SNR DENTON

SNR Denton US LLP
1301 K Street, NW
Suite 600, East Tower
Washington, DC 20005-3364 USA

Todd D. Daubert
Partner
todd.daubert@snrdenton.com
D +1 202 408 6458
M +1 202 436 1819
T +1 202 408 6400
F +1 202 408 6399
snrdenton.com

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VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: ***Notice of Ex Parte,*** **Connect America Fund, High-Cost Universal Service Support**
WC Docket Nos. 10-90, 05-337, 03-109; GN Docket No. 09-51; CC Docket No. 96-45.

Dear Ms. Dortch:

On June 21, 2011, Holly Henderson, External Affairs Manager of Southern Communications Services, Inc. d/b/a/ SouthernLINC Wireless ("SouthernLINC Wireless"), Aaron Gregory of SNR Denton US LLP, and I met with Margaret McCarthy, Policy Advisor to Commissioner Copps, to discuss universal service reform and the importance of ensuring that the universal service program does not inadvertently exacerbate the challenges of serving the rural, insular and high-cost areas of the United States or increase market entry barriers.

During the meeting, we discussed the crucial role that SouthernLINC Wireless and other regional wireless carriers fulfill in addressing the needs of consumers who live and work in rural areas and improving the nation's emergency response capabilities. Particularly as the industry continues to consolidate, the presence of regional mobile service providers who focus solely on their local service areas -- as opposed to national wireless service providers whose primary focus traditionally has not been the rural, insular and high cost areas of our country -- provides the types of alternatives which are necessary to ensure that consumers and businesses enjoy the benefits of competition. Reform should not lead to the inadvertent elimination of these alternatives in the name of achieving slightly faster broadband speeds by subsidizing only a single service provider. Such an approach would, over time, lead to the re-monopolization of communications services in the rural, insular and high-cost areas of America.

SouthernLINC Wireless agrees that universal service reform is necessary, but the reforms currently under consideration, including any proposal to subsidize a single carrier, would harm consumers in rural, insular and high-cost areas and the carriers, like SouthernLINC Wireless, that serve them. Indeed, the harm that could arise, particularly over time, from subsidizing a single carrier would far outweigh any benefits that would result from the subsidy. In this sense, no subsidy at all would be preferable to a flawed subsidy program that harms rural America by exacerbating the challenges of serving rural, insular and high cost areas. However, neither of these alternatives is permitted by the universal service provisions of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, which requires the Commission to ensure that consumers in rural, insular and high-cost areas have access to reasonably comparable services at reasonably comparable rates to those services

available in urban areas. Accordingly, the Commission is required by law to ensure that "specific, predictable and sufficient mechanisms" it adopts are designed to achieve the reasonable comparability mandated by the Act, which is not possible with any mechanism that subsidizes a single carrier.

During the meeting, we reiterated the position of SouthernLINC Wireless that the Commission's proposal to condition support on the provision of broadband at 4 Mbps/ 1 Mbps actual service speeds would harm consumers and carriers like SouthernLINC Wireless that serve them, particularly if the Commission chooses to do so by phasing out all support to current CETCs and limiting future support only to a single carrier. This double-whammy of support withdrawal combined with the prospect of competing with a single subsidized competitor offering comparatively higher speeds would make it much more difficult for all other carriers to upgrade their networks to faster broadband speeds than they offer today, if they could continue to provide service at all in these areas. We noted that the concept of the "unserved" area fails to take into account the fact that many, if nearly all, of these areas are currently served by providers offering data services that are slower than the proposed 4 Mbps/1 Mbps threshold. It is unclear that consumers in these areas would prefer a single provider offering faster speeds over a choice among multiple providers offering lower speeds today that will be upgraded during the foreseeable future.[1]

We also discussed the attached alternative reform framework created by the Universal Service for America Coalition (of which SouthernLINC Wireless is a member) that strives to achieve the policy objective of broadband deployment remaining true to the Act's mandate of reasonable comparability of services and rates for rural areas.[2] This proposal illustrate that the choice between either accepting the Commission's broadband-centric, single winner vision of reform or idling indefinitely in the inadequate status quo is a false choice. By identifying areas where support is needed and then directly reimbursing a percentage of actual expenditures, the Commission could encourage efficiency and directly address one deployment obstacle -- high costs -- in a manner that facilitates broadband deployment without tipping the scales of competition or eliminating the benefits of competition and the threat of competitive entry. The alternative distribution framework would result in lower expenditures over time by forcing carriers to make wise choices about deployment, which stands in stark contrast to single-subsidization systems that essentially create addictions to support that will result in greater total expenditures with fewer benefits over time.

SouthernLINC Wireless also voiced its opposition to the adoption of the proposed single-winner reverse auction distribution mechanism. We discussed how an alternative auction system proposed by SouthernLINC Wireless in 2008 would better reflect both the letter and spirit of the Act and provide consumers with the competitive service options they deserve and demand, should the Commission

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1 *See, e.g.,* Federal Communications Commission, Industry Analysis and Technology Division Wireline Competition Bureau, *Internet Access Services Report* (rel. Mar. 2011). *Cf.* pg. 2, Figure 1(a), pg. 8, Figure 3, (demonstrating that the availability of high speed broadband service in a given area does not necessarily translate into adoption of that service).

2 For a fuller discussion of the Universal Service for America Coalition's alternative framework proposal, *see* USA Coalition Comments at 29-37, WC Docket No. 10-90, *et al.* (filed Apr. 28, 2011); USA Coalition Comments at 41-54, WC Docket No. 10-90, *et al.* (filed July 12, 2010).

persist in heading down the reverse auction road.[3] While multiple package auctions might prove more expensive at the outset, the format would provide a level playing field for bidders while reducing the amount of required support over time as carriers compete to offer faster and better service. SouthernLINC Wireless respectfully submits that, by providing support in this manner, the Commission would better serve the goals of the Act and create incentives for winning bidders to expand service to unserved and under-served areas without creating opportunities for arbitrage that cause uneconomic fund growth.

Pursuant to Section 1.1206(b) of the Commission's rules, a copy of this letter is being filed *via* ECFS with your office. Please contact the undersigned if you have any questions or need additional information.

Respectfully submitted,

Todd D. Daubert
Counsel for SouthernLINC Wireless

cc: Margaret McCarthy

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[3] *See* SouthernLINC Wireless Comments at 17-30, WC Docket No. 05-337; CC Docket No. 96-45 (filed Apr. 17, 2008). While SouthernLINC Wireless offered these ideas in the past and discussed them during this meeting, it does not necessarily believe that a reverse auction mechanism is the best (or even a good) mechanism for allocating support.