

**Before the
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
)	
Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LCC)	

**COMMENTS OF THE
INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE**

To the Commission:

I. INTRODUCTION

The Independent Telephone & Telecommunications Alliance (ITTA) hereby submits these comments in the above-captioned proceedings.¹ ITTA is an alliance of mid-size telephone companies which collectively serve approximately 20 million access lines across 44 states. ITTA members offer subscribers a broad range of high-quality wireline and wireless voice, broadband, and video services. ITTA members serve predominately rural areas with low-population densities and have, on average, deployed broadband to approximately 85 percent of their respective service areas.

II. DISCUSSION

In May 2008, the Commission addressed burgeoning growth in the Universal Service Fund (USF) by adopting an interim cap on support paid to competitive eligible

¹ *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Request for Review of Decision of Universal Service Administrator by Corr Wireless, LLC: Order and Notice of Proposed Rulemaking, Docket Nos. 05-337, 96-45, FCC 10-155 (2010) (Order/NPRM).*

telecommunications carriers (CETCs).² The Commission's action was based upon its recognition that while high-cost support to incumbent local exchange carriers (ILECs) had remained level or declined over a period of years, support paid to CETCs continued to increase rapidly even as that support often went to multiple additional providers in the same area, which the Commission concluded did not support USF goals. To stem that growth and duplication, the Commission ordered that CETC support be capped on a per-state basis,³ and that future support paid to each CETC would be adjusted proportionally in order to maintain the level of the capped funding available in the respective state.⁴ The interim cap order was subsequently upheld by the D.C. Circuit Court of Appeals.⁵

Separately, in 2008, the Commission approved two mergers involving, respectively, Verizon and Sprint/Nextel.⁶ A condition of each merger was the parties' respective agreement to surrender high-cost universal service support.⁷ In February 2009, the Universal Service

² *High-Cost Universal Service Support; Federal-State Board on Universal Service: Order*, Docket Nos. 05-337, 96-45, FCC 08-122, (2008) (Interim Cap Order).

³ Interim Cap Order at para. 9.

⁴ Interim Cap Order at para. 28.

⁵ *Rural Cellular Association v. FCC*, 588 F.3d 1095 (D.C. Cir. 2009).

⁶ *See, Applications of Celco Partnership d/b/a Verizon Wireless and Atlantis Holdings LCC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling That the Transaction is Consistent with Section 310(b)(4) of the Communications Act: Memorandum Opinion and Order and Declaratory Ruling*, Docket No. 08-95, 23 FCC Rcd 17444 (2008) (Verizon Wireless Merger Order); *and, Sprint Nextel Corporation and Clearwire Corporation Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations: Memorandum Opinion and Order*, Docket No. 08-94, 23 FCC Rcd 17570 (2008) (Sprint Nextel Merger Order) (collectively, Verizon and Sprint Orders).

⁷ *See, Verizon Merger Order at paras. 192-97; Sprint Nextel Merger Order at paras. 106-08.*

Administrative Company (USAC) confirmed to Corr Wireless that the surrendered support would not be redistributed among other CETCs;⁸ in September 2010, the Commission affirmed the USAC decision in the instant *Order/NPRM*. The Commission now seeks comment on a proposal to promulgate rule amendments to codify the effect of the USAC decision, and to reserve undistributed CETC support for future broadband deployment.

ITTA supports the proposition that high-cost support that is no longer subject to distribution following the departure of a CETC from a market should not be reallocated among other CETCs in that market. To do so would undermine the intent and effect of the interim cap which was implemented to “rein in” high-cost USF support flowing to CETCs.⁹ Allocating additional support to remaining CETCs is contrary to the broadening opposition to funding multiple duplicative carriers in a single area. ITTA proposes, however, that rather than “banking” the reclaimed high-cost support, it would be better to apply it immediately toward targeted broadband deployment by high-cost providers who are already deploying broadband, and would commit to do more if they received adequate USF support.

This approach is consistent with ITTA’s previously-filed USF proposal that would have obtained efficiencies in current USF while enabling broadband deployment.¹⁰ ITTA refreshed this approach in recent comments responding to the Commission’s inquiry regarding “fast track” broadband deployment and other programs proposed to arise out of the National Broadband

⁸ Letter from Karen Majcher, Universal Service Administrative Company, to Donald Evans, Counsel to Corr Wireless (dated Feb. 25, 2009).

⁹ Interim Cap Order at para. 1.

¹⁰ *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service Support: Ex Parte of Independent Telephone & Telecommunications Alliance*, Docket No. 05-337, Docket No. 96-45 (Oct. 10, 2008).

Plan.¹¹ ITTA recommended that, rather than craft and implement an entirely new fast-track program, the Commission should (a) eliminate access replacement support to wireless carriers; (b) redistribute those funds in a targeted fashion to carriers that need it most; and (c) do so at a wire-center or lower level. This approach would quickly and efficiently deliver needed support to unserved areas, and would benefit from economic efficiencies by building upon existing network infrastructure. This approach would moreover maximize consumer benefit by targeting support to entities with technical, managerial, and geographically-relevant expertise. It would be a swift and efficient way to deliver funding, with minimal regulatory change. Similarly, "banking" reclaimed CETC support for the future squanders the instant opportunity to employ available resources under existing frameworks that have proven successful when funded adequately.

Proper resolution of the instant *NPRM* can be the basis for meaningful, sequential reform of critical programs. Comprehensive reform need not preclude focused, obtainable achievements. By way of example, ITTA has advocated that the Commission should act in the short-term to reinforce intercarrier compensation (ICC) by implementing enforceable standards to address phantom traffic, reduce arbitrage enabled by access stimulation ("traffic pumping"), and affirm the obligation of VoIP providers to pay access for calls terminating and/or originating on the PSTN.¹² Resolution of these issues will enable providers to direct additional resources to network development without increasing the burden on existing mechanisms.

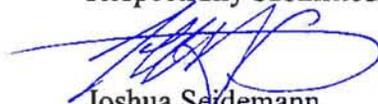
¹¹ *Connect America Fund; A National Broadband Plan for Our Future; High-Cost Universal Service Fund: Comments of the Independent Telephone & Telecommunications Alliance*, Docket Nos. 10-90, 09-51, 05-337, at 19 (filed Jul. 12, 2010) (ITTA NBP USF Comments)..

¹² *See*, ITTA NBP USF Comments at 25-27; *see, also*, *Developing a Unified Intercarrier Compensation Regime* (CC Docket 01-92); *Establishing Just and Reasonable Rates for Local Exchange Carriers* (WC Docket No. 07-135); *Feature GroupIP Petition for Forbearance*

III. CONCLUSION

The Commission best serves the intent of the Interim Cap Order by not distributing additional support to CETCs. Moreover, the Commission serves the interest of deploying broadband further by making recovered high-cost funding available on a targeted basis to carriers currently providing broadband in high-cost areas, but in the absence of sufficient support from current USF mechanisms.

Respectfully submitted,



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Pursuant to 47 U.S.C. § 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b)(WC Docket No. 07-256); Framework for Broadband Internet Service (GN Docket No. 10-127): Ex Parte Presentation of the Independent Telephone & Telecommunications Alliance (Sep. 28, 2010).