

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of:)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
Establishing Just and Reasonable Rates For Local Exchange Carriers)	WC Docket No. 07-135
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing an Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link-Up)	WC Docket No. 03-109

REPLY COMMENTS OF THE IOWA UTILITIES BOARD

On February 9, 2011, the Federal Communications Commission (Commission) released a Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking (NPRM) in the above dockets. On April 18, 2011, the Iowa Utilities Board (IUB) filed Comments addressing the Commission's proposed reforms relating to the system of intercarrier compensation (ICC) as well as proposed reforms to federal Universal Service Fund (USF). An area of major concern expressed in the IUB's April 18th comments relates to the Commission's expectations of supplemental support from state universal service funds. Specifically, the IUB commented that both the National Broadband Plan and the NPRM reflect the Commission's intention to cap the federal USF at 2010

levels while seeking unspecified supplemental support for the National Broadband Plan from state universal service funds.

Given a diminishing number of landline customers, the IUB commented that the state support would need to come from universal service assessments against all types of retail voice services including wireline, wireless, and voice over Internet protocol (VoIP). However, two bills have been introduced in Congress that would impose a five-year moratorium on further state charges against wireless services. If enacted, the bills could put state support for the National Broadband Plan at risk. Even if a moratorium on wireless surcharges is not enacted, the IUB commented that the Commission needs to be more explicit and to better quantify the level of supplemental support it expects from states. The IUB also commented about the potential difficulties in identifying VoIP subscribers for state universal service assessments. The IUB further noted that whether consumer contributions are labeled Federal USF or State USF is not the real concern. The real concern is the total amount of USF-related contributions that subscribers could be required to pay on their telephone bills.

In its April 18th Comments, Google recommended that the Commission encourage states to consider matching funds for broadband deployment projects that receive federal CAF support.¹ To the extent that Google is attempting to define the spending requirements for each state's universal service fund, the IUB recommends the Commission reject Google's proposal for two reasons.

¹ See Comments of Google, Inc. (Google) filed April 18, 2011, p. 19. The CAF, or the Connect America Fund, will be the name of the reformed high-cost federal USF.

First, simply requiring the level of state support to be at the same level as federal support is arbitrary and would likely lead to waste. The level of support provided to individual carriers from a universal service fund should be based on the costs associated with providing a particular service in a high-cost area, not on the need to expend a predetermined state universal service fund budget.

Second, the Google proposal may only be workable for “net payer” states with high population densities and large urban areas. Such states receive relatively small amounts of high-cost federal USF support because of the relatively few rural telephone loops in those states. If state universal service support in a “net payer” state were required to match the federal USF support, then the relatively small state universal service costs could be readily spread across the state’s large population base. However, the Google proposal could be overly burdensome for “net recipient” states with low population densities that receive relatively high amounts of federal USF. Requiring the “net recipient” state to match the federal USF support would result in high state universal service costs being spread across the state’s small population base. Therefore, the IUB believes that requiring state universal service funds to match the federal CAF for broadband deployment projects could drive consumer universal service assessments to unsustainable levels putting the National Broadband Plan at risk for failure.

Conclusion

The IUB commends the Commission on its mission to implement reforms that will make high-speed broadband deployment a reality for all of America. The

greatest challenge for the Commission and states will be implementing the necessary reforms at rates to consumers that are just, reasonable, and sustainable. The IUB looks forward to providing additional comments in other proceedings related to the deployment of the National Broadband Plan.

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