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
	)	

COMMENTS OF COMCAST CORPORATION

Comcast Corporation ("Comcast") hereby submits these comments in response to the Federal Communications Commission's ("Commission's") Further Notice of Proposed Rulemaking released in the above-captioned proceedings.[1] Comcast currently provides voice service to over seven million residential consumers, but has not requested any payments from the current federal high-cost fund. As both a competing provider of voice service as well as a contributor to the high-cost fund, Comcast has a keen interest in the Commission's universal service policies.

The task of comprehensively reforming the federal Universal Service Fund ("USF") is a necessary and inevitably complex undertaking. Comcast appreciates that the Commission has developed a considerable record on the need for comprehensive reform and that the National Broadband Plan will include recommendations to achieve that goal.[2] Comcast has consistently stressed the importance of comprehensive universal service reform that is competitively and technologically neutral, and that puts downward pressure

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1 *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337 and CC Docket No. 96-45, *Further Notice of Proposed Rulemaking*, FCC 09-112 (rel. Dec. 15, 2009) ("*10th Circuit Remand FNPRM*").

2 *10th Circuit Remand FNPRM* ¶¶ 1, 12.

on the size of the fund.[3] Comcast also has opposed piecemeal approaches to reform that would only divert resources from and delay much-needed comprehensive reform.[4] Comcast, therefore, supports the Commission's tentative conclusion that "fundamental reform limited to only the non-rural high-cost support mechanism should not be proposed at this time."[5] Overhaul of the non-rural high-cost support mechanism would be more effectively and efficiently undertaken in a comprehensive context.[6]

Comcast also agrees with the Commission that modifications to its universal service rules to address the remand should not increase significantly the amount of high-cost support for non-rural carriers.[7] The Commission has recognized that the explosive growth of the high-cost fund "places the federal universal service fund in dire jeopardy."[8] The contribution factor has more than doubled in the past ten years, notwithstanding efficiency gains in the industry. The courts have recognized that excessive universal service subsidies may undermine universal service goals by reducing affordability for consumers.[9] Accordingly, Comcast strongly supports the Commission's tentative

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3 *See, e.g.,* Comments of Comcast Corporation, WC Docket No. 05-337 and CC Docket No. 96-45, at 3-4 (April 17, 2008).

4 *See, e.g.,* Reply Comments of Comcast Corporation, WC Docket No. 05-337 and CC Docket No. 96-45, at 2-3 (June 8, 2009).

5 *10th Circuit Remand FNPRM* ¶ 12.

6 Comcast continues to support prompt commencement of a proceeding to consider the proposals recently submitted by the National Cable & Telecommunications Association ("NCTA") as part of a comprehensive approach to universal service reform. *See* Comments of Comcast Corporation, GN Docket No. 09-51, WC Docket No. 05-337, RM-11584 (Jan. 7, 2010).

7 *See 10th Circuit Remand FNPRM* ¶ 13.

8 *High-Cost Universal Service Support*, Order, 23 FCC Rcd 8834, ¶ 6 (2008).

9 *See, e.g., Rural Cellular Ass'n v. FCC,* 588 F.3d 1095, 2009 U.S. App. LEXIS 26976, *16 (D.C. Cir. 2009) ("[T]he Commission must consider not only the possibility of pricing some customers out of the market altogether, but the need to limit the burden

conclusion, consistent with the directive of the Tenth Circuit Court of Appeals,[10] to seek to minimize the burdens that its universal service policies place on the affordability of service for contributors to the fund.[11]

In a related vein, Comcast also supports the Commission's tentative conclusion that it should not expand the list of services covered by high-cost support at this time.[12] The Commission should first analyze and seek public comment on the recommendations regarding universal service programs that the Commission anticipates will be included in the National Broadband Plan.

Finally, Comcast agrees with the Commission's tentative conclusions regarding the desirability of changing two aspects of the current high-cost support program for non-rural carriers. First, although the Commission acknowledges that changes to the existing forward-looking cost model will be needed if that methodology is part of a comprehensive reform plan, it also notes that it could not develop an adequate replacement before the April 16th deadline for responding to the Tenth Circuit Court of Appeals.[13] The development of an accurate and useful forward-looking cost model is an involved process that will require more than the two and a half months remaining before the Tenth Circuit's deadline. Comcast, therefore, supports the Commission's tentative

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on customers who continue to maintain telephone service."); *see also Alenco Communications, Inc. v. FCC*, 201 F.3d 608, 620 (5th Cir. 2000) ("[E]xcessive funding may itself violate the sufficiency requirements of the Act.").

10 *See Qwest Communications International Inc. v. FCC*, 398 F.3d 1222, 1234 (10th Cir. 2005).

11 *See 10th Circuit Remand FNPRM* ¶ 33.

12 *Id.* ¶ 36.

13 *Id.* ¶¶ 23-24.

conclusion to use the existing mechanism pending the development of a more advanced model.[14]

Second, Comcast also supports the Commission's tentative conclusion to continue the use of statewide average costs for non-rural high-cost support until it adopts an updated cost model.[15] Simply changing the methodology to base support on average wire center costs per line without other fundamental modifications to the current plan likely would substantially increase the size of the fund.[16] The Commission, thus, should adopt its tentative conclusion and refrain from making such a change until it can be considered in the context of a comprehensive reform plan.[17]

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14 *Id.* ¶ 24.

15 *Id.* ¶ 27.

16 *Id.* ¶ 26.

17 For example, as Comcast previously has noted, changes to the methodology for calculating high-cost support should take into account all revenues generated by services provided over the network elements that are eligible to receive such support. *See* Comments of Comcast Corporation, GN Docket No. 09-51, at 57-58 (June 8, 2009). The NCTA Petition for Rulemaking proposes an approach that would take into account all of the revenues a carrier receives for services provided over some or all of the plant used to offer voice service. *See* National Cable & Telecommunications Association, Petition for Rulemaking, *Reducing Universal Service Support in Geographic Areas that Are Experiencing Unsupported Facilities-Based Competition*, RM-11584, at 20 (Nov. 5, 2009).

CONCLUSION

For the foregoing reasons, Comcast supports the Commission's tentative proposal to defer action on fundamental changes to the support plan for non-rural carriers pending the adoption of a comprehensive approach to reform that is competitively and technologically neutral and will place downward pressure on the size of the fund.

Respectfully submitted,

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Certificate of Service

I hereby certify that on this 28th day of January, 2010, I caused true and correct copies of the foregoing Comments of Comcast Corporation to be mailed by electronic mail to:

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