savings.

15. Even taking this conservative approach, staff estimates consumer benefits averaging approximately $1.5 billion a year between 2016 and 2018. This does not include any estimate of savings to carriers as a result of reduced ICC disputes, or the value of increased certainty in ICC receipts and obligations. These omissions are especially significant given that the $1.5 billion benefits estimate reflects a comparison of ICC revenues under reform to a trended no-reform baseline: ICC payment declines under the no-reform baseline would likely be accompanied by significant and growing billing disputes, which impose real costs on carriers, and ultimately consumers. Reform reduces total ICC payments without imposing these costs. Given this, and given the other ways in which the $1.5 billion estimate is conservative, staff concluded that actual benefits to consumers are likely to fall somewhere between this amount and the $2.6 billion upper bound described above, derived based on untrended 2010 revenues. For example, were one to simply take the midpoint between these values, it would be approximately $2.1 billion per year.

**Consumer Payments: Access Recovery Charges**

16. Weighed against these consumer benefits, staff estimated that, at their peak, the annual cost to consumers of ARC increases will likely be less than $500 million per year, including ARCs paid by businesses, which we expect will be passed through, in whole or in part, to customers, and ARCs paid by consumers directly. The total ARCs that carriers will be permitted to charge under the Order will reach a peak of approximately $800 million across all end users in 2017 (i.e., including consumers, single-line businesses, and multi-line businesses), and then decline gradually over time with decreases in carriers' Eligible Recovery.[25] The ARC increases that consumers and businesses actually see, however, are likely to be 25 to 50 percent less than allowed ARC increases, on average.[26] Applying this 25 to 50 percent discount to peak allowable ARC implies that, at their peak year, all end users will likely pay a total of approximately $500 million, and will pay less in preceding and subsequent years. Staff assumed that businesses will pass 100 percent of ARC increases onto their customers,[27] and therefore we estimate total consumer costs will reach approximately $500 million in the peak year.

17. Comparing this amount to the estimated consumer benefits of ICC reform implies that consumer benefits are likely to outweigh ARC payments by more than 3 to 1, based on a conservative estimate of benefits.

[25] *See supra* para. 852.

[26] *See, e.g.*, Reply Comments of AT&T Inc. on the Missoula Plan for Intercarrier Compensation Reform, CC Docket No. 01-92, filed Feb. 1, 2007, Exhibit 1 at n. 11 (noting that carriers likely cannot charge full permitted recovery charges on all customers); *see also* http://www.phoenix-center.org/perspectives/Perspective11-06Final.pdf (estimating carriers realize as little as 40 percent recovery of lost ICC revenues from permitted fixed charge increases).

[27] This differs from staff's assumption about multiline businesses' pass through of savings, *see supra* note 21, where staff assumed only 75 percent pass through. Using a higher estimate for cost pass through than for savings pass through makes the estimate of the ratio of consumer payments to consumer benefits conservative.

## APPENDIX J

### List of *USF/ICC Transformation NPRM* Commenters and Reply Commenters

| Commenter | Abbreviation |
|---|---|
| Accipiter Communications | Accipiter |
| Ad Hoc Telecommunications Users Committee | Ad Hoc |
| ADTRAN | ADTRAN |
| Advanced Regional Communications Cooperative | Advanced Regional |
| Alaska Regulatory Commission | Alaska Commission |
| Alaska Communications Systems Group | ACS |
| Alaska Telephone Association | ATA |
| Albion Telephone Company | Albion Telephone |
| Alexicon Telecommunications Consulting | Alexicon |
| Allband Communications Cooperative | Allband Communications |
| American Cable Association | ACA |
| American Library Association | ALA |
| American Public Communications Council | APCC |
| AT&T | AT&T |
| Aventure Communications Technology | Aventure |
| Blooston Rural Carriers | Blooston |
| Box Top Solutions | Box Top |
| Cablevision Systems Corporation | Cablevision |
| Calaveras Telephone Company | Calaveras Telephone |
| California Emerging Technology Fund | CETF |
| California Public Utilities Commission | California Commission |
| Cambridge Telephone Company | Cambridge Telephone |
| Cascade Utilities | Cascade |
| Cbeyond, Integra Telecom and tw telecom | Cbeyond et al. |
| Cellular South | Cellular South |
| Center for Social Inclusion | Center for Social Inclusion |
| Central Texas Telephone Cooperative | Central Texas Telephone |
| CenturyLink | CenturyLink |
| Charter Communications | Charter |
| Coalition for Rational Universal Service and Intercarrier Reform | Coalition for Reform |
| CoBank | CoBank |
| Comcast Corporation | Comcast |
| Communications Workers of America | CWA |
| COMPTEL | COMPTEL |
| Connected Nation | Connected Nation |
| Connectiv Solutions | Connectiv |
| Core Communications | Core |
| Cox Communications | Cox |
| Coalition for Rational Universal Service and Intercarrier Reform | CRUSIR |
| CTIA – The Wireless Association | CTIA |
| Custer Telephone Cooperative | Custer Telephone |
| Delhi Telephone Company | Delhi Telephone |
| District of Columbia Public Service Commission | DC Commission |
| Docomo Pacific, PR Wireless, Choice Communications, and | DoCoMo et al. |

| | |
|---|---|
| AST Telecom, d/b/a BlueSky Communications | |
| Ducor Telephone Company | Ducor Telephone |
| EarthLink | EarthLink |
| Empirix | Empirix |
| FairPoint Communications | FairPoint |
| Farmers Mutual Telephone Company | Farmers Mutual |
| FeatureGroup IP | FeatureGroup IP |
| Fidelity Telephone Company | Fidelity Telephone |
| Filer Mutual Telephone – Idaho | Filer Mutual-ID |
| Filer Mutual Telephone – Nevada | Filer Mutual-NV |
| Florida Public Service Commission | Florida Commission |
| Free Press | Free Press |
| Free State Foundation | Free State |
| Frontier Communications Corporation | Frontier |
| General Communication | GCI |
| Global Crossing North America | Global Crossing |
| Google | Google |
| Greenlining Institute | Greenlining |
| Guadalupe Valley Telephone Cooperative | Guadalupe Valley Telephone |
| GVNW Consulting | GVNW |
| Hawaiian Telcom | Hawaiian Telcom |
| Hill Country Telephone Cooperative | Hill Country Telephone |
| Hospital Sisters Health System | HSHS |
| ICORE | ICORE |
| Independent Telephone & Telecommunications Alliance | ITTA |
| Indiana Utility Regulatory Commission | Indiana Commission |
| Information Technology Industry Council | ITI |
| InterBel Telephone Cooperative | InterBel Telephone |
| Internet2 | Internet2 |
| Internert2 Ad Hoc Health Group | Internet2 Health |
| Iowa Telecommunications Association | ITA |
| Iowa Utilities Board | IUB |
| John Staurulakis | JSI |
| Kalona Cooperative Telephone Company | Kalona Telephone |
| Kansas Corporation Commission | Kansas Commission |
| Kansas Rural Independent Telephone Companies, State Independent Telephone Associations and Rural Telecommunication Management Council | Kansas Rural Companies et al. |
| Level 3 Communications | Level 3 |
| Louisiana Telecommunications Association Small Company Committee | Louisiana Small Company Committee |
| Madison Telephone | Madison Telephone |
| Massachusetts Department of Telecommunications and Cable | Massachusetts DTC |
| Mercatus Center | Mercatus |
| MetroPCS Communications | MetroPCS |
| Michigan Public Service Commission | Michigan Commission |
| Midvale Telephone Exchange – AZ | Midvale Telephone-AZ |
| Midvale Telephone Exchange – ID | Midvale Telephone-ID |
| Mississippi Public Service Commission | Mississippi Commission |
| Missouri Public Service Commission | Missouri Commission |
| Missouri Small Telephone Company Group | MoSTCG |

| | |
|---|---|
| Mobile Future | Mobile Future |
| Moss Adams | Moss Adams |
| Motalla Telephone Company | Motalla Telephone |
| MTPCS, d/b/a Cellular One | Cellular One |
| MTPCS, d/b/a Cellular One, and NE Colorado Cellular, d/b/a Viaero Wireless | Cellular One and Viaero |
| National Association of Regulatory Utility Commissioners | NARUC |
| National Association of State Utility Consumer Advocates | NASUCA |
| National Association of Telecommunications Officers and Advisors | NATOA |
| National Cable & Telecommunications Association | NCTA |
| Native Telecom Coalition for Broadband | NTCB |
| Nebraska Public Service Commission | Nebraska Commission |
| Nebraska Rural Independent Companies | Nebraska Rural Companies |
| NECA, NTCA, OPASTCO, WTA and Concurring Associations | Rural Associations |
| Nehalem Telecommunications | Nehalem Telecom |
| Neutral Tandem | Neutral Tandem |
| New America Foundation, Consumers Union and Media Access Project | New America Foundation et al. |
| The New Jersey Board of Public Utilities | New Jersey Board |
| New Jersey Division of Rate Counsel | New Jersey Rate Counsel |
| New York State Public Service Commission | New York Commission |
| North County Communications Corporation | North County |
| North Dakota Public Service Commission | North Dakota Commission |
| Northern Telephone Cooperative | Northern Telephone |
| NTCH | NTCH |
| Odessa Office Equipment | Odessa |
| Ohio Public Utilities Commission | Ohio Commission |
| Oregon Telecommunications Association | OTA |
| Pac-West Telecomm | Pac-West |
| PAETEC, TelePacific RCN and TDS Metrocom | PAETEC et al. |
| Partner Communications Cooperative | Partner Communications |
| PCIA—The Wireless Infrastructure Association | PCIA |
| Pend Oreille Telephone Company | Pend Oreille Telephone |
| Pine Telephone System | Pine Telephone |
| Prepaid Card Providers | Prepaid Card Providers |
| Public Knowledge and the Benton Foundation | Public Knowledge and Benton |
| Puerto Rico Telephone Company | PRTC |
| Recently Converted Price Cap Carriers | Price Cap Carriers |
| Robert Hart | Robert Hart |
| Rural Broadband Alliance | RBA |
| Rural Carriers Supporting State Universal Service Funds | Rural Carriers-State USF |
| Rural Cellular Association | RCA |
| Rural Independent Competitive Alliance | RICA |
| Rural Telecommunications Carriers Coalition | RTCC |
| Rural Telecommunications Group | RTG |
| Rural Telephone Company – Idaho | Rural Telephone-ID |
| Rural Telephone Company – Nevada | Rural Telephone-NV |
| Rural Telephone Service Company | Rural Telephone Service |
| San Juan Cable, d/b/a OneLink Communications | OneLink |
| Satellite Broadband Providers | Satellite Providers |
| Schools, Health and Libraries Broadband Coalition | SHLB Coalition |
| Scio Mutual Telephone Association | Scio Telephone |

| | |
|---|---|
| SE Acquisitions, d/b/a SouthEast Telephone | SouthEast Telephone |
| Smith Bagley | Smith Bagley |
| Sprint Nextel Corporation | Sprint |
| St. Louis Broadband | St. Louis Broadband |
| State Members of the Federal State Joint Board on Universal Service | State Members |
| SureWest Communications | SureWest |
| TCA | TCA |
| TDS Telecommunications Corporation | TDS |
| TechAmerica | TechAmerica |
| Telecommunications Association of Maine | TAM |
| Telecommunications Industry Association | TIA |
| T-Mobile USA | T-Mobile |
| Texas Statewide Telephone Cooperative | Texas Telephone |
| Time Warner Cable | Time Warner Cable |
| United States Cellular Corporation | U.S. Cellular |
| United States Telecom Association | USTelecom |
| Universal Service for America Coalition | USA Coalition |
| Utah Public Service Commission | Utah Commission |
| Utah Rural Telecom Association | URTA |
| Verizon and Verizon Wireless | Verizon |
| ViaSat | ViaSat |
| Virgin Islands Public Services Commission | Virgin Islands Commission |
| Virgin Islands Telephone Corporation | Vitelco |
| Vonage Holdings Corp. | Vonage |
| Warinner, Gesinger and Associates | WGA |
| Washington Independent Telecommunications Association | WITA |
| Washington Utilities and Transportation Commission | Washington Commission |
| Wheat State Telephone | Wheat State Telephone |
| Windstream Communications | Windstream |
| Wireless Internet Service Providers Association | WISPA |
| XO Communications | XO |
| ZipDX | ZipDX |

| **Reply Commenter** | **Abbreviation** |
|---|---|
| ADTRAN | ADTRAN |
| Alaska Federation of Natives | Alaska Federation |
| Alaska Regulatory Commission | Alaska Commission |
| Alliance for Community Media | Alliance for Community Media |
| American Cable Association | ACA |
| American Public Power Association and Iowa Association of Municipal Utilities | APPA and IAMU |
| Arizona Corporation Commission | Arizona Commission |
| AT&T | AT&T |
| Bandwidth.com | Bandwidth.com |
| Blooston Rural Carriers | Blooston |
| Brazos Valley Council of Governments, Health Information Exchange of Montana, New England Telehealth Consortium, Oregon Health Network and Utah Telehealth Network | Brazos Valley Council et al. |

| | |
|---|---|
| Cablevision Systems Corporation | Cablevision |
| Cbeyond, Integra Telecom and tw telecom | Cbeyond et al. |
| Cellular South | Cellular South |
| CenturyLink | CenturyLink |
| Charter Communications | Charter |
| Cincinnati Bell | Cincinnati Bell |
| Comporium Companies | Comporium |
| Cox Communications | Cox |
| CTIA – The Wireless Association | CTIA |
| EarthLink | EarthLink |
| FairPoint Communications | FairPoint |
| Fiber-to-the-Home Council | Fiber-to-the-Home |
| Free State Foundation | Free State |
| Frontier Communications Corporation | Frontier |
| General Communication | GCI |
| Golden West Telecommunications Cooperative, Midstate Communications and Venture Communications Cooperative | Golden West et al. |
| Granite Telecommunications | Granite |
| GVNW Consulting | GVNW |
| Hargray Telephone Company | Hargray Telephone |
| Hawaii, State of | Hawaii |
| Hawaiian Telcom | Hawaiian Telcom |
| HyperCube Telecom | HyperCube |
| IMPACT 20/20 | IMPACT 20/20 |
| Independent Telephone & Telecommunications Alliance | ITTA |
| Iowa Utilities Board | IUB |
| IT&E | IT&E |
| JDS Uniphase Corporation | JDSU |
| John Staurulakis | JSI |
| Kansas Rural Independent Telephone Companies, State Independent Telephone Associations and Rural Telecommunication Management Council | Kansas Rural Companies, et al. |
| LARIAT | LARIAT |
| Louisiana Telecommunications Association Small Company Committee | Louisiana Small Company Committee |
| Maine Office of the Public Advocate | Maine Public Advocate |
| Michigan Public Service Commission | Michigan Commission |
| Mid-Atlantic Conference of Regulatory Utility Commissions | MACRUC |
| Mid-Rivers Communications | Mid-Rivers |
| Minnesota Independent Coalition | MIC |
| Missouri Small Telephone Company Group | MoSTCG |
| Montana Independent Telecommunications Systems | MITS |
| Montana Public Service Commission | Montana Commission |
| MTPCS, d/b/a Cellular One | Cellular One |
| National Association of State Utility Consumer Advocates | NASUCA |
| National Cable & Telecommunications Association | NCTA |
| Native Telecom Coalition for Broadband | NTCB |
| Nebraska Rural Independent Companies | Nebraska Rural Companies |
| NECA, NTCA, OPASTCO, WTA and Concurring Associations | Rural Associations |
| Neutral Tandem | Neutral Tandem |
| New America Foundation, Consumers Union and Media Access Project | New America Foundation et al. |

| | |
|---|---|
| New Jersey Division of Rate Counsel | New Jersey Rate Counsel |
| New Mexico Public Regulation Commission | New Mexico Commission |
| NobelTel | NobelTel |
| Pac-West Telecomm | Pac-West |
| PAETEC, TelePacific, RCN and TDS Metrocom | PAETEC et al. |
| PCIA—The Wireless Infrastructure Association | PCIA |
| Pennsylvania Public Utility Commission | Pennsylvania Commission |
| Pennsylvania Telephone Association | PTA |
| Public Service Telephone Company | Public Service Telephone |
| Puerto Rico Telephone Company | PRTC |
| Robert Hart | Robert Hart |
| Rural Broadband Alliance | RBA |
| Rural Cellular Association | RCA |
| Rural Telecommunications Carriers Coalition | RTCC |
| Rural Telecommunications Group | RTG |
| Rural Telephone Service Company | Rural Telephone Service |
| San Juan Cable, d/b/a OneLink Communications | OneLink |
| Satellite Broadband Providers | Satellite Providers |
| South Dakota Public Utilities Commission | South Dakota Commission |
| South Dakota Telecommunications Association | SDTA |
| SouthemLINC Wireless | SouthemLINC |
| SureWest Communications | SureWest |
| TCA | TCA |
| T-Mobile USA | T-Mobile |
| Total Call International | Total Call |
| United States Cellular Corporation | U.S. Cellular |
| Universal Service for America Coalition | USA Coalition |
| Utah Rural Telecom Association | URTA |
| Verizon and Verizon Wireless | Verizon |
| Vermont Department of Public Service and Vermont Public Service Board | Vermont Board |
| Vonage Holdings Corp. | Vonage |
| Windstream Communications | Windstream |
| Wisconsin Public Service Commission | Wisconsin Commission |
| Wyoming Public Service Commission | Wyoming Commission |
| XO Communications | XO |

## APPENDIX K

### List of *USF/ICC Transformation NPRM* Section XV Commenters and Reply Commenters

| Commenter | Abbreviation |
|---|---|
| 01 Communications and Vaya Telecom | 01 and Vaya |
| Advanced Regional Communications Cooperative | Advanced Regional |
| Alaska Telephone Association | ATA |
| Alliance for Telecommunications Industry Solutions | ATIS |
| American Legislative Exchange Council | ALEC |
| Association of Teleservices International | Teleservices |
| AT&T | AT&T |
| Aventure Communications Technology | Aventure |
| Beehive Telephone Co. | Beehive |
| Blooston Rural Carriers | Blooston |
| Bluegrass Telephone Company, d/b/a Kentucky Telephone, and Northern Valley Communications | Bluegrass |
| Bright House Networks Information Services | Bright House |
| Cablevision Systems and Charter Communications | Cablevision and Charter |
| California Public Utilities Commission | California Commission |
| Cbeyond, Integra Telecom and tw telecom | Cbeyond et al. |
| CenturyLink | CenturyLink |
| Coalition for Rational Universal Service and Intercarrier Reform | CRUSIR |
| Comcast Corporation | Comcast |
| COMPTEL | COMPTEL |
| Connectiv Solutions | Connectiv |
| Consolidated Communications Holdings | Consolidated |
| Core Communications | Core |
| Cox Communications | Cox |
| CTIA – The Wireless Association | CTIA |
| Communications Workers of America | CWA |
| EarthLink | EarthLink |
| Empirix | Empirix |
| FairPoint Communications | FairPoint |
| FeatureGroup IP | FeatureGroup IP |
| Free Conferencing Corporation | Free Conferencing Corporation |
| Free State Foundation | Free State |
| Frontier Communications Corporation | Frontier |
| Global Conference Partners | Global |
| Google | Google |
| GVNW Consulting | GVNW |
| Hawaiian Telcom | Hawaiian Telcom |
| HyperCube Telecom | HyperCube |
| ICORE | ICORE |
| Independent Telephone & Telecommunications Alliance | ITTA |
| Indiana Utility Regulatory Commission | Indiana Commission |
| Iowa Utilities Board | IUB |
| Kansas Corporation Commission | Kansas Commission |

| | |
|---|---|
| Louisiana Telecommunications Association Small Company Committee | Louisiana Small Company Committee |
| Leap Wireless International and Cricket Communications | Leap Wireless and Cricket |
| Level 3 Communications | Level 3 |
| MegaPath and Covad Communications Company | MegaPath |
| MetroPCS Communications | MetroPCS |
| Michigan Public Service Commission | Michigan Commission |
| Mississippi Public Service Commission | Mississippi Commission |
| Missouri Public Service Commission | Missouri Commission |
| Missouri Small Telephone Company Group | MoSTCG |
| National Association of Regulatory Utility Commissioners | NARUC |
| National Association of State Utility Consumer Advocates and New Jersey Division of Rate Counsel | NASUCA and NJ Rate Counsel |
| Nebraska Rural Independent Companies | Nebraska Rural Companies |
| NECA, NTCA, OPASTCO, ERTA and WTA | Rural Associations |
| Neutral Tandem | Neutral Tandem |
| North County Communications Corporation | North County |
| Ohio Public Utilities Commission | Ohio Commission |
| OmniTel Communications and Tekstar Communications | OmniTel and Tekstar |
| Pennsylvania Public Utility Commission | Pennsylvania Commission |
| Pac-West Telecomm | Pac-West |
| PAETEC, TelePacific and RCN | PAETEC et al. |
| RNK Communications | RNK |
| Rural LEC Section XV Group | Rural LECs |
| Sprint Nextel Corporation | Sprint |
| St. Louis Broadband | St. Louis Broadband |
| SureWest Communications | SureWest |
| TCA | TCA |
| TDS Telecommunications Corporation | TDS |
| TEXALTEL | TEXALTEL |
| T-Mobile USA | T-Mobile |
| Texas Statewide Telephone Cooperative | Texas Telephone |
| Time Warner Cable | Time Warner Cable |
| Toledo Telephone Company | Toledo Telephone |
| United States Telecom Association | USTelecom |
| Verizon and Verizon Wireless | Verizon |
| Voice on the Net Coalition | VON Coalition |
| Vonage Holdings Corp. | Vonage |
| Warinner, Gesinger and Associates | WGA |
| Washington Utilities and Transportation Commission | Washington Commission |
| Windstream Communications | Windstream |
| XO Communications | XO |
| YMax Corporation | YMax |
| ZipDX | ZipDX |

| Reply Commenter | Abbreviation |
|---|---|
| AT&T | AT&T |
| Beehive Telephone Co. | Beehive |
| Bluegrass Telephone Company, d/b/a Kentucky Telephone, and Northern Valley Communications | Bluegrass |
| Bright House Networks Information Services | Bright House |
| Cablevision Systems and Charter Communications | Cablevision and Charter |
| Cbeyond, Integra Telecom and tw telecom | Cbeyond et al. |
| CenturyLink | CenturyLink |
| Coalition for Rational Universal Service and Intercarrier Reform | Coalition for Reform |
| Comcast Corporation | Comcast |
| COMPTEL | COMPTEL |
| Consolidated Communications Holdings | Consolidated |
| Core Communications | Core |
| Cox Communications | Cox |
| Coalition for Rational Universal Service and Intercarrier Reform | CRUSIR |
| EarthLink | EarthLink |
| FeatureGroup IP | FeatureGroup IP |
| Free Conferencing Corporation | Free Conferencing Corporation |
| Frontier Communications Corporation | Frontier |
| Global Conference Partners | Global |
| Halo Wireless | Halo |
| HyperCube Telecom | HyperCube |
| Independent Telephone & Telecommunications Alliance | ITTA |
| Iowa Telecommunications Association | Iowa Telecom Association |
| Level 3 Communications | Level 3 |
| Michigan Public Service Commission | Michigan Commission |
| Montana Independent Telecommunications Systems | Montana Telecom Systems |
| National Association of State Utility Consumer Advocates and New Jersey Division of Rate Counsel | NASUCA and NJ Rate Counsel |
| Nebraska Public Service Commission | Nebraska Commission |
| Nebraska Rural Independent Companies | Nebraska Rural Companies |
| NECA, NTCA, OPASTCO, ERTA and WTA | Rural Associations |
| North County Communications Corporation | North County |
| OmniTel Communications and Tekstar Communications | OmniTel and Tekstar |
| Pac-West Telecomm | Pac-West |
| PAETEC, TelePacific and RCN | PAETEC et al. |
| Sprint Nextel Corporation | Sprint |
| Time Warner Cable | Time Warner Cable |
| UTEX Communications Corp., d/b/a FeatureGroup IP | UTEX |
| Vonage Holdings Corp. | Vonage |
| Verizon and Verizon Wireless | Verizon |
| XO Communications | XO |

## APPENDIX L

**WT Docket No. 10-208**

**Lists of *Mobility Fund NPRM* and *Mobility Fund Tribal Public Notice* Commenters and Reply Commenters**

***Mobility Fund NPRM***

| Commenter | Abbreviation |
|---|---|
| Alaska Communications Systems | ACS |
| Alaska Telephone Association | ATA |
| AT&T | AT&T |
| Blooston Rural Carriers | Blooston |
| California Public Utilities Commission | California Commission |
| Cellular South; NE Colorado Cellular, d/b/a Viaero Wireless; Rural Cellular Association; and Westlink Communications | Cellular South et al. |
| CenturyLink | CenturyLink |
| Commnet Wireless | Commnet |
| CTIA – The Wireless Association | CTIA |
| Free Press | Free Press |
| General Communication | GCI |
| Gila River Telecommunications | Gila River |
| Greenlining Institute | Greenlining |
| GVNW Consulting | GVNW |
| Independent Telephone & Telecommunications Alliance | ITTA |
| Indiana Utility Regulatory Commission | Indiana Commission |
| Joint Center for Political and Economic Studies | JCPES |
| MetroPCS Communications | MetroPCS |
| Mid-Rivers Telephone Cooperative and Cable & Communications Corporation, d/b/a Mid-Rivers Communications | Mid-Rivers |
| Mobile Future | Mobile Future |
| MTPCS, d/b/a Cellular One | Cellular One |
| National Association of State Utility Consumer Advocates | NASUCA |
| National Cable & Telecommunications Association | NCTA |
| National Tribal Telecommunications Association | NTTA |
| Native Public Media and the National Congress of American Indians | Native Public Media |
| NECA, NTCA, OPASTCO, ERTA and WTA | NECA et al. |
| New EA, d/b/a Flow Mobile | New EA |
| NTCH | NTCH |
| Ohio Public Utilities Commission | Ohio Commission |
| PCIA – The Wireless Infrastructure Association | PCIA |
| PR Wireless | PR Wireless |
| Rural Cellular Association | RCA |
| Rural Telecommunications Group | RTG |
| Sprint Nextel Corporation | Sprint |

| | |
|---|---|
| TechAmerica | TechAmerica |
| Telecommunications Industry Association | TIA |
| Texas Statewide Telephone Cooperative | Texas Statewide Coop |
| T-Mobile USA | T-Mobile |
| U.S. Cellular | US Cellular |
| United States Telecom Association | USTelecom |
| USA Coalition | USA Coalition |
| Verizon and Verizon Wireless | Verizon |
| Windstream Communications | Windstream |
| Worldcall Interconnect | Worldcall |

| **Reply Commenter** | **Abbreviation** |
|---|---|
| Alaska Governor's Office | Alaska Governor |
| Alaska Regulatory Commission | Alaska Commission |
| American Cable Association | ACA |
| Benton Foundation, New America Foundation and Office of Communication for the United Church of Christ | Benton et al. |
| Communications Workers of America | CWA |
| CTIA – The Wireless Association | CTIA |
| Florida Public Service Commission | Florida Commission |
| General Communication | GCI |
| Greenlining Institute | Greenlining |
| Hispanic Information and Telecommunications Network | HITN |
| Native Public Media and the National Congress of American Indians | Native Public Media |
| Navajo Nation Telecommunications Regulatory Commission | Navajo Commission |
| NE Colorado Cellular, d/b/a Viaero Wireless | Viaero Wireless |
| PCIA – The Wireless Infrastructure Association | PCIA |
| PR Wireless | PR Wireless |
| Rural Cellular Association | RCA |
| Rural Independent Competitive Alliance | RICA |
| SouthernLINC Wireless | SouthernLINC |
| Telecommunications Industry Association | TIA |
| Texas Statewide Telephone Cooperative | Texas Statewide Coop |
| U.S. Cellular | US Cellular |
| USA Coalition | USA Coalition |
| Verizon and Verizon Wireless | Verizon |
| Windstream Communications | Windstream |

***Mobility Fund Tribal Public Notice***

| **Commenter** | **Abbreviation** |
|---|---|
| Alaska Telephone Association, Alaska Communications and General Communications | ATA et al. |
| Kawerak | Kawerak |
| National Tribal Telecommunications Association | NTTA |
| Native Public Media and the National Congress of American Indians | Native Public Media |

| | |
|---|---|
| NTCH | NTCH |
| Smith Bagley | Smith Bagley |
| Southern California Tribal Digital Village | SoCal TDV |
| The Standing Rock Sioux Tribe and Standing Rock Telecommunications | Standing Rock |
| Twin Houses Consulting | Twin Houses |
| Winnebago Tribe of Nebraska | Winnebago Tribe |

## APPENDIX M

### List of *August 3, 2011 Public Notice* Commenters and Reply Commenters

| Commenter | Abbreviation |
|---|---|
| AARP | AARP |
| ADTRAN | ADTRAN |
| Ad Hoc Telecommunications Users Committee | Ad Hoc |
| Alaska Communications Systems Group | ACS |
| Alaska Rural Coalition | ARC |
| Alexicon Telecommunications Consulting | Alexicon |
| American Cable Association | ACA |
| Asian American Justice Center | AAJC |
| AT&T, CenturyLink, Fairpoint, Frontier, Verizon and Windstream | ABC Plan Proponents |
| Arizona Local Exchange Carrier Association | ALECA |
| Bright House Networks Information Services | Bright House |
| California Independent Telephone Companies, Colorado Telecommunications Association, Idaho Telecom Alliance, Montana Telecommunications Association, Oregon Telecommunications Association, Washington Independent Telecommunications Association and Wyoming Telecommunications Association | CITC et al. |
| California Public Utilities Commission | California Commission |
| Cbeyond, Integra Telecom and tw telecom | Cbeyond et al. |
| Cellular South | Cellular South |
| Charter Communications | Charter |
| Cincinnati Bell | Cincinnati Bell |
| Coalition for Rational Universal Service and Intercarrier Reform | CRUSIR |
| Comcast Corporation | Comcast |
| Communications Workers of America | CWA |
| COMPTEL | COMPTEL |
| Connecticut Public Utilities Regulatory Authority | Connecticut PURA |
| Consolidated Communications Holdings | Consolidated |
| Cox Communications | Cox |
| CTIA – The Wireless Association | CTIA |
| Delaware Public Service Commission | Delaware Commission |
| District of Columbia Public Service Commission | DC Commission |
| EarthLink | EarthLink |
| Free Conferencing Corporation | Free Conferencing Corporation |
| Free Press | Free Press |
| Free State Foundation | Free State |
| General Communication | GCI |
| Gila River Telecommunications | Gila River |
| Google | Google |
| Granite Telecommunications | Granite |
| Greenlining Institute | Greenlining |
| GTA Telecom | GTA |
| GVNW Consulting | GVNW |

| | |
|---|---|
| Hargray Telephone Company | Hargray Telephone |
| Hawaii, State of | Hawaii |
| Hawaiian Telcom | Hawaiian Telcom |
| Hispanic Technology and Telecommunications Partnership | HTTP |
| HyperCube Telecom | HyperCube |
| iBasis Retail | iBasis |
| ICORE | ICORE |
| Illinois Independent Telephone Association | Illinois Independents |
| InCharge Systems | InCharge |
| Independent Telephone & Telecommunications Alliance, Cincinnati Bell, Hargray Telephone Company and HickoryTech Corporation | ITTA et al. |
| Indiana Telecommunications Association | ITA |
| Indiana Utility Regulatory Commission | Indiana Commission |
| Iowa Utilities Board | IUB |
| IT&E | IT&E |
| Kansas Rural Independent Telephone Companies, State Independent Telephone Associations and Rural Telecommunication Management Council | Kansas Rural Companies, et al. |
| Level 3 Communications | Level 3 |
| Louisiana Public Service Commission | Louisiana Commission |
| Louisiana Public Service Commissioner Holloway | Louisiana Comm'r Holloway |
| Louisiana Public Service Commissioner Skrmetta | Louisiana Comm'r Skrmetta |
| Louisiana Telecommunications Association Small Company Committee | Louisiana Small Company Committee |
| Maine Public Utilities Commission and Vermont Public Service Board | Maine and Vermont Commissions |
| Massachusetts Department of Telecommunications and Cable | Massachusetts DTC |
| Mendocino Community Network | Mendocino |
| MetroPCS Communications | MetroPCS |
| Michigan Public Service Commission | Michigan Commission |
| Missouri Public Service Commission | Missouri Commission |
| Missouri Telecommunications Industry Association | MTIA |
| Mobile Future | Mobile Future |
| Moss Adams | Moss Adams |
| MTPCS, d/b/a Cellular One | Cellular One |
| National Association of Regulatory Utility Commissioners | NARUC |
| National Association of State Utility Consumer Advocates | NASUCA |
| National Cable & Telecommunications Association | NCTA |
| National Tribal Telecommunications Association | NTTA |
| Native Telecom Coalition for Broadband | NTCB |
| Nebraska Public Service Commission | Nebraska Commission |
| Nebraska Rural Independent Companies | Nebraska Rural Companies |
| NECA, NTCA, OPASTCO and WTA | Rural Associations |
| Nevada Telecommunications Association | NTA |
| New Hampshire Public Utilities Commission | New Hampshire Commission |
| New Jersey Board of Public Utilities | New Jersey Board |
| New Mexico Exchange Carrier Group | NMECG |
| New York State Public Service Commission | New York Commission |
| NE Colorado Cellular, d/b/a Viaero Wireless | Viaero Wireless |
| Ohio Public Utilities Commission | Ohio Commission |

| | |
|---|---|
| Ohio Telecom Association | Ohio TA |
| Oklahoma Telephone Association | Oklahoma TA |
| Oregon Public Utility Commission | Oregon Commission |
| Pac-West Telecomm | Pac-West |
| PAETEC Holding Corp. | PAETEC |
| Pennsylvania Public Utility Commission | Pennsylvania Commission |
| Panhandle Telecommunication Systems | Panhandle |
| Public Knowledge and the Benton Foundation | Public Knowledge and Benton |
| Puerto Rico Telephone Company | PRTC |
| Reason Foundation | Reason |
| Rural Arkansas Telephone Systems | Rural Arkansas |
| Rural Broadband Alliance | RBA |
| Rural Cellular Association | RCA |
| Rural Independent Competitive Alliance | RICA |
| Rural Telecommunications Group | RTG |
| Satellite Broadband Providers | Satellite Providers |
| Schools, Health and Libraries Broadband Coalition | SHLB Coalition |
| Smith Bagley | Smith Bagley |
| South Dakota Public Utilities Commission | South Dakota Commission |
| South Dakota Telecommunications Association | SDTA |
| SouthemLINC Wireless | SouthemLINC |
| Sprint Nextel Corporation | Sprint |
| Standing Rock Sioux Tribe and Standing Rock Telecommunications | Standing Rock |
| SureWest Communications | SureWest |
| TCA | TCA |
| TDS Telecommunications Corporation | TDS |
| Telecommunications Industry Association | TIA |
| Tennessee Regulatory Authority | Tennessee Commission |
| Texas Statewide Telephone Cooperative | Texas Telephone |
| Time Warner Cable | Time Warner Cable |
| T-Mobile USA | T-Mobile |
| United States Cellular Corporation | U.S. Cellular |
| Universal Service for America Coalition | USA Coalition |
| U.S. Distance Learning Association | USDLA |
| Valley Telephone Cooperative | Valley Telephone |
| Virginia State Corporation Commission Staff | Virginia Commission |
| Vonage Holdings Corp. | Vonage |
| Voice on the Net Coalition | VON Coalition |
| Washington Utilities and Transportation Commission | Washington Commission |
| Wisconsin Public Service Commission | Wisconsin Commission |
| Wisconsin State Telecommunications Association | WSTA |
| XO Communications | XO |

| Reply Commenter | Abbreviation |
|---|---|
| Alaska Communications Systems Group | ACS |
| Alaska Regulatory Commission | Alaska Commission |
| Alaska Rural Coalition | ARC |
| American Cable Association | ACA |
| AT&T, CenturyLink, Fairpoint, Frontier, Verizon and Windstream | ABC Plan Proponents |
| Bandwidth.com | Bandwidth.com |
| Blooston Rural Carriers | Blooston |
| Bright House Networks Information Services | Bright House |
| BT Americas | BT |
| Cablevision Systems Corporation | Cablevision |
| Cbeyond, Integra Telecom and tw telecom | Cbeyond et al. |
| Cellular South | Cellular South |
| Charter Communications | Charter |
| Coalition of Large Tribes and Great Plains Tribal Chairman's Association | COLT and GPTCA |
| Coalition for Rational Universal Service and Intercarrier Reform | CRUSIR |
| Consumer Federation of America and Consumers Union | CFA and CU |
| Cox Communications | Cox |
| Docomo Pacific, PR Wireless and Choice Communications | Docomo et al. |
| Fiber-to-the-Home Council | Fiber-to-the-Home |
| Free Conferencing Corporation | Free Conferencing Corporation |
| General Communication | GCI |
| GVNW Consulting | GVNW |
| Hargray Telephone Company | Hargray Telephone |
| Hawaiian Telcom | Hawaiian Telcom |
| Home Telephone Company | Home Telephone |
| HyperCube Telecom | HyperCube |
| Independent Telephone & Telecommunications Alliance, Cincinnati Bell, Hargray Telephone Company and HickoryTech Corporation | ITTA et al. |
| Information Technology and Innovation Foundation | ITIF |
| Iowa Association of Municipal Utilities | IAMU |
| Iowa Telecommunications Association | ITA |
| Kansas Corporation Commission | Kansas Commission |
| LARIAT | LARIAT |
| Level 3 Communications | Level 3 |
| LightSquared Subsidiary | LightSquared |
| Maryland Public Service Commission | Maryland Commission |
| MegaPath and Covad Communications Company | MegaPath |
| MetroPCS Communications | MetroPCS |
| Michigan Public Service Commission | Michigan Commission |
| Midcontinent Communications | Midcontinent |
| Mid-Rivers Communications | Mid-Rivers |
| Minnesota Independent Coalition | MIC |
| Montana Independent Telecommunications Systems | MITS |
| Montana Public Service Commission | Montana Commission |
| MTPCS, d/b/a Cellular One | Cellular One |
| National Association of State Utility Consumer Advocates | NASUCA |

| | |
|---|---|
| National Congress of Black Women | NCBW |
| Native Telecom Coalition for Broadband | NTCB |
| Nebraska Rural Independent Companies | Nebraska Rural Companies |
| NECA, NTCA, OPASTCO and WTA | Rural Associations |
| NE Colorado Cellular, d/b/a Viaero Wireless | Viaero Wireless |
| Neutral Tandem | Neutral Tandem |
| Nevada Public Utilities Commission | Nevada Commission |
| New America Foundation, Consumers Union and Media Access Project | New America Foundation et al. |
| Northern Telephone & Data Corporation | NTD |
| Pac-West Telecomm | Pac-West |
| PAETEC Holding Corp. | PAETEC |
| Pennsylvania Public Utility Commission | Pennsylvania Commission |
| Puerto Rico Telephone Company | PRTC |
| Ronan Telephone Company and Hot Springs Telephone Company | Ronan and Hot Springs |
| Rural Cellular Association | RCA |
| Rural Coalition | Rural Coalition |
| Rural Iowa Independent Telephone Association | RIITA |
| Rural Telecommunications Group | RTG |
| Satellite Broadband Providers | Satellite Providers |
| Smith Bagley | Smith Bagley |
| SouthemLINC Wireless | SouthemLINC |
| TDS Metrocom | TDS Metrocom |
| Texas Statewide Telephone Cooperative | Texas Telephone |
| United States Cellular Corporation | U.S. Cellular |
| Universal Service for America Coalition | USA Coalition |
| Virgin Islands Telephone Corporation | Vitelco |
| Vonage Holdings Corp. | Vonage |
| WideOpenWest Finance | WOW |
| Wyoming Public Service Commission | Wyoming Commission |

## APPENDIX N

### Illustrative Form of Letter Of Credit

## [Subject to Issuing Bank Requirements]
## No. _____

[Name and Address of Issuing Bank]

[Date of Issuance]

[AMOUNT]

[EXPIRATION DATE]

BENEFICIARY
[USAC]

[Address]

LETTER OF CREDIT PROVIDER
[Winning Bidder Name]

[Address]

Ladies and Gentlemen:

We hereby establish, at the request and for the account of [Winning Bidder], in your favor, as required under the [Report and Order, adopted on October 27, 2011] issued by the Federal Communications Commission ("FCC") in the matter of [Connect America Fund, WC Docket 10-90] (the "Order"), our Irrevocable Standby Letter of Credit No. _____, in the amount of [State amount of Letter of Credit in words and figures. NOTE: The amount of the Letter of Credit shall increase/additional letter(s) of credit shall be issued as additional funds are disbursed pursuant to the terms of the Order], expiring at the close of banking business at our office described in the following paragraph, on [the date which is ___ years from the date of issuance/ or the date which is one year from the date of issuance, provided the Issuing Bank includes an evergreen clause that provides for automatic renewal unless the Issuing Bank gives notice of non-renewal to USAC by a nationally recognized overnight delivery service, with a copy to the FCC, at least sixty days but not more than ninety days prior to the expiry thereof], or such earlier date as the Letter of Credit is terminated by [USAC] (the "Expiration Date"). Capitalized terms used herein but not defined herein shall have the meanings accorded such terms in the Order.

Funds under this Letter of Credit are available to you against your draft in the form attached hereto as Annex A, drawn on our office described below, and referring thereon to the number of this Letter of Credit, accompanied by your written and completed certificate signed by you substantially in the form of Annex B attached hereto. Such draft and certificates shall be dated the date of presentation or an earlier date, which presentation shall be made at our office located at [BANK ADDRESS] and shall

be effected either by personal delivery or delivery by a nationally recognized overnight delivery service. We hereby commit and agree to accept such presentation at such office, and if such presentation of documents appears on its face to comply with the terms and conditions of this Letter of Credit, on or prior to the Expiration Date, we will honor the same not later than the first banking day after presentation thereof in accordance with your payment instructions. Payment under this Letter of Credit shall be made by [check/wire transfer of Federal Reserve Bank of New York funds] to the payee and for the account you designate, in accordance with the instructions set forth in a draft presented in connection with a draw under this Letter of Credit.

Partial drawings are not permitted under this Letter of Credit. This Letter of Credit is not transferable or assignable in whole or in part.

This Letter of Credit shall be canceled and terminated upon receipt by us of the [USAC's] certificate purportedly signed by two authorized representatives of [USAC] in the form attached as Annex C.

This Letter of Credit sets forth in full the undertaking of the Issuer, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except only the certificates and the drafts referred to herein and the ISP (as defined below); and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates and such drafts and the ISP.

This Letter of Credit shall be subject to, governed by, and construed in accordance with, the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (the "ISP"), which is incorporated into the text of this Letter of Credit by this reference, and, to the extent not inconsistent therewith, the laws of the State of New York, including the Uniform Commercial Code as in effect in the State of New York. Communications with respect to this Letter of Credit shall be addressed to us at our address set forth below, specifically referring to the number of this Letter of Credit.

[NAME OF BANK]

[BANK SIGNATURE]

ANNEX A

Form of Draft

To: [Issuing Bank]

DRAWN ON LETTER OF CREDIT No: _____

AT SIGHT

PAY TO THE ORDER OF [USAC] BY [CHECK/WIRE TRANSFER OF FEDERAL RESERVE BANK OF NEW YORK]

FUNDS TO: _____

_____

_____

Account (_____)

AS [MOBILITY FUND REPAYMENT]

[AMOUNT IN WORDS] DOLLARS AND NO/CENTS

$[AMOUNT IN NUMBERS]

Universal Service Administrative Company

By:_____
Name:
Title:

ANNEX B

Draw Certificate

The undersigned hereby certifies to [Name of Bank] (the "Bank"), with reference to (a) Irrevocable Standby Letter of Credit No. [Number] (the "Letter of Credit") issued by the Bank in favor of the Universal Service Administrative Company ("USAC") and (b) [paragraph ___] of the [Report and Order, adopted on October 27, 2011] issued by the Federal Communications Commission in the matter of [Connect America Fund, WC Docket 10-90] (the "Order"), pursuant to which [Name of Winning Bidder] (the "LC Provider") has provided the Letter of Credit (all capitalized terms used herein but not defined herein having the meaning stated in the Order), that:

[The [Name of Winning Bidder] has [describe the event that triggers the draw],and is evidenced by a letter signed by the Chief of the [Wireless Telecommunications Bureau/Wireline Competition Bureau] or [his/her] designee, dated _ , 20__ , a true copy of which is attached hereto.] Accordingly, a draw of the entire amount of the Letter of Credit No. _____ is authorized.]

OR

[USAC certifies that given notice of non-renewal of Letter of Credit No. _____ and failure of the account party to obtain a satisfactory replacement thereof, pursuant to the Order, USAC is entitled to receive payment of $_____ representing the entire amount of Letter of Credit No. _____.]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of [specify time of day] on the ____ day of _____, 201__.

Universal Service Administrative Company

By: _____
Name:
Title:

ANNEX C

Certificate Regarding Termination of Letter of Credit

The undersigned hereby certifies to [Name of Bank] (the "Bank"), with reference to (a) Irrevocable Standby Letter of Credit No. [Number] (the "Letter of Credit") issued by the Bank in favor of the Universal Service Administrative Company ("USAC"), and (b) paragraph [____] of the [Report and Order adopted on October 27, 2011] issued by the Federal Communications Commission ("FCC") in the matter of [Connect America Fund, WC Docket 10-90] (the "Order"), (all capitalized terms used herein but not defined herein having the meaning stated or described in the Order), that:

(1) [include one of the following clauses, as applicable]

(a) The Order has been fulfilled in accordance with the provisions thereof; or

(b) [LC Provider/Winning Bidder] has provided a replacement letter of credit satisfactory to the FCC.

(2) By reason of the event or circumstance described in paragraph (1) of this certificate and effective upon the receipt by the Bank of this certificate (countersigned as set forth below), the Letter of Credit is terminated.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the ____ day of _____, 201_.

Universal Service Administrative Company

By:_____Name:
Title:

By:_____
Name:
Title:

COUNTERSIGNED:

Federal Communications Commission

By: _____
Name:
Its Authorized Signatory

## APPENDIX O

## Final Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act of 1980 (RFA),[1] as amended, Initial Regulatory Flexibility Analyses (IRFAs) were incorporated in the *Notice of Proposed Rule Making and Further Notice of Proposed Rulemaking* (*USF/ICC Transformation NRPM*), in the *Notice of Inquiry and Notice of Proposed Rulemaking* (*USF Reform NOI/NPRM*), and in the *Notice of Proposed Rulemaking* (*Mobility Fund NPRM*) for this proceeding.[2] The Commission sought written public comment on the proposals in the *USF/ICC Transformation NRPM*, including comment on the IRFA. The Commission received comments on the *USF/ICC Transformation NPRM* IRFA.[3] The comments received are discussed below. The Commission did not receive comments on the *USF Reform NOI/NPRM* IRFA or the *Mobility Fund NPRM* IRFA. This present Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.[4]

### A. Need for, and Objectives of, the Order

2. The Order adopts fiscally responsible, accountable, incentive-based policies to transition outdated universal service and intercarrier compensation (ICC) systems to the Connect America Fund (CAF), ensuring fairness for consumers and addressing the challenges of today and tomorrow, instead of yesterday. We adopt measured but firm glide paths to provide industry with certainty and sufficient time to adapt to a changed landscape, and establish a regulatory framework which will ultimately distribute all universal service funding in the most efficient and technologically neutral manner possible.

3. For decades, the Commission and the states have administered a complex system of explicit and implicit subsidies to support voice connectivity to the highest cost, most rural, and insular communities in the nation. Networks that provide only voice service, however, are no longer adequate for the country's communication needs. Broadband and mobility have become crucial to our nation's economic development, global competitiveness, and civic life. Businesses need broadband and mobile communications to attract customers and employees, job-seekers need them to find jobs and training, and children need them to get a world-class education. Broadband and mobility also help lower the costs and improve the quality of health care, and enable people with disabilities and Americans of all income levels

[1] 5 U.S.C. § 603. The RFA, 5 U.S.C. §§ 601-612 has been amended by the Contract With America Advancement Act of 1996, Public Law No. 104-121, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA).

[2] *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 26 FCC Rcd 4554 (2011) (*USF/ICC Transformation NRPM*); *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208, Notice of Proposed Rulemaking, 25 FCC Rcd 14,716 (2010) ("*Mobility Fund NPRM*").

[3] *See* Furchtgott-Roth Economic Enterprises *USF/ICC Transformation NPRM Ex Parte* Comments at 14; Bluegrass Telephone Company *USF/ICC Transformation NPRM* Comments at 35-36; Letter from Brenda Crosby, President, Cascade Utilities, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, et al., at 3 (filed April 6, 2011); Molalla Telephone Company *USF/ICC Transformation NPRM* at 3; Letter from John Hemphill, Vice President, Pine Telephone System, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, et al., at 3 (filed March 30, 2011); Letter from Dave Osborn, Valley Telephone Cooperative, Inc. to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, et al., at 3 (filed August 29, 2011).

[4] *See* 5 U.S.C. § 604.

to participate more fully in society. Broadband-enabled jobs are critical to our nation's economic recovery and long-term economic health, particularly in small towns, rural and insular areas, and Tribal lands.

4. Too many Americans today, however, do not have access to modern networks that support mobility and broadband. Millions of Americans live in areas where there is no access to any broadband network. And millions of Americans live, work, or travel in areas without mobile broadband. There are unserved areas in every state of the nation and its territories, and in many of these areas there is little reason to believe that access to broadband service will be provided to these areas in the near future with current policies.[5]

5. Consistent with the challenge of ensuring that all Americans are offered basic voice service and access to networks that support high-speed Internet access where they live, work and travel, extending and accelerating broadband and advanced mobile wireless deployment have been two of the Commission's top priorities over the past few years. The Order focuses on those remote and expensive-to-serve communities where the immediate prospect for stand-alone private sector action is limited.

6. Our existing voice-centric universal service system is built on decades-old assumptions that fail to reflect today's networks, the evolving nature of communications services, or the current competitive landscape. As a result, the current system is not equipped to address the universal service challenges raised by broadband, mobility, and the transition to Internet Protocol (IP) networks.[6]

7. With respect to voice services, consumers are increasingly obtaining such services over broadband networks as well as over traditional circuit switched telephone networks. In the Order, the Commission amends its rules to specify that the functionalities of eligible voice telephony services. The amended definition shifts to a technologically neutral approach, allowing companies to provision voice service over any platform, including the PSTN and IP networks.

8. With respect to broadband, the component of the Universal Service Fund (USF) that supports telecommunications service in high-cost areas has grown from $2.6 billion in 2001 to a projected $4.5 billion in 2011, but recipients lack any accountability for advancing broadband-capable infrastructure that delivers voice service. We also lack sufficient mechanisms to ensure all Commission funded broadband investments are prudent and efficient, including the means to target investment to areas that lack a private business case to build broadband. In addition, the "rural-rural" divide must also be addressed— some parts of rural America are connected to state-of-the-art broadband, while other parts of rural America have no broadband access, because the existing program fails to direct money to all parts of rural America where it is needed. Similarly, the Fund supports some mobile providers, but only based on cost characteristics and locations of wireline providers. As a result, the universal service program provides more than $1 billion in annual support to wireless carriers, yet there remain many areas of the country where people live, work, and travel that lack mobile voice coverage, and still larger geographic areas that lack mobile broadband coverage.[7]

9. For the first time, the Commission establishes a defined budget for the high-cost component of the universal service fund.[8] Establishing a CAF budget ensures that individual consumers will not pay more in contributions due to the reforms we adopt today. We therefore establish an annual funding target, set at the same level as our current estimate for the size of the high-cost program for FY

[5] *See supra* Section I.

[6] *See id.*

[7] *See id.*

[8] *See supra* Section VII.B.