

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208
)	
ETC Annual Reports and Certifications)	WC Docket No. 14-58
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
Developing a Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	

COMMENTS OF CTIA – THE WIRELESS ASSOCIATION®

CTIA – The Wireless Association® (“CTIA”) submits these comments in response to the Commission’s Further Notice of Proposed Rulemaking regarding the implementation of Phase II of the Connect America Fund (“CAF”) and Phase II of the Mobility Fund.¹ As discussed in more detail below, the Commission should:

- Ensure that the CAF Phase II competitive bidding process is competitively and technologically neutral, and encourage participation by a wide range of service providers, including wireless.
- Ensure that any CAF Phase II performance standards properly reflect the fact that high-speed broadband services can be provided via multiple technologies, including those that are spectrum-based.
- Maintain the Mobility Fund Phase II annual budget of \$500 million in ongoing support.
- Phase down identical support for existing competitive eligible telecommunications carriers (“ETCs”) in a measured way to avoid loss of service.

¹ *Connect America Fund, et al.*, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, WC Docket No. 10-90, et al., FCC 14-54 (rel. June 10, 2014) (“*Further Notice*”).

- Allow Mobility Fund Phase II participants to seek ETC designation after winning support.

These measures will help target support for the efficient and cost-effective deployment of broadband services in rural and high-cost areas, and help ensure that all consumers can receive the benefits of mobility. In this regard, the Commission should focus on consumers' needs, as demonstrated by their actions in the marketplace.

I. CAF PHASE II SHOULD BE COMPETITIVELY AND TECHNOLOGICALLY NEUTRAL AND ENCOURAGE PARTICIPATION BY DIVERSE PLATFORMS.

The Commission has an opportunity through CAF Phase II to advance its goals of efficiently and cost-effectively ensuring that all consumers have access to advanced telecommunications and information services. The Commission can help guarantee the success of CAF Phase II by making the competitive bidding process competitively and technologically neutral and encouraging participation by a wide range of providers. Greater participation will lead to more aggressive bidding, lower funding awards, more effective use of universal service and public resources, and deployment of high-speed broadband services to more rural and high-cost areas.

In particular, the Commission is correct to encourage participation in CAF Phase II by wireless service providers.² By allowing wireless providers to participate, and all participants to use wireless technology in their bidding plans, the Commission will allow for the more efficient provision of service in many rural and high-cost areas. Moreover, consumers are placing enormous and ever-increasing value on wireless and mobility – the benefits of which are perhaps most pronounced in rural areas where distance creates unique challenges for family life, economic development, public safety and health. Indeed, fixed services cannot provide the many

² *Id.* at ¶ 154.

benefits that mobility can bring to consumers who live, work or travel in remote and unserved areas.

The *Further Notice*, however, contemplates ensuring that all consumers receive an experience identical to fixed broadband, effectively barring mobile broadband providers from participating in CAF Phase II.³ Such a result would disserve the public interest, and would conflict with the Commission’s long held position that “universal service support mechanisms and rules” should “neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology or another.”⁴ By setting standards that arbitrarily exclude wireless providers, the Commission would violate this fundamental universal service principle and also harm consumers by limiting participation in the CAF Phase II bidding process, thereby increasing universal service costs. As detailed below, the Commission should instead craft performance standards that ensure high-quality broadband service from different types of broadband technologies, including those that are spectrum-based.

First, latency and usage requirements should not be set at levels that categorically exclude spectrum-based providers.⁵ As a result of the unique characteristics of wireless networks, service qualities and performance metrics such as latency can vary considerably from moment to moment based on spectrum congestion, fading, interference, propagation path loss, and a variety of other factors that are not present in a fixed environment. A static 100 millisecond latency requirement is too limiting given the technical constraints on wireless networks. Instead, the Commission should maintain its requirement that a service permit the use of real-time voice and

³ See, e.g., *id.* at ¶¶ 149, 153-56.

⁴ *Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd 8776, 8801 ¶ 47 (1997) (subsequent history omitted).

⁵ *Further Notice* at ¶ 149.

video applications. Similarly, a minimum 100 GB plan requirement does not take into consideration the fact that all spectrum-based networks by their nature have capacity limits. Usage requirements, if any, should be set at levels that do not categorically exclude spectrum-based services.⁶

In the current technological environment, there is no need for concern about whether mobile broadband services allow customers to connect multiple devices.⁷ More than 105 mobile broadband-connected devices today, such as smartphones and tablets, have the capability to serve as hotspots, and it is becoming the norm for service providers to allow the connection of multiple devices.⁸ If the Commission is concerned about this issue, however, it could either require providers receiving CAF Phase II support to allow the connection of multiple devices, or consider that issue in connection with price comparability, as the *Further Notice* discusses.⁹

Mobile service providers have strong customer-driven incentives to provide good service throughout their coverage areas. To the extent the Commission is concerned about service quality variability,¹⁰ it could impose rules similar to those in the Mobility Fund and specify coverage requirements for CAF Phase II recipients using mobile technology.

⁶ For example, consumers' average usage on mobile devices has been estimated at less than 10 GB per month. See Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2013-2018, at 2, 26 (Feb. 5, 2014), available at http://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/white_paper_c11-520862.pdf (reporting that in 2013 mobile data traffic per laptop was 2.45 GB per month, and 3 percent of mobile data users consumed more than 5 GB of data per month).

⁷ *Further Notice* at ¶ 156.

⁸ See <http://www.phonescoop.com/phones/finder.php>.

⁹ *Id.*

¹⁰ *Id.*

II. THE RULES FOR THE MOBILITY FUND SHOULD PROVIDE SUFFICIENT SUPPORT AND PROMOTE BROAD PARTICIPATION.

A. Dedicated Support for Mobile Services Should Be Sufficiently Robust To Ensure Widespread Availability of Mobile Broadband.

The creation of the Mobility Fund was a key element of the Commission’s universal service reforms in the *USF/ICC Transformation Order*, which appropriately reflected the importance of ensuring that all consumers – including those in rural, insular and high-cost areas – receive the benefits of mobility.¹¹ By proposing to reduce its commitment to mobility support, the Commission now appears to be wavering on its commitment to this goal.¹² Instead, the Commission should follow through on its commitment to allocate \$500 million per year in ongoing support in Mobility Fund Phase II.¹³

The factual basis for establishing a Mobility Fund Phase II annual budget of at least \$500 million remains sound today. In 2011 the Commission knew that mobile broadband deployment was widespread and growing rapidly. Despite the ongoing commercial deployment of service noted in the *Further Notice*, there remain areas of the country where there is no private-sector case for the provision of affordable, high-quality mobile broadband service. The carrier accounts of coverage cited in the *Further Notice* are based upon population,¹⁴ but these data about the number of *households* with access to mobile broadband do not address the extent of unserved *road miles*. A principal purpose of the Mobility Fund as adopted by the Commission was to

¹¹ *Connect America Fund, et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17674-75 ¶ 28 (2011) (*aff’d sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. May 23, 2014) (“*USF/ICC Transformation Order*”).

¹² *Further Notice* at ¶ 243.

¹³ *Id.*

¹⁴ The Commission also acknowledges that some of the data it relies on “likely overstates the coverage actually experienced by consumers.” *Id.* at ¶ 238 n.436.

serve road miles, not just residential locations.¹⁵ The Commission found that using road miles is “consistent with [its] performance requirements and goal of extending coverage to the areas where people live, work, and travel.”¹⁶ This NPRM presents no reliable data to second guess the precise amount of support that will be necessary to ensure ubiquitous access to mobile broadband. Thus, there is no factual basis to reduce the Mobility Fund Phase II budget.

The policy reasons for the \$500 million Mobility Fund Phase II budget remain sound. The respective budgets adopted in the *USF/ICC Transformation Order* for support for price cap and rate-of-return incumbent local exchange carriers and the Mobility Fund represented a compromise under which wireless carriers already made major concessions, losing over 75 percent of the support they received before reform. Moreover, participants in Mobility Fund Phase I may have bid based on the Commission’s assurance that a \$500 million Mobility Fund Phase II would follow, incorporating this assumption into their bidding strategies. The Commission should not upset this expectation of future support.

In sum, there actually is no basis to suggest that a smaller Mobility Fund budget would be sufficient, and no more accurate information available today about the amount of support that is needed than when the Commission set the budget in 2011.¹⁷

¹⁵ 47 C.F.R. §§ 54.1002(b), 54.1006; *USF/ICC Transformation Order*, 26 FCC Rcd at 17792 ¶ 365 (adopting road miles as the bidding unit for Mobility Fund Phase I).

¹⁶ *USF/ICC Transformation Order*, 26 FCC Rcd at 17789 ¶ 353.

¹⁷ To the extent the Commission decides to reduce the Mobility Fund budget, however, it should return that amount to contributors, a significant percentage of which are wireless consumers, rather than redirecting the funds to other universal service programs.

B. The Commission Should Phase Down Identical Support in a Way That Does Not Result in Loss of Service

The Commission is appropriately concerned that “some areas of the country may lose service if competitive ETC funding is further phased down before the rules for Mobility Fund Phase II are adopted.”¹⁸ A specific timeline for completion of the phase-down must be selected, and CTIA supports the Commission’s proposal to maintain existing support levels for competitive ETCs until, in the case of a Phase II winning bidder, the provider’s Mobility Fund Phase II support is authorized, and, in the case of other competitive ETCs, the Phase II winners are announced. The phase-down would then resume. The proposal reasonably balances encouraging cost-effective and efficient deployment of service to rural and high-cost areas while ensuring the phase-down does not result in service disruptions to customers.

C. Mobility Fund Phase II Participants Should Be Allowed to Seek ETC Designation After Winning Support.

CTIA agrees with the Commission’s proposal that Mobility Fund Phase II participants should be allowed to seek ETC status after winning support through the competitive bidding process rather than before.¹⁹ This proposal is consistent with the Commission’s approach in the CAF Phase II context, and there is no reason to change course here. As the *Further Notice* predicts, allowing participants to seek ETC status after selection will encourage participation in and increase the effectiveness of the competitive bidding process.

¹⁸ *Further Notice* at ¶ 252.

¹⁹ *Id.* at ¶ 181.

III. CONCLUSION

CTIA urges the Commission to implement CAF Phase II and Mobility Fund Phase II consistent with these comments.

Respectfully submitted,

CTIA – THE WIRELESS ASSOCIATION®

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