

**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 |
| |) | |
| Request for Review of Decision of Universal |) | |
| Service Administrator by Corr Wireless |) | |
| Communications, LLC |) | |

REPLY COMMENTS OF VERIZON¹ AND VERIZON WIRELESS

The Commission should adopt its proposal to reduce state-specific caps on competitive eligible telecommunication carrier (CETC) support when a carrier relinquishes its ETC status. This approach is consistent with the *Interim Cap Order*² and the National Broadband Plan³ recommendation to free up funding in the current universal service system for broadband priorities. There is no statutory or other legal impediment to this approach, and tellingly, those parties that oppose the Commission’s proposal are providers that seek to increase their own universal service payments.

DISCUSSION

Commenters recognize that the Commission’s proposal to adjust the *Interim Cap Order*

¹ In addition to Verizon Wireless, the Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

² *High Cost-Universal Service Support, Federal-State Joint Board on Universal Service, Order*, 23 FCC Rcd 8834 (2008) (“*Interim Cap Order*”).

³ *See Connecting America: The National Broadband Plan*, <http://download.broadband.gov/plan/national-broadband-plan.pdf>, at 144, (2010) (“National Broadband Plan” or “NBP”).

procedures and reduce state-specific CETC caps when a carrier relinquishes its ETC status—and corresponding high cost funding—is a sensible approach that will free up additional universal service funding for broadband.⁴ *See, e.g.*, Comments of the Independent Telephone & Telecommunications Alliance at 3 (“Allocating additional support to remaining CETCs is contrary to the broadening opposition to funding multiple duplicative carriers in a single area.”); Comments of the Public Utilities Commission of Ohio at 3 (“[H]igh-cost support should not be provided to multiple carriers in those areas where a business case cannot be made for providing service without a subsidy.”); Comments of ADTRAN at 1.

Opponents of modifying the state-specific caps to account for a carrier’s relinquished ETC status are those commenters that seek to increase their own universal service payments. *See, e.g.*, Comments of Cellular One at 10; Comments of the Rural Cellular Association at 3; Comments of SouthernLinc Wireless and the Universal Service for America Coalition at 1. These same parties have repeatedly sought to increase their own Universal Service Fund (USF or “fund”) draw at the expense of all consumers who ultimately pay for the fund. Universal service is not a carrier entitlement. In the situation where a CETC returns funding to the program—for whatever reason—by relinquishing its ETC status, there is no basis to simply reallocate the funding to that carrier’s competitors in a state. Contrary to the National Broadband Plan recommendation regarding CETC support, that approach would significantly expand the time it will take to phase out all CETC funding in order to free up USF support for broadband. NBP at 144. Moreover, reallocating CETC funding to a carrier’s competitors is inconsistent with the

⁴ *High Cost-Universal Service Support, Federal-State Joint Board on Universal Service, Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC*, Order and Notice of Proposed Rulemaking, 25 FCC Rcd 12854, ¶¶ 23-26 (2010) (“*Corr NPRM*”).

purpose of both the *Interim Cap Order* and the Verizon Wireless and Sprint merger commitments because it would negate any savings to the fund.

Cellular One also contends that reducing state CETC caps is somehow inconsistent with national policies and programs to assist small businesses because some CETCs are small businesses. Cellular One Comments at 7. This argument is badly flawed. First, adjusting a state's existing CETC cap when a carrier relinquishes its ETC status does nothing whatsoever to the amount of existing support paid to other CETCs (small businesses or otherwise) in the state. In that situation, the relinquished support is simply returned to the USF. Second, the universal service program was never intended to support multiple competitors in areas that are, in theory, too costly for even one carrier to serve nor to fund carriers where they already provide service without funding. The program is designed to ensure that all Americans—wherever they live—have *access to* affordable service. 47 U.S.C. § 254(b)(3).

Third, as Cellular One admits, the Commission is merely required by the Regulatory Flexibility Act to describe any significant alternatives that it considered. Cellular One Comments at 7; 5 U.S.C. § 603(c). As is its practice, the Commission's final order in this matter will, therefore, presumably comply with that requirement. But as a practical matter, there is no alternative that the Commission need consider. The proposal does not reduce existing funding to any CETC. And even if it did, as discussed above, the universal service program was never intended to fund competition anyway.

Respectfully submitted,

By: 

Michael E. Glover, *Of Counsel*

Edward Shakin
Christopher M. Miller
VERIZON
1320 North Courthouse Road
9th Floor
Arlington, VA 22201-2909
(703) 351-3071

John T. Scott, III
VERIZON WIRELESS
1300 I Street, NW
Suite 400 West
Washington, DC 20005
(202) 589-3770

October 21, 2010

Attorneys for Verizon
and Verizon Wireless