

**Federal Communications Commission
Washington, DC 20554**

High Cost Universal Service Support	WC Docket No. 05-337
Federal-State Joint Board on Universal Service	CC Docket No. 96-45
Lifeline and Link Up	WC Docket No. 03-109
Universal Service Contribution Methodology	WC Docket No. 06-122
Numbering Resource Optimization	CC Docket No. 99-200
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	CC Docket No. 96-98
Developing a Unified Intercarrier Compensation Regime	CC Docket No. 01-92
Intercarrier Compensation for ISP-Bound Traffic	CC Docket No. 99-68
IP-Enabled Services	WC Docket No. 04-36

Comments of Centennial Communications Corp.

Centennial Communications Corp. (“Centennial”) respectfully submits its comments in the above-captioned matters.¹ Centennial is a leading regional wireless and broadband telecommunications service provider serving over a million wireless customers in markets covering more than 13 million “pops” in the domestic United States, Puerto Rico, and the U.S. Virgin Islands. In the domestic United States,

¹ *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Lifeline and Link Up; Universal Service Contribution Methodology; Numbering Resource Optimization; Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Developing a Unified Intercarrier Compensation Regime; Intercarrier Compensation for ISP-Bound Traffic; IP-Enabled Services, Order On Remand And Report And Order And Further Notice Of Proposed Rulemaking, WC Docket No. 05-337; CC Docket No. 96-45; WC Docket No. 03-109; WC Docket No. 06-122; CC Docket No. 99-200; CC Docket No. 96-98; CC Docket No. 01-92; CC Docket No. 99-68; WC Docket No. 04-36 (released November 5, 2008) (“November 5 Further Notice”).*

Centennial is a regional wireless service provider in small cities and rural areas in two geographic clusters covering parts of six states in the Midwest (Indiana, Michigan, and Ohio) and Southeast (Louisiana, Mississippi, and Texas). In Centennial's Puerto Rico-based service area, which also includes the U.S. Virgin Islands, Centennial is a facilities-based provider offering both wireless service and, in Puerto Rico, fiber-based broadband services. Centennial uses CDMA technology for its Puerto Rico-based wireless operations, and GSM technology for its domestic United States wireless operations.²

In the above-captioned proceedings, the Commission is considering massive changes to existing universal service and intercarrier compensation regimes, on a highly accelerated schedule. Centennial limits these comments to a brief and focused discussion of certain aspects of the universal service-related proposals of particular concern to Centennial.

At the outset, while Centennial recognizes that the Commission appears committed to taking action on these matters in the very near future, we would note that with the adoption of the cap on payments to competitive eligible telecommunications carriers ("CETCs") earlier this year³ whatever urgency might have existed to deal with unacceptably high growth in the fund has been eliminated. If, therefore, after considering the comments and replies the Commission were to conclude that more time to consider these matters would be helpful, the Commission should take that time rather than rush to implement complex and far-reaching USF reforms without full analysis of the alternatives.

That said, assuming that the Commission is indeed poised to act on these matters, Centennial has a number of comments and concerns.

² On November 7, 2008, Centennial announced that it entered into a definitive agreement to be acquired by AT&T. A copy of Centennial's press release announcing this transaction is available at: <http://www.ir.centennialwireless.com/releasedetail.cfm?ReleaseID=346485>.

³ *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Order, 23 FCC Rcd 8834 (2008).

1. *Centennial generally supports the “Appendix C” approach.* At a high level, as between the three alternative proposals Centennial believes that the approach taken towards funding for CETCs found in Appendix C of the November 5 Further Notice strikes the best balance among the numerous competing concerns that the Commission is trying to address.

2. *The Commission should modify the phase-down of CETC USF support to be a real 5-year transition.* Even within the Appendix C approach, it is important that the Commission modify the transition period with respect to funding support for CETCs. As drafted, the Appendix C approach suggests that 20% of current CETC support would be removed effectively immediately following issuance of a Commission order, with equal reductions in each of the following four years.⁴ Centennial submits that this is extremely unfair to CETCs, which, as noted above, have just experienced a very significant reduction in USF support as a result of the Commission’s May 2008 order.⁵ A fairer and more reasonable approach would be to handle the phase-down of CETC support in a true 5-year transition, not a four-year transition as proposed in Appendix C. An immediate reduction of 20% of current CETC support would be unfair and could result in significant adverse financial consequences for the remaining independent wireless carriers serving rural areas and could adversely affect the services provided to these areas.

3. *The Commission should adopt the proposal to exclude insular areas from the reach of the proposals in the Further Notice.* Centennial supports the proposal to exclude insular areas from the scope of the high-cost support proposals and other aspects of the November 5 Further Notice.⁶ As the Commission recognized, the cost and operational characteristics of these areas differ sufficiently from those in the “lower 48” to justify dealing with these areas separately.⁷ Centennial fully expects that providers in those

⁴ November 5 Further Notice, Appendix C at ¶¶ 17-18, 51-52

⁵ November 5 Further Notice at ¶ 34 & n. 121, citing *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, Order, 23 FCC Rcd 8834 (2008).

⁶ See November 5 Further Notice, Appendix C at ¶ 13 & n.42 (exempting Alaska, Hawaii, and territories and possessions from new high-cost universal service support rules); *id.* at ¶ 186 (exempting Alaska, Hawaii, and territories and possessions from new intercarrier regime).

⁷ *Id.* We note that, like the proposals in Appendix C, the proposals in Appendix A also

areas will work closely with the Commission over time to develop proposals that address the unique situations in those areas.

4. *The Commission lacks the legal authority to de-certify and de-fund CETCs.* Although Centennial fully understands the Commission’s motivation in attempting to relieve CETCs of their obligation to offer supported services while phasing out CETC universal service support,⁸ it is not at all clear that this proposed action comports with the requirements of Section 214(e) of the Act. Under Section 214(e)(1), a carrier designated as an ETC “shall be eligible to receive universal service support.” Moreover, under Section 214(e)(2), the designation of carriers as ETCs within a state is a task unequivocally committed to state regulators, not to this Commission. The law states that state regulators “shall” designate multiple ETCs for non-rural areas and “may” do so for rural areas. The Commission only acquires legal authority with respect to the designation (or, presumably, de-designation) of entities as ETCs in unserved areas for interstate services under section 214(e)(3) or cases where “a common carrier providing telephone exchange service and exchange access” that seeks ETC designation “is not subject to the jurisdiction of a state commission.” 47 U.S.C. § 214(e)(6). In this regard, while some skepticism has obviously developed about the wisdom of certifying multiple competing ETCs and having them all eligible to receive support for the same area, the decision to proceed in that manner appears to have been made by Congress in the statute, and cannot easily be undone by means of Commission regulatory action.⁹

exclude Alaska, Hawaii, and the territories and possessions. *See November 5 Further Notice*, Appendix A, at ¶ 13 (high cost) and ¶ 191 (intercarrier compensation).

⁸ *See November 5 Further Notice* at ¶¶ 53-59.

⁹ Centennial notes that Congress provided a specific mechanism for de-designation of an ETC in Section 214(e)(4), but that mechanism can only be triggered through a request by the ETC itself. Presumably, the power to designate ETCs granted to State commissions in Section 214(e)(2) (or to the Commission in Section 214(e)(6)) also includes the power to revoke a previous ETC designation if the ETC were to fail to comply with the requirements of Section 214(e)(1), but that is not the situation being proposed here. We recognize that if the Commission lacks the statutory authority either to de-list or de-fund CETCs, many aspects of the integrated proposal for USF reform embodied in the *November 5 Further Notice* may not actually be achievable. This is one reason that – despite the Commission’s desire to deal with these issues quickly – it is probably necessary, as a practical matter, for the Commission to take more time to develop a system that actually comports with the specific requirements of the law, or even to seek

5. *The Commission should modify the new numbers-based contribution methodology to minimize the impact on wireless “family plans” and similar arrangements in which a single account shares multiple telephone numbers.* Centennial does not fundamentally oppose converting from a revenue-based model to a telephone-number-based model for assessing universal service contributions, but the basic assumptions underlying the model are not necessarily directly applicable to wireless at all, and become quite strained in the context of family wireless plans. The basic idea is that a telephone number represents a distinct voice-grade connection to the PSTN and that each such voice-grade connection should pay the same amount of support for universal service. This is a questionable assumption for any wireless network. Wireless networks do not have line-side “switch ports” or “line cards” that map, one-to-one, with retail voice-grade connections such as loops. Instead, wireless telephone numbers are simply part of the way to identify different active radio devices on a wireless network – each of which shares the same spectrum for communications, with the specific spectrum being shared varying as the wireless device moves from cell to cell. So, while each wireless telephone number indeed corresponds to a separate device, separate devices do not correspond to separate network resources the way that a landline telephone number indeed corresponds, in the normal case, to a separate port on a switch or line card, as well as identifiably separate loop plant. For these reasons, among others, if the Commission indeed adopts its number-based assessment methodology, it should limit the amount to be contributed per family-plan account, so that (for example) the first phone on an account pays the full amount, the second phone one-half that amount, the third phone one-half *that* amount, and so on. Failure to adopt some sort of limitation on the amounts payable by family plans would severely and negatively impact the market viability of this innovative approach to providing wireless services that has expanded wireless connectivity for American consumers.

new legislation on this topic from the new Congress. That said, there may be certain states (*e.g.*, as Centennial understands it, the Commonwealth of Virginia) where the state commission has disclaimed any authority to certify competitive ETCs. The Commission would be in a position to implement its proposals in this regard in such states as, in effect, pilot programs under existing law.

6. *The Commission should recognize the benefits and distinctive characteristics of mobility in connection with establishing rules for broadband support.* Wireless services make shared use of available spectrum. This means, among other things, that it is very inefficient in a wireless environment to provide extremely high bandwidth on a guaranteed basis to many different subscribers. Instead, the amount of immediately available bandwidth will vary with how many different subscribers are attempting to use the wireless broadband capabilities at any one time. This makes it difficult, if not impossible, for a wireless provider to offer widespread, guaranteed high-bandwidth connectivity to a large number of subscribers. On the other hand, wireless services offer subscribers something important and valuable that no fiber-to-the-home or hybrid fiber-coax network can offer: mobility. Mobile phones are increasingly becoming sophisticated computing and Internet-access devices along with their more traditional voice communications capabilities. Moreover, wireless cards accessing CMRS providers' data services can easily be inserted into portable laptop computers, giving people the freedom to work and obtain information at high speeds whether at home or not, and without regard to whether the subscriber is within range of a WiFi "hotspot."

These considerations significantly affect how the Commission should approach the question of universal service support for "broadband" services.¹⁰ Specifically, the Commission should ensure that its support for broadband includes a way to provide meaningful support for mobile high speed data services. While mobile high speed data services will likely not reach the data rates of landline broadband, such services bring significant added benefits to consumers and – like landline broadband services – will likely not be available through the operation of normal market forces in many rural areas. Without such support, the deployment of mobile data capabilities will surely lag in rural areas, a result that, Centennial submits, is not consistent with the public interest.

¹⁰ See *November 5 Further Notice*, Appendix C, at ¶¶ 19-50.

Conclusion

While there is less of a pressing need to implement universal service reform than might have existed in the past, Centennial is generally supportive of the “Appendix C” approach to such reform laid out in the *November 5 Further Notice*. However, the universal-service related proposals in Appendix C should be modified as suggested above.

Respectfully submitted,

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