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October 28, 2008

VIA ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 – 12th Street, S.W.
Washington, DC 20554

Subject: Federal-State Joint Board on Universal Service, CC Docket No. 96-45;
High-Cost Universal Service Support, WC Docket No. 05-337

Dear Ms. Dortch:

We are commenting on behalf of the Concerned Citizens for Rural Communications (“CCRC”). CCRC is troubled by reports that the Commission may adopt changes to the high-cost universal service support program that would cap the total support that existing individual CETCs receive, thereby preventing new CETCs from obtaining funding to develop rural telecommunications infrastructure and freezing funding for existing CETCs. This proposal, as CCRC understands it based on industry reports, suffers from numerous flaws:

- A cap would violate the principle of competitive neutrality, because CETC support would be capped while rural ILECs support would not be capped.
- A cap violates the principle of technological neutrality by favoring traditional wireline over wireless technology, because CETCs (subject to the cap) generally serve customers using wireless technology whereas rural ILECs (not subject to the cap) use wireline technology.
- A cap would arbitrarily violate the purpose of Section 254 of the Telecommunications Act, which promotes the growth of rural communications and competitive options for rural consumers, by effectively ending the entry of new CETC carriers in high-cost areas.



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- A cap would arbitrarily limit the growth of existing CETCs that would otherwise expand their service in rural areas. There will be very limited or no growth of rural telecommunications if insufficient support is available in high-cost areas. Rural areas that are underserved will likely remain that way indefinitely and suffer the economic consequences of being technological backwaters while the rest of the nation moves ahead and exploits the growth potential provided by robust communications access.
- The rules implementing the cap would be procedurally defective. CCRC must comment on a proposal that has never been vetted publicly and is only being discussed through press reports and industry gossip. The details and scope of the rules will be a mystery until the day they are released by the Commission. The record in this docket regarding the specific cap and other rules under consideration is virtually nonexistent. Rules developed under these procedures cannot survive judicial scrutiny.

CCRC fears the Commission is poised to take an unvetted and blunt approach to a difficult and delicate problem that requires a full record not present at this time. CCRC believes that, once this proposal is fully explored and all the facts are brought to the forefront, the Commission will conclude that there can be no rational basis for a universal service fund cap.

Sincerely,

David L. Rice