

**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 a 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

COMMENTS OF VERIZON AND VERIZON WIRELESS¹

The Commission should clarify what reporting obligations eligible telecommunications carriers (ETCs) have under the new universal service system and limit new broadband reporting obligations to situations where carriers actually receive ongoing broadband funding.² Even after the *Third Reconsideration Order*,³ uncertainty

¹ In addition to Verizon Wireless, the Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

² See *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (“*USF/ICC Transformation Order*”), *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011).

³ *Connect America Fund*, Third Order on Reconsideration, 27 FCC Rcd 5622 (2012) (“*Third Reconsideration Order*”).

still surrounds just what reporting and related requirements apply to wireless and wireline ETCs – including the appropriate reporting requirements for ETCs whose support is being eliminated as part of the Commission’s reform. To address these uncertainties, CTIA and USTelecom jointly filed a Petition for Clarification and Reconsideration or, in the Alternative, for Waiver on behalf of all ETCs.⁴ The Commission should grant the Petition, which – if adopted – would bring clarity and ensure that reporting requirements are being imposed on the right carriers for the right reasons.

DISCUSSION

1. The Commission Should Limit Broadband Reporting Requirements to ETCs That Receive CAF II Support. The Commission should clarify that the broadband reporting obligations potentially required by section 54.313(a)(11) do *not* apply to ETCs that are outside of Connect America Fund (CAF) Phase II program. As CTIA and USTelecom explain, the *Third Reconsideration Order* created uncertainty on this point – perhaps unintentionally so.⁵ And, as the Petition also makes clear, there is no reasonable basis on which to impose sweeping new reporting requirements – including those related to broadband – on ETCs whose support is being eliminated under the new regime.⁶

It is one thing to require ETCs receiving funding for broadband deployment to collect and report broadband data. That data can assist the Commission in monitoring

⁴ See CTIA and United States Telecom Association (“USTelecom”), Petition for Clarification and Reconsideration Or, in the Alternative, For Waiver, *Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, (Jun. 25, 2012) (“Petition”).

⁵ See Petition at 5.

⁶ See Petition at 4-9; *see also* Comments of Verizon and Verizon Wireless, *The Proposed Extension of Part 4 of the Commission’s Rules Regarding Outage Reporting To Interconnected Voice Over Internet Protocol Service Providers and Broadband Internet Service Providers*, PS Docket No. 11-82 (Aug. 8, 2011).

progress and ensuring that funding is being used appropriately to further its broadband goals. But it makes no sense to impose broadband reporting obligations on ETCs that are outside the CAF Phase II program – especially given the time and resources necessary to gather and submit such data. This is true with respect to “frozen” high cost support, which does not include defined broadband service obligations – as well as CAF Phase I incremental support and Mobility Fund Phase I support, both of which are time-limited programs with specific objectives and their own deployment parameters.

Moreover, applying the 54.313(a)(2) outage reporting requirement to broadband would be inconsistent with prior Commission decisions, including the recent *Outage Reporting Order*,⁷ in which the Commission declined to impose network outage reporting requirements in section 4.5 to broadband Internet services. As the Petition notes, the new ETC reporting requirements explicitly reference section 4.5.⁸

That approach is also inconsistent with the original *USF/ICC Transformation Order* itself, which expressly acknowledged that service quality reporting obligations should attach where carriers actually receive support.⁹ Therefore, the Commission should clarify the language in section 54.313(a)(11) to make plain that the section 54.313(a)(1)-(7) requirements are not extended to broadband and that broadband data

⁷ *The Proposed Extension of Part 4 of the Commission’s Rules Regarding Outage Reporting To Interconnected Voice Over Internet Protocol Service Providers and Broadband Internet Service Providers*, Report and Order, 27 FCC Rcd 2650, ¶ 9 (2012) (“*Outage Reporting Order*”).

⁸ See Petition at 6.

⁹ See *USF/ICC Transformation Order*, ¶ 583. See also Petition at 6-7 (citing additional ways in which imposition of broadband reporting requirements would be inconsistent with prior Commission decisions).

reporting shall be limited to ETCs that receive universal service support specifically intended for broadband development under CAF Phase II.

In any event, even if there were a policy basis for requiring ETCs outside of CAF Phase II to collect and report broadband data (and there is not), there is no way that Verizon and other carriers *could* report this information in 2013. Any 2013 reporting would be based on 2012 data. But, as of now, Verizon and other ETCs have not gathered this data for 2012 and do not have a process in place to do so. Critically, the information to be collected has yet to be identified. The Bureaus have not defined what should be produced, nor has such information been approved by the Office of Management and Budget. And it would not be reasonable to expect ETCs to have interpreted the new reporting rules in a way that is wholly inconsistent with the Commission's resolution of the broadband outage proceeding just months ago based on the more targeted and fully developed record in that docket.

2. The Commission Should Limit the Filing of Five-Year Plans and Associated Progress Reports to ETCs That Receive CAF II Support. Following the *Third Reconsideration Order*, it is unclear which carriers are required to submit five-year service quality improvement plans under the Commission's new reporting requirements. As outlined in the Petition, the Commission should clarify or reconsider – or, in the alternative, waive – any language in the *USF/ICC Transformation Order* that would require five-year plans (and related progress reports) from any carrier other than ETCs that receive support under CAF Phase II.¹⁰

¹⁰ See Petition at 10-18.

No purpose would be served by requiring five-year plans and progress reports from any other group of ETCs. For example, none of the reporting obligations is relevant to ETCs whose frozen high-cost support consists entirely of Interstate Access Support (IAS), as those carriers use IAS to lower interstate access charges, whereas the reporting requirements instead are targeted at improving service quality, coverage or capacity in conjunction with a build-out plan.¹¹ Moreover, frozen high-cost support is scheduled to be phased out once CAF Phase II becomes operational. As the Petition observes, it makes no sense for the Commission to require carriers whose support may be phased out to put in place new mechanisms for gathering broadband-related data.¹²

In any event, even where the information would be relevant, it is impossible for carriers to prepare and file five-year plans at this point. ETCs do not know whether, when, in what areas, and in what amounts they will receive support for broadband deployment beyond the end of 2012.¹³ They cannot file five-year plans unless and until they know that information.

By contrast, ETCs that receive CAF Phase II support will know the amount of support they will receive for the five-year period and reasonably can project out over that period. Whether it be a price cap ETC accepting CAF Phase II support or a competitive ETC that accepts CAF Phase II support through a competitive bidding process, the carrier should be able at that point to prepare a five-year plan and, subsequently, submit reports

¹¹ See *id.* at 14-15.

¹² See *id.* at 16.

¹³ The same is true for recipients of Phase II Mobility Fund support, as the Commission has not yet established the framework for support under this program. See *id.* at 18.

detailing its progress towards achieving that plan.¹⁴ But five-year plans are not workable and do not make sense for any carriers other than those receiving CAF Phase II support.

3. The Commission Should Eliminate Any Requirement that ETCs Certify That IAS Support Was Used for Broadband Deployment/Maintenance. Following the *Third Reconsideration Order*, price cap carriers receiving frozen high cost support – including IAS – are ostensibly required to use that support for broadband purposes and certify as such.¹⁵ However, the Petition correctly notes that the Commission already established that IAS was to be used as a mechanism to keep federal subscriber line charges in check as part of the larger CALLS Plan for prior access charge reductions.¹⁶ The Commission ultimately may revisit that decision and eliminate or repurpose the IAS funding. But, until then, it cannot require carriers to simultaneously use the same dollars for two different purposes – rate reduction and broadband deployment/maintenance.¹⁷ The Commission therefore should clarify that carriers whose frozen high-cost support consists entirely of IAS are not subject to the requirements of section 54.313(c).

* * *

For the reasons set forth above, the Commission should adopt the proposals set forth in the Petition, which would clarify and appropriately modify the new ETC reporting requirements.

¹⁴ As the Petition spells out, the Commission should make a handful of additional clarification with respect to competitive ETCs, in particular. *See id.* at 16-17.

¹⁵ *See* 47 C.F.R. §§ 54.313(c)(1) and (c)(2)-(4).

¹⁶ *See* Petition at 19 (citing *Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users, Federal-State Joint Board on Universal Service*, Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99- 249, Eleventh Report and Order in CC Docket No. 96-45, 15 FCC Rcd 12962, ¶ 30 (2000)).

¹⁷ *See* Petition at 19.

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