



INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

June 5, 2007

The Honorable Chairman Daniel K. Inouye
Senate Commerce Committee
SD-508 Dirksen Senate Office Building
Washington, D.C. 20510-6125

Dear Chairman Inouye,

The Independent Telephone and Telecommunications Alliance (ITTA) supports the recent recommendation by the Federal-State Joint Board on Universal Service (Joint Board) to impose an emergency interim cap on Universal Service Fund (USF) disbursement to competitive eligible telecommunication carriers (CETCs).

ITTA member companies serve over 14 million customers living in some of the most remote rural parts of our country. The USF is critical to ensuring that those Americans continue to receive affordable telecommunication services consistent with principles set forth by Congress in section 254 of the Communications Act.

ITTA requests your support, as Chairman of the Senate Commerce Committee, in ensuring the stability of the USF and urging the Federal Communications Commission to adopt swiftly the Joint Board's recommendation. A stable USF is essential to ensuring that network deployment, maintenance, and affordable telecommunications can continue to in parts of the country that are extremely expensive to serve. ITTA members, themselves operating under a cap similar to that proposed for CETCs, meet all the obligations of being an eligible telecommunication carrier (ETC), including serving as the as carrier of last resort (COLR) and offering E-911 service. Without USF support, customers served by ITTA companies could experience massive increases in their monthly bills and the ubiquitous telephone service that has been achieved would be threatened at a time when broadband deployment is critical to the survival of not only rural America but the entire National economy.

To put the growth in perspective, in 2000 CETCs drew roughly \$1 million from the USF High-Cost Fund. Today, CETCs withdraw approximately \$1 billion from the High-Cost Fund, while support flowing to incumbent telephone providers such as ITTA members has *decreased* due in part to the cap the FCC imposed on incumbent carriers in 1998. If action is not taken, FCC Chairman Martin has estimated that CETC funding will increase to over \$2.5 billion by 2009. Furthermore, as CETCs continue to receive more funds, many fail to comply by E-911 obligations and are continuing to ask the FCC to grant waivers to delay their obligation to become E-911 compatible.

The interim cap on CETC support is responsible, competitively neutral public policy. ITTA further urges additional reforms to the USF. Some that ITTA supports are:

- Elimination of the “identical support” rule that allows wireless carriers to receive USF support based on the incumbent’s cost.
- The imposition of stiffer requirements on all USF-supported entities to ensure that all telecommunication consumers are receiving the highest quality service regardless of technology.
- Broadening of the base of contributors in order to prevent the contribution rate from increasing any further.
- The provision of USF support for broadband.

ITTA looks forward to working with you and your staff to accomplish fundamental USF reform, and we hope that the Senate Commerce Committee under your leadership will endorse the Joint Board’s recommendation to impose an emergency interim cap on CETC funding.

Sincerely,

A handwritten signature in black ink that reads "Bob Udell". The signature is written in a cursive, flowing style.

Bob Udell
President, Independent Telephone and Telecommunication Alliance
Senior Vice President and President of Telephone Operations Texas, Consolidated Communications

cc. Honorable Ted Stevens
cc. Members of the Senate Commerce Committee