flow of funds currently being used to advance universal service goals, yet offers no vision of what "universal service" is all about.[4] Some advocating this path even believe that the "vision" of universal service

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[2] *See, e.g., High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments CTIA–The Wireless Association, WC Docket No. 05-337, CC Docket No. 96-45 (filed Apr. 17, 2008) ("CTIA Comments"); *Federal-State Joint Board on Universal Service*, Comments of Alltel Communications, LLC, WC Docket No. 05-337, CC Docket No. 96-45 (filed Apr. 17, 2008) ("Alltel Comments").

[3] *See* CTIA Comments, at 11, 22; *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of Verizon and Verizon Wireless, WC Docket No. 05-337, CC Docket No. 96-45, at 22–31 (filed Apr. 17, 2008) ("Verizon Comments"); *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of the National Cable & Telecommunications Association, WC Docket No. 05-337, CC Docket No. 96-45, at 13–14, 17–22 (filed Apr. 17, 2008) ("NCTA Comments").

[4] *See* Letter from Anthony M. Alessi, Counsel to Sprint Nextel, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 05-337, CC Docket No. 96-45 (filed May 12, 2008) (attached Universal Service Reform plan that focuses primarily on reducing high cost support).

should be restricted solely to "voice"; a bill recently proposed by Representative Joe Barton is a good example of this approach.[5]

Those who advocate taking the second path – one that TDS believes will lead the nation in the right direction – stress that the Commission's fundamental responsibility is to protect and advance the goals of *universal service*, not simply to preserve or change the current contours of the *Universal Service Fund.* These parties view universal service funding as "seed money" that will propel the nation forward in the world economy and enhance the safety of its citizens by providing a telecommunications infrastructure capable of producing comparable services at comparable rates throughout the nation.[6] In other words, TDS and the many other parties on this side of the debate believe that the appropriately ambitious goals of the universal service program – ubiquitous mobility and broadband – can be achieved only through a judicious recalibration of universal service support along the lines contemplated by the Recommended Decision of the Joint Board.[7]

Some commenters who advocate taking the funding reduction path contend that the Commission should eliminate or reduce funding specifically for providers of last resort

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[5] *See* Universal Service Reform, Accountability, and Efficiency Act of 2008, H.R. __, *available at* http://republicans.energycommerce.house.gov/Media/File/News/USF%20Reform%20Discussion%20Draft.pdf (staff discussion draft). Section 2(a) of the proposed bill would amend the Communications Act to state that "universal service support is to be used *solely to provide voice communications service* to consumers in rural, insular, and high cost areas throughout the United States and to consumers in low-income households." *Id.* (emphasis added).

[6] As Chairman Martin has noted, universal service is "about providing service to those in areas where competition and market forces alone will not result in the services available in more urban areas of the country." Federal-State Joint Board on Universal Service En Banc Meeting, Opening Remarks by Chairman Kevin J. Martin, Feb. 20, 2007.

[7] *See High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Recommended Decision, 22 FCC Rcd. 20477 (2007) ("Joint Board Recommended Decision").

("POLRs").[8] But support for incumbent local exchange carriers ("ILECs") – and particularly support provided to rural local exchange carriers ("RLECs") – appears to be the one universal service funding mechanism that is indisputably working to achieve the goals of universal service. Indeed, the ILEC infrastructure forms the very "backbone of the network,"[9] and "preservation of future wireless telecommunications services depends significantly on the availability of major portions of the existing wireline network."[10] Thus, the Joint Board, NASUCA, and many others have sensibly indicated support for a separate program for POLRs, while acknowledging the possibility of further reform of the POLR program at some point in the future.

Many commenters believe, and TDS reiterates here, that in order to address the difficulties inherent in achieving universal service, the Commission must stabilize intercarrier compensation.[11] Providing a mechanism whereby ILECs can reduce intrastate access charges to interstate levels, addressing the issue of phantom traffic, and declaring that all traffic terminated on the public network should be paid for will help significantly in

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[8] *See* CTIA Comments, at 7–12: Verizon Comments, at 22–24; NCTA Comments, at 18–19.

[9] *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of the Independent Telephone & Telecommunications Alliance, WC Docket No. 05-337, CC Docket No. 96-45, at 9, 12 (filed Apr. 17, 2008) ("ITTA Comments").

[10] *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of the National Association of State Utility Consumer Advocates on the Joint Board Recommended Decision, WC Docket No. 05-337, CC Docket No. 96-45, at 6 (filed Apr. 17, 2008) ("NASUCA Comments").

[11] AT&T has provided especially strong evidence of the link between intercarrier compensation reform and universal service reform. *See High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of AT&T Inc., WC Docket No. 05-337, CC Docket No. 96-45, at 27–28 (filed Apr. 17, 2008) ("AT&T Comments").

this respect, as TDS, NECA, NASUCA, AT&T, and others have explained.[12]

Finally, TDS also is joined by many other commenters in asking the Commission to broaden the USF contribution base so that all those that benefit from high cost networks share in their costs.

Though these issues are difficult, they are incredibly important and will decide the economic well-being of the nation, which will depend greatly on the existence of a viable and vital telecommunications infrastructure. Thus, TDS urges the Commission to act "expeditiously and comprehensively"[13] to steer the nation firmly toward the path that will offer a meaningful future for universal service.

I. UNIVERSAL SERVICE FUNDING SHOULD BE BASED ON POLICYMAKER GOALS, NOT ARTIFICIAL CAPS.

Although the record generally demonstrates the importance of keeping the overall Fund uncapped,[14] a few commenters continue to support the Joint Board's recommendation

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[12] *See, e.g., The Next Three Years: Likely Revenue Scenarios for Rural Incumbent Local Exchange Carriers*, Study for the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), at 2–3, *available at* http://www.opastco.org/doclibrary/1546/OPASTCOStudyTheNextThreeYears.pdf (2008) ("OPASTCO Study").

[13] *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, FCC 08-4, FCC 08-5, FCC 08-22, Statement of Commissioner Michael J. Copps (Jan. 29, 2008).

[14] *See, e.g., High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of John Staurulakis, Inc., WC Docket No. 05-337, CC Docket No. 96-45, at 6 (filed Apr. 17, 2008) ("JSI Comments"); *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of the Kansas Rural Independent Telephone Companies (KRITC) On Reform of Universal Service, WC Docket No. 05-337, CC Docket No. 96-45, at 7–8 (filed Apr. 17, 2008) ("KRITC Comments"); *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Consolidated Comments of the Alaska Telephone Association, WC Docket No. 05-337, CC Docket No. 96-45, at 11–13 (filed Apr. 17, 2008).

to cap the Fund in several ways.[15] TDS continues to emphatically oppose such measures. An artificial cap on the Universal Service Fund – or on individual components of the Fund – is guaranteed to result in only one thing: a smaller Fund that will not be sufficient to meet the reasonable needs of an expanding population requiring an evolving level of telecommunications service. TDS believes that, by stifling investment and eroding existing gains in infrastructure, caps on the Fund will impede serious efforts to bring advanced services such as broadband to unserved or underserved areas.[16] CoBank, for example, has noted that in high cost rural areas "subscriber densities are not always high enough to ensure the level of cash flow needed to provide a return on capital . . . associated with the deployment of [advanced telecommunications services] networks."[17] In order to "ensure that sufficient debt repayment capacity is available to retire their loans, lenders . . . continue to rely heavily on the cash flow from legacy voice networks, which are eligible for cost recovery mechanisms such as inter-carrier compensation and USF."[18]

As AT&T stated in its comments, the Commission should calibrate the proper amount of universal service funding by considering "factors such as how quickly it wants broadband service deployed to unserved areas and the attributes and parameters of

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[15] *See, e.g.*, Verizon Comments, at 5–8; *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of Comcast Corporation, Inc., WC Docket No. 05-337, CC Docket No. 96-45, at 2–4 (filed Apr. 17, 2008).

[16] *See High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of TDS Telecommunications Corporation, WC Docket No. 05-337, CC Docket No. 96-45, at 8–9 (filed Apr. 17, 2008) ("TDS Comments").

[17] *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of CoBank, ACB, WC Docket No. 05-337, CC Docket No. 96-45, at 5 (filed Apr. 17, 2008).

[18] *Id.*

supported service."[19] Other commenters agree that the underlying goals of universal service must not be lost in a myopic effort to control Fund growth.[20] TDS agrees that the imposition of caps[21] would seriously threaten to undermine the goals of universal service.

Of course the continued sufficiency and sustainability of the Fund are important objectives.[22] But the Commission has several options other than artificial caps to stabilize universal service support. First, the Commission can and should articulate clear policy goals and realign incentives to achieve those goals. It makes no sense, for example, for providers to receive funding for areas in which there are adequate marketplace incentives to provide service at comparable rates. Eliminating unnecessary support and aligning carrier investment incentives with universal service principles will improve the health and efficiency of universal service far more effectively than an arbitrary cap.[23]

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[19] AT&T Comments, at 10.

[20] *See, e.g.*, JSI Comments, at 6 ("The Joint-Board has made no findings to demonstrate that $4.5 billion is sufficient to fulfill the current purposes of the fund without even considering expanding federal universal service aims to include a mobility and broadband component.").

[21] On May 1, 2008, the Commission accepted the recommendation of the Joint Board that it cap CETC support at existing levels. *FCC Takes Action to Cap High Cost Support Under the Universal Service Fund*, News Release, May 1, 2008, *available at* http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-281921A1.pdf. While this interim action may reign in the growth of the overall Fund until comprehensive reform can take place, it should not be viewed as a step in the right direction towards implementing a Fund that has ubiquitous mobility services as one of its goals.

[22] *See* 47 U.S.C. § 254(b)(5) ("There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.").

[23] Importantly, the Commission must change the incentives around intercarrier compensation. *See High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of the National Exchange Carrier Association, Inc., WC Docket No. 05-337, CC Docket No. 96-45, at 18 (filed Apr. 17, 2008) ("NECA Comments"). As TDS and others have described, ILECs' efforts to build out broadband networks have translated to a decline in access revenue due to the increased use of IP-enabled services, which utilize ILEC broadband networks without compensating ILECs for

Second, as urged by wireless and wireline carriers alike in their initial comments, the Commission can and should incorporate greater accountability into state and federal disbursement mechanisms for universal service funding, so that universal service support flows only to those carriers that are actually building or maintaining infrastructure in high cost areas, or furthering other explicit goals.[24] TDS does not disagree that in the absence of better accountability for the use of universal service funding, the Fund could grow unreasonably without regard to whether universal service goals are being met.

Third, TDS, U.S. Telecom, ITTA, NTCA, NECA, and others believe the Commission should expand the base of contribution and consider moving to a contribution method equitably based on numbers and/or broadband connections.[25] Modifying the Fund contribution methodology by requiring contributions from all broadband beneficiaries recognizes the realities of the communications marketplace and will help ensure adequate support in the face of a more ambitious universal service agenda.

Finally, TDS joins AT&T, NECA and others in urging the Commission to revisit the issue of intercarrier compensation in order to effectuate lasting universal service reform. As the Commission noted expressly in its May 2, 2008 Public Notice inviting comment on comprehensive reform of both universal service and intercarrier compensation in the wake of the interim cap:

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such use. This places ILECs in an untenable position that actually reduces the incentives for continued investment in broadband infrastructure. TDS Comments, at 11–12.

[24] *See* TDS Comments, at 7; CTIA Comments, at 20; Alltel Comments at 14-15.

[25] *See* TDS Comments, at 11; *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Comments of the United States Telecom Association, WC Docket No. 05-337, CC Docket No. 96-45, at 35 (filed Apr. 17, 2008) ("US Telecom Comments"); ITTA Comments, at 8; NTCA Comments, at 9–12; NECA Comments, at 33–34.

> Many rural carriers currently collect a significant percentage of their revenues from intercarrier compensation in the form of interstate and intrastate access charges. If intercarrier compensation revenues are decreased, demand on the Fund increases as offsetting support payments go up.[26]

A study recently released by OPASTCO that attempts to quantify future revenue sources for rural ILECs also highlights the impact of regulatory inaction on this issue. The study concludes that given the status quo, "[b]eyond 3 years, there is no assurance that USF will be sufficient, or that it will even keep pace with inflation. Access revenues will become increasingly challenged and local service revenues will face even greater competitive threats."[27] At a minimum, the Commission should follow recommendations in the record to equalize interstate and intrastate access charges and implement an appropriate solution to the nagging and destructive issue of phantom traffic.[28]

II. THE COMMISSION SHOULD FOLLOW THE JOINT BOARD'S RECOMMENDATION REGARDING THE POLR PROGRAM.

In its Recommended Decision, the Joint Board recognized that POLRs must continue to receive universal service support as part of a separate program.[29] There is evidence in the record of the demonstrable success of ILECs in bringing advanced services to rural and other unserved or underserved areas,[30] and no meaningful evidence has been adduced that ILECs' universal service support is being used in a way that is inconsistent with the goals of universal service. The Commission should not destroy the one element of

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[26] *Interim Cap Clears Path for Comprehensive Reform*, News Release, May 2, 2008, *available at* http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-281939A1.pdf.

[27] OPASTCO Study, at 3.

[28] *See* AT&T Comments, at 27–28; NECA Comments, at 18.

[29] Joint Board Recommended Decision, 22 FCC Rcd. at 20482–83.

[30] *See* CTIA Comments, at 8; ITTA Comments, at 6–7; NTCA Comments, at 4–5; NECA Comments, at 18.

the universal service program that is so clearly working and that, in fact, supports the "backbone" of the network.

As Embarq states in its initial comments, "it is not an overstatement that the only reason universal service is truly 'universal' today is because of POLR obligations."[31] This is true not only because ILECs – and particularly RLECs – are responsible for much of the penetration of advanced services in previously unserved high cost areas, but also because competitive carriers, including wireless carriers and broadband application providers, rely on ILEC networks for backhaul and interconnection.[32] As the Independent Telephone and Telecommunications Alliance ("ITTA") has explained at length, the future of the nation's broadband and mobility services assumes and depends upon a reliable wireline network.[33]

In discussing their own funding, CTIA and other wireless carriers are careful to highlight their need for funds for operations and maintenance.[34] But the provision of funds for operations and maintenance is clearly necessary for ILECs as well. After all, one way to determine if an area is "high cost" is to look to whether charging comparable rates will provide adequate revenue to maintain the infrastructure underlying the services; in truly high cost areas, funding only the initial build-out will be inadequate. Importantly, no party disputes that RLECs have already made considerable investments in high cost infrastructure. RLECs clearly incur ongoing operation and maintenance costs for the considerable network infrastructure they have already built, which they are also continually updating in order to provide an evolving level of service.

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[31] Embarq Comments, at 19.

[32] ITTA Comments, at 9–13.

[33] *Id.*

[34] *See* Alltel Comments, at 18; CTIA Comments, at 16.

Certain wireless carriers argue that the Commission was incorrect in concluding that mobile telephones are not effective substitutes for landline service.[35] These parties contend that, *in urban and other low cost areas*, some consumers have abandoned their wireline voice service for wireless voice service. But the Commission has observed correctly that consumers do not typically view wireless services as complete substitutes for wireline services *in rural and other high cost areas*, where universal service is at issue.[36] In any case, as noted above, wireless services depend heavily on the wireline networks that POLRs maintain, and for customers who have not upgraded to broadband, traditional wireline services provide an essential, reliable connection between their computers and the Internet.

Some commenters also argue that ILECs are less efficient than other carriers at furthering the goals of universal service. In the many years of industry participation in the Commission's efforts to achieve universal service, no convincing support for this argument has ever been advanced. No such support has been offered in this record, and the reason is simple: none exists.

Claims of inefficiency are unpersuasive in particular with respect to RLECs because they fail to recognize the competitive threat that RLECs currently face from cable companies, facilities-based CLECs, broadband providers, and wireless companies. These competitive pressures have driven prices in rural, high cost areas downward toward the levels associated with comparable services in urban areas, which has required RLECs to

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[35] *See* CTIA Comments, at 4.

[36] *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-4, at ¶ 9 (Jan. 29, 2008). Alltel's argument that legacy funding only supports voice – and can hence be eliminated as voice-over-broadband proliferates – is off base. *See* Alltel Comments, at 3, 5. On the contrary, ILECs use legacy support and intercarrier access to fund the very infrastructure that supports these services.

lower their costs and streamline operations, for example, by reducing workforces, increasing specialization, consolidating previously dispersed personnel or functions at a single office, and selling less profitable exchanges. These and other similar measures have allowed RLECs to keep consumer prices low and maintain an adequate level of profitability, while preserving the ability to invest in the underlying infrastructure that supports the connectivity of competing technologies.

Significantly, ILECs have generally advocated in their initial comments a continually evolving definition of broadband, an approach many policymakers see as necessary to keep the United States apace with its global competitors.[37] But the same carriers that disparage ILECs as inefficient argue for a static, much less ambitious definition of broadband, presumably the only one they are capable of meeting or, perhaps, the one that they believe will minimize overall universal service funding. The claim that ILECs are inefficient is utterly without support in the record. The Commission should not withdraw support from the one category of carriers that has proven to be effective at proliferating advanced services, and whose network supports other carriers and applications.

CONCLUSION

The Commission should follow the clear path toward ubiquitous broadband and mobility by:

- Building in better accountability;
- Explicitly recognizing mobility and broadband as supported services;
- Providing proper incentives to invest universal service support;

[37] *See, e.g.*, *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket 05-337, CC Docket No. 96-45, Statement of Commissioner Michael J. Copps; Statement of Commissioner Jonathan S. Adelstein (released Jan. 29, 2008).

- Preserving proven mechanisms that are clearly working, unless and until presented with evidence that they are not;
- Broadening the base of universal service contributors; and
- Reforming intercarrier compensation by equalizing interstate and intrastate revenues and finding a workable solution to phantom traffic.

By taking these achievable steps, the Commission can stabilize and strengthen the Fund even as the Commission meets existing challenges. The contention that eliminating or drastically reducing universal service support will effectuate ambitious policy goals is untenable. TDS looks forward to continuing to work with the Commission toward reaching its laudable goals.

Respectfully submitted,

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