COX ENTERPRISES

Barry J. Ohlson
Vice President, Regulatory Affairs

June 13, 2013

VIA ECFS
Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Cox Communications, Inc.; Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337

Dear Ms. Dortch:

On July 22, 2013, East Ascension Telephone Service ("EATEL") sent a letter to the FCC that presented several concerns the rural carrier has with the FCC's newly established quantile regression analysis ("QRA").[1] Per EATEL, the FCC's new formula used to benchmark cost to calculate High Cost Loop ("HCL") support has dramatically impacted the amount of funding EATEL receives through the FCC's HCL subsidy.[2] Although Cox Communications, Inc. ("Cox") takes no position on the merits of EATEL's claims regarding the accuracy of the QRA, it strongly believes the public interest is not served by subsidizing a carrier like EATEL when substantial portions of its service area are also served by unsubsidized providers such as Cox. Cox therefore urges the Commission to move forward with implementing rules to phase out rate-of-return ILECs' support in areas served by unsubsidized competitors.

Cox concurs with EATEL's assessment of the challenges faced in building and maintaining networks in areas subject to severe weather events as Cox competes with EATEL every day in a large portion of EATEL's service area and does so without government subsidy. Cox also has specific experience with the weather and geographic challenges that all facilities-based carriers face in Louisiana, particularly the extensive rebuilding of its plant and network following Hurricane Katrina and subsequent hurricanes in its service areas in East Ascension Parish and elsewhere in the state.[3] Thus, Cox knows first-hand and understands how unexpected network costs related to disasters can dramatically affect a company's financial standing.

In the USF/ICC Transformation Order ("*Transformation Order*"), the Commission made the correct fundamental policy decision that USF subsidies should not flow to carriers in areas in which

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[1] Letter to The Hons Clyburn, Pai, and Rosenworcel, from John D. Scanlon, President & Vice Chairman, East Ascension Telephone Company, WC Dkt Nos. 10-90, 05-337 (July 22, 2013).
[2] *Id.*
[3] *See* "Rebuilding Louisiana," Multichannel News, August 27, 2012 (http://www.multichannel.com/content/rebuilding-louisiana).

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unsubsidized competitors were providing service.[4] In various Connect America Fund ("CAF") related proceedings since adoption of the Order (for example in establishing the CAF Phase II challenge process), the Commission has been diligent in pursuing this policy course in areas served by price cap carriers.[5] However, although the Commission made clear in the Order that it would apply this principle to rate-of-return study areas and sought comment on how to implement this policy in those areas, it has yet to move forward with implementation of this approach outside of price cap areas.

The Commission's conclusion not to provide high-cost support in areas served by an unsubsidized competitor was based on the sound observation that "there is no need for universal service subsidies to flow to such areas to ensure that consumers are served."[6] Cox urges the Commission to consider carefully the public interest implications of continuing to allocate finite high-cost funding to areas where there is no danger of customers going without service. Moreover, given that unsubsidized competitors have faced and responded to the same rebuilding challenges as EATEL in the same service area, EATEL cannot argue that its circumstances are unique or unusual.

More broadly, the extensive overlap of the service areas of Cox and EATEL in Louisiana provides a prime example of why the Commission should act expeditiously in eliminating rate-of-return ILECs' support in areas served by unsubsidized competitors. Not only is this sound policy, but eliminating such support will serve to control the size of the CAF in accordance with the Commission's fiscal objectives for the fund and help create a level playing field for competing providers in the same area.

Sincerely,

/s/

Barry Ohlson

cc: Chairwoman Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Rebekah Goodheart
Priscilla Delgado Argeris
Nicholas Degani

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[4] *Connect America Fund et al.*, WC Dkt Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17767 ¶ 281 (2011) (*"Transformation Order"*), *pets.for review pending sub nom*. *In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011).
[5] *See, e.g., Connect America Fund*, WC Docket No. 10-90, Report and Order, 28 FCC Rcd 7766, 7779 ¶ 33 (2013).
[6] *Transformation Order*, 26 FCC Rcd at 17739 ¶ 200.