

**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
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208

**REPLY COMMENTS OF WINDSTREAM COMMUNICATIONS, INC.
ON SECTIONS XVII.A-K**

Windstream Communications, Inc., on behalf of itself and its affiliates (collectively “Windstream”), submits the following reply comments in response to the Federal Communications Commission (“Commission”) request for input on proposals to reform and modernize the Universal Service Fund set forth in Sections XVII.A-K of the Commission’s recent Report and Order and Further Notice of Proposed Rulemaking (“FNPRM”).¹

¹ *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; Universal Service Reform – Mobility Fund, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 10-90, 07-135, 05-337, and 03-109, GN Docket No. 09-*

Windstream limits its reply to address one proposal that was suggested by commenters and was not part of the requests for comment from the Commission in the *FNPRM*: RCA—The Competitive Carriers Association and U.S. Cellular Corporation recommend that if funding is turned down or savings otherwise are realized in other Connect America Fund (“CAF”) components, that support should be shifted to provide additional funding for the Mobility Fund.² Windstream opposes this proposal because this funding would be better utilized to serve the Commission’s goal of advancing the deployment of fixed broadband.

First, it would be contrary to the Commission’s goals to divert funding from a program that underwrites robust, fixed broadband, to a program that funds less robust mobile service. A fundamental principle underlying the Commission’s reform of the Universal Service Fund is that “all Americans . . . should have access to affordable modern communications networks capable of supporting the necessary applications that empower them to learn, work, create, and innovate.”³ To this end, the main purpose of the CAF is to ensure that consumers in high-cost areas have access to robust, scalable, *fixed* broadband service.⁴ A mobile provider may participate in the CAF if it offers a fixed service that guarantees the specified, technology-neutral

51, and WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking (rel. November 18, 2011) (*FNPRM*).

² See Comments of RCA—The Competitive Carriers Association, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 10-90, 07-135, 05-337, and 03-109, GN Docket No. 09-51, and WT Docket No. 10-208, at 2-5 (January 18, 2012) (bemoaning the “overcompensation” of ILECs and proposing that “at a minimum, the Commission should determine that funds unclaimed by price cap carriers pursuant to their right of first refusal should be redirected to wireless ETCs through the Mobility Fund); Comments of U.S. Cellular Corporation, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 10-90, 07-135, 05-337, and 03-109, GN Docket No. 09-51, and WT Docket No. 10-208, at 52 (January 18, 2012) (suggesting that if savings are realized in other CAF components, they should be shifted to provide additional support for the mobility fund).

³ See *FNPRM* at ¶ 51.

⁴ See, e.g., *id.* at ¶ 127.

performance requirements,⁵ but the Commission has excluded *mobile service* from the CAF, stating that the record shows that few, if any, mobile services can meet the performance requirements, and that it would be difficult and costly to verify mobile broadband performance.⁶ Recognizing the limitations of mobile service, the Commission established a separate funding mechanism, the Mobility Fund, that includes less stringent performance requirements.

Second, Commission reports indicate that more consumers require access to fixed service as compared to mobile service. As the Commission noted in justifying the planned \$500 million budget for the Mobility Fund, “significantly more Americans have access to 3G mobile coverage than have access to residential broadband via fixed wireless, DSL, cable or fiber.”⁷ In fact, the Commission’s most recent annual Mobile Wireless Competition Report states that 98.5 percent of the U.S. population was covered by at least one mobile provider using a 3G or 4G technology as of August 2010, and 99.8 percent of the population was covered by a mobile provider using 2.5G technology.⁸ In contrast, the most recent Section 706 Report by the Commission showed that approximately 92 percent of the U.S. population has access to fixed broadband meeting the national broadband availability target proposed in the National Broadband Plan.⁹ The gap

⁵ See *id.* at ¶ 98 (noting that all ETCs other than recipients of Phase I Mobility Fund support must offer a fixed broadband service).

⁶ *Id.* at ¶ 118.

⁷ *Id.* at ¶ 494.

⁸ See *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services*, WT Docket No. 10-133, Fifteenth Report, at ¶ 120, Table 13 (2011) (*15th Annual Mobile Wireless Competition Report*).

⁹ *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*, GN Docket Nos. 09-137, 09-51, Sixth Broadband Deployment Report, at Appendix B (2010) (*Section 706 Report*).

between mobile and fixed deployment levels, as reported by the Commission, likely only will widen in the near-term. Rollout plans of the major mobile wireless service providers over the next several years support the Commission’s assessment that “private investment will enable the availability of 4G mobile service to a larger number of Americans than will have access to fixed broadband”¹⁰ For example, both Verizon and AT&T plan to roll out 4G service to all or substantially all of their 3G service areas by the end of 2013.¹¹ There are no comparable rollout plans for fixed broadband services in areas that remain unserved; thus, without sufficient CAF funding to those areas, consumers will continue to lack access to broadband service that is robust enough to support the “key applications” the Commission has identified, including distance learning, remote health monitoring, and video conferencing.¹²

Finally, transferring money allocated to the Connect America Fund to the Mobility Fund would unfairly punish fixed broadband providers—and consumers who desire access to robust fixed broadband services—when initial support awards are insufficient. It will cost far more to deploy fixed broadband to all unserved households than the CAF will provide; the proponents of the America’s Broadband Connectivity Plan have projected that annual support would need to more than double—to \$10 billion—for all Americans to receive terrestrial broadband access.¹³ Thus, to the extent CAF support is left unclaimed, it would only be because the method of allocation yields a mismatch between the amount of funding and the service obligations to which

¹⁰ *15th Annual Mobile Wireless Competition Report* at ¶¶ 109-116 and Table 11; *FNPRM* at ¶ 494.

¹¹ *15th Annual Mobile Wireless Competition Report* at ¶¶ 109-110.

¹² *See FNPRM* at ¶ 87.

¹³ *See* Letter from Robert W. Quinn, Jr., AT&T, Steve Davis, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, and Michael D. Rhoda, Windstream, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 et al., at 2 (filed July 29, 2011).

the recipient would be subject. For example, many price cap carriers may be forced to forego CAF Phase I incremental support if the Commission retains its \$775-per-location deployment requirement—not because the carriers have no broadband deployment needs, but because few, if any, locations in the carriers’ service areas could be addressed with such an insufficient level of support.¹⁴ Likewise, carriers may be forced to decline the CAF Phase II state-level commitment if the cost model does not accurately predict the appropriate level of support for the eligible census blocks in the state, and the CAF Phase II competitive bidding process may result in some areas attracting no bidders if a faulty mechanism sets reserve prices that underestimate the costs to serve those areas. Rather than diverting funding from fixed broadband deployment in such circumstances, the Commission should focus on taking action to rationally link support and its concomitant obligations, including adopting build-out requirements that properly reflect the cost conditions in carriers’ service territories and recognize carrier needs to upgrade service in underserved areas as well as unserved areas.¹⁵

Respectfully submitted,

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¹⁴ See Frontier Communications Corp. and Windstream Communications, Inc. Petition for Reconsideration and/or Clarification, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 10-90, 07-135, 05-337, and 03-109, GN Docket No. 09-51, and WT Docket No. 10-208, at 12 (December 29, 2011).

¹⁵ *Id.* at 17-19.