

## USF REFORM SUGGESTIONS

- 1. Targeting Ongoing Support to Networks in Truly High-Cost Areas:** A rural-rural “digital divide” has arisen under current federal program rules, wherein certain high-cost areas receive generous support and are served by enhanced network facilities, while other high-cost areas – exhibiting comparable cost conditions – are virtually ignored. This disparity must be addressed without delay. At a minimum, the NPRM should propose to reform existing support so that all high-cost funding is based upon cost conditions at or below the wire center level, rather than costs as averaged across large study areas or even entire states. This readily achievable reform would appropriately address concerns voiced by the 10<sup>th</sup> Circuit, and would lay the groundwork for new and better broadband service in high-cost areas where the majority of rural consumers live.
  
- 2. One-Time-Only Support for New Broadband Deployment Projects**
  - a. Performance Requirements:** The NPRM should tentatively conclude that CAF performance requirements should be the same for *all* wireless and wireline providers. With funding limited to one provider per high-cost area, it would make little sense to see one set of standards for consumers in one community, and a separate set of standards in a nearby community that has a different provider. Moreover, fair competition for support would be undermined if wireless providers are subject to lesser performance requirements.
    - Performance requirements should ensure, among other items, that (1) any net neutrality obligations applied to fixed broadband providers extend to all high-cost USF recipients, (2) broadband service is offered to all users in a supported area (i.e., not permit exclusion of the 10% heaviest users that generate 65% of the traffic), and (3) broadband service is deployed at meaningful minimum speeds.
  - b. Accompanying Private Sector Investment:** The NPRM should tentatively conclude that companies should be required to invest a certain amount of their own money in a broadband deployment project (e.g., \$800/unserved household) as a condition for receiving federal broadband support.
  
- 3. Consideration of COLR Obligations:** The NPRM should consider transfer and/or elimination of COLR obligations in light of any proposals that could significantly reduce and/or eliminate intercarrier compensation and universal service.