

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION**

**In the Matter of** )  
 )  
**FEDERAL-STATE JOINT BOARD** ) **WC DOCKET NO. 05-337**  
**FOR UNIVERSAL SERVICE** ) **CC DOCKET NO. 96-45**  
 )

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**REPLY COMMENTS OF THE  
INDEPENDENT TELEPHONE AND TELECOMMUNICATIONS ALLIANCE**

**Independent Telephone and  
Telecommunications Alliance  
975 F Street, NW, Suite 550  
Washington, DC 20004  
202.552.5846**

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## **SUMMARY**

Many initial comments in this proceeding are consistent with those submitted by the Independent Telephone and Telecommunications Alliance (ITTA). ITTA cautioned the Commission to not implement auctions as a solution applicable to all carriers, and instead recommended that alternatives such as GIS modeling and disaggregation may be suitable for some, but not all carriers. ITTA recommended refinements and more rigorous public interest standards in the competitive eligible telecommunications carrier (CETC) process, and supported the inclusion of broadband into USF mechanisms.

In these Reply Comments, ITTA reviews of comments both supporting and opposing ITTA positions, and distinguishes those various opinions to provide its position on Universal Service Fund issues within the context of those filings.

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**I. INTRODUCTION**

As described in ITTA Comments filed in this docket May 31, 2007, recent growth in the high-cost program of the Universal Service Fund (USF, or Fund) has generated increased Congressional and regulatory scrutiny of the Fund. This attention is warranted in light of the growing contribution factor and the attendant burden imposed upon carriers and consumers that is not clearly commensurate with supposed benefits. In response, the Commission and the Joint Board have issued Public Notices and a Recommended Decision intended to lay the foundation for revised universal service mechanisms.

As stated previously by ITTA, Commission action should commence with clear affirmation of the purpose of USF. In filed comments, other parties echoed this sentiment, stating that the Joint Board’s deliberations should be grounded “in the principles that lie at the base of the Communications Act.”<sup>1</sup> Among those principles is the proposition that the entire telecommunications network spanning the Nation is an

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<sup>1</sup> Consumers Union, Consumer Federation of America, and Free Press at 7 (hereinafter Consumers Union, et al.).

interconnected facility upon which multiple carriers and consumers rely. Therefore, when embarking upon modifications to Fund mechanisms, concerns of “net contributor states”<sup>2</sup> must be weighed against the reality that the value of the network for every consumer, whether in a so-called net-contributor or a net-recipient state, increases with each additional user who can reach and be reached. Nevertheless, those in so-called net-contributor states are correct in calling for greater efficiency and rational distribution of USF support. ITTA supports those goals through recommendations that would: broaden the contribution base; direct sufficient funding to all areas where it is needed; impose stricter public interest standards to ensure that funding intended to support competitive carriers is consistent with the intent of the Communications Act (the Act); and, provide for increased access to broadband services across the Nation.

## **II. NOTICED ISSUES**

### **A. AUCTIONS**

In comments submitted in October 2006 and in the May 31 Comments, ITTA urged caution with regard to implementing auctions. ITTA recognized numerous procedural and legal obstacles, and said that at most, auctions may be considered in limited circumstances. ITTA also noted that the root of current concerns, specifically, rampant Fund growth, is unrelated to incumbent local exchange carrier (ILEC) support, and that mechanisms affecting *all* USF participants are therefore unnecessary when pursuing solutions to concerns emanating from one category of participants.

By contrast, CTIA’s support of auctions appears to be grounded in a belief best encapsulated by its assertion that “those rural incumbent LECs that most abused the

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<sup>2</sup> See New Jersey Board of Public Utilities at 3.

current system and receive the greatest share of universal service funding have been among the most resistant to reform.”<sup>3</sup> This broad swipe at the rural industry seems an attempt to deflect attention from the fact that support for CETCs, the majority of which are mobile wireless carriers, represents the main source of recent Fund growth.

CTIA cites a survey conducted by MyWireless.org to bolster its claims that mobile services are overtaking wireline services. For example, one question asked, “If you could keep one service, would you keep your cell phone service or your home landline phone service?”<sup>4</sup> CTIA reported that “a majority of consumers . . . would keep their wireless phone and give up their wireline connection.”<sup>5</sup> It is unclear whether survey participants were informed that landline provides the underlying transmission component for virtually all wireless calls, and substantial diminishment of support for wireline facilities would necessarily have an adverse impact on wireless services. As noted by CenturyTel, “IP-enabled services and wireless services are very much dependent upon the availability of a ubiquitous PSTN.”<sup>6</sup> And, as the National Exchange Carrier Association (NECA) observed, “if universal service support amounts are fixed, as auctions advocates propose, revenue shortfalls are likely to occur, thus putting rural telecommunications infrastructure at risk.”<sup>7</sup> The National Telecommunications Cooperative Association (NTCA) noted that all auctions proposals “fail to address the

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<sup>3</sup> CTIA at n.3.

<sup>4</sup> CTIA at n.4.

<sup>5</sup> CTIA at 2.

<sup>6</sup> CenturyTel at 3.

<sup>7</sup> NECA at 6.

critical issue of stranded investment,”<sup>8</sup> while OPASTCO warned that auctions “would place at significant risk” reasonably comparable rates and services in rural areas.<sup>9</sup> Mechanisms that would undercut rural ILEC ability to invest in and maintain critical infrastructure would also have an impact on the provision of mobile services. As introduced by ITTA in its May 31 Comments, mobile services should be supported on the basis of specific defined principles, but not at the expense of the underlying network upon which those services rely.

Some parties took a studied approach to auctions consistent with that of ITTA, neither rejecting nor accepting them wholly. CenturyTel acknowledged that auctions may be useful in markets in which there are multiple CMRS carriers seeking support, or in “isolated, sparsely populated places that are not served by any telecommunications carrier.” CenturyTel, however, also identified a raft of questions left unresolved by any of the auctions proposals.<sup>10</sup> Indeed, the Consumers Union, Consumer Federation of America, and Free Press summed succinctly the prospect of reverse auctions: “appealing in theory but implementation may not achieve the desired result of stabilizing the Fund while maintaining the principles of universal service.”<sup>11</sup> In fact, a conflict emerging from several parties reveals an underlying tension inherent in a reverse auctions mechanism:

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<sup>8</sup> NTCA at 4.

<sup>9</sup> OPASTCO at 12.

<sup>10</sup> *See* CenturyTel at 17. These include determining uniform criteria for a bid, determining the feasibility of the bid, and enforcing performance of the bid.

<sup>11</sup> Consumers Union, et al. at 51.

GCI noted that a “winner takes all” auction could lock potential carriers out of a market.<sup>12</sup> Yet, an alternative “winner takes more” proposal championed by CTIA would rip the reason from beneath an auctions proposal, specifically, an attempt, however fraught with implementation hazards, to curb Fund growth.

ITTA submits that auctions are an imperfect solution to a problem that can be addressed by revisiting the public interest mandate of encouraging competition by supporting multiple carrier entities. A primary goal of USF is to provide telecommunications throughout the Nation. Mechanisms that place at risk the stability of the underlying public switched telephone network (PSTN) upon which virtually all services rely should be rejected. Auctions, however, and as described in ITTA’s October 2006 and May 31 Comments, may have useful applications in limited situations.

#### **B. GIS**

ITTA’s comments identified the problem of insufficiently targeted high-cost support in *some* areas. There is little disagreement in the record on this point; the Joint Board should acknowledge that while study-area (or state-wide) averaging works for many rural companies, it has not worked for some companies as the methodology for identifying high-cost areas in need of support. In brief, the use of average cost calculations assumes that rates will also be averaged and, therefore, that higher returns in low-cost areas will offset lower and negative returns in high-cost areas. Competition has invalidated this assumption, however, as competitors will charge lower rates and win customers in low-cost areas, thereby eliminating the higher returns that were implicitly subsidizing the high-cost areas. Therefore, high-cost support must be more narrowly

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<sup>12</sup> GCI at 15.

targeted in some study areas, including some rural study areas, to fulfill the directive of Section 254 of the Communications Act.

ITTA recognized explicitly in its comments that GIS models and targeting do not work for every company. ITTA also stated that the converse is also true: GIS models and targeting are not unequivocally flawed, and in fact work for some companies.<sup>13</sup> Other parties support this basic observation. ATT noted the disparity that GIS and other approaches might resolve, specifically, that some areas do not receive support, while “duplicative support to multiple carriers in other[.]” areas is distributed.”<sup>14</sup> OPASTCO appeared to take an approach similar to ITTA’s regarding the use of GIS modeling, acknowledging that it may be useful for some, but not all, areas. By urging that use of models by some carriers should not have an adverse impact of other carriers,<sup>15</sup> OPASTCO evidenced recognition that all carriers cannot be served by a single solution.

Some parties argue that GIS models should not be used to calculate high-cost support.<sup>16</sup> Most of these arguments appear to derive from a concern that GIS models might be forced on unwilling carriers and, thereby, deprive them of support. ITTA understands this concern and emphasizes, therefore, that ITTA’s proposal is that carriers have the *option* to use models to demonstrate their need for support where study-area averaging disguises truly high-cost areas. This option should not be an issue for companies that do not find models effective, and ITTA suggests respectfully that the

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<sup>13</sup> ITTA May 31 Comments at 33, 34.

<sup>14</sup> ATT at 5, 6.

<sup>15</sup> OPASTCO at 16.

<sup>16</sup> *E.g.*, NTCA, at 16.

Joint Board should not be dissuaded from implementing this option. Indeed, many small rural carriers (those filing under the average schedule) already rely on a model to calculate support because doing so makes business sense for them. Similarly, rural LECs should also have the option to use GIS models to demonstrate more accurately the cost of serving truly high-cost areas and target support to those areas.

Verizon also argues that models should not be used to calculate and distribute high-cost support, claiming that its auction proposal is superior.<sup>17</sup> This seems to conflict with Verizon's position on auctions, since auctions are inherently forward-looking in nature: the companies participating in Verizon's proposed auctions would themselves use models to estimate their likely costs. Therefore, Verizon also would have the Joint Board rely on models to calculate support. Instead of removing models from the process, Verizon's proposal would perpetuate the lack of adequate, predictable, and sufficient support to many parts of the country, which could be addressed through targeted support and GIS technology.

### **C. DISAGGREGATION**

In its May 31 Comments, ITTA supported the Commission's prior findings that disaggregation may have value in some, but not all, circumstances. Therefore, ITTA recommended that the Commission continue its policies of optional disaggregation, enabling those carriers that identify a need to disaggregate to do so, while enabling entities best served by averaging to continue that practice.

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<sup>17</sup> Verizon Comments at 10.

CenturyTel staked a position in agreement with ITTA.<sup>18</sup> And, like ITTA, NTCA opposed mandatory disaggregation, noting the Commission's earlier concerns regarding "cream skimming."<sup>19</sup> CTIA in its comments supported mandatory disaggregation upon CETC entry,<sup>20</sup> but did not explain why the current optional approach described by ITTA is no longer appropriate.

OPASTCO advanced a position consistent with ITTA, namely, that disaggregation should remain optional and should not be imposed on carriers that determine, in accord with prior Commission findings as described in ITTA's May 31 Comments,<sup>21</sup> that disaggregation does not meet their support needs.<sup>22</sup> NECA observed that disaggregation need not be addressed if CETCs are supported on the basis of their own costs; that also would eliminate the debate over the identical support rule.<sup>23</sup> Inasmuch as these parties each have specialized experience with the affected companies, their support of current Commission policies bears special weight. ITTA, consistent with its May 31 Comments, affirms its recommendation that the Commission continue its current rational policy of optional disaggregation.

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<sup>18</sup> CenturyTel at 21, 22.

<sup>19</sup> NTCA at 17.

<sup>20</sup> CTIA at 9.

<sup>21</sup> ITTA May 31 Comments at 38, 39.

<sup>22</sup> OPASTCO at 18.

<sup>23</sup> NECA at 9.

#### D. CETC SUPPORT

ITTA, as many other parties, recommended the Commission to abolish the “identical support” rule and distribute support to CETCs on the basis of their own costs.<sup>24</sup> Predictably, oppositions to the “own costs” structures were based on incorrect understandings that this is somehow consistent with competitive neutrality,<sup>25</sup> or that placing CETCs on their own costs would create an “enormous” “administrative burden.”<sup>26</sup> CTIA revealed an odd outcome of the identical support rule: “Under the FCC’s current rules, high-cost support for wireless carriers is entirely a function of subscribership. So, consumers control whether and how much support a wireless eligible telecommunications carrier (“ETC”) receives.”<sup>27</sup> If CTIA’s conclusion is correct, it only confirms that unlike incumbent support that is based upon cost, CETC support is based upon nothing related to the actual cost the CETC incurs in providing service. This is consistent with ITTA and other parties that have urged the elimination of the identical support rule.

As OPASTCO affirmed,

The support rural ILECs receive is based mostly on their own past, actual investments and expense payments, and they must submit extensive data

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<sup>24</sup> Consumers Union, et al at 56, 57; Embarq at 21-23; Frontier at 5, 6; Iowa Telecommunications Association at 4; Missouri Public Service Commission at 18; NTCA at 18-20; OPASTCO at 19; Rural Independent Competitive Alliance at 14; Rural Iowa Independent Telephone Association at 6, 7; South Carolina Regulatory Staff at 3; Western Telecommunications Alliance at 23.

<sup>25</sup> Rural Cellular Association and Alliance of Rural CMRS Carriers at 13, 14; United States Cellular Corp. and Rural Cellular Corp. at 18.

<sup>26</sup> Rural Cellular Association and Alliance of Rural CMRS Carriers at 18.

<sup>27</sup> CTIA at 3.

demonstrating that their costs exceed a high-cost benchmark in order to qualify for support. This ensures that the support received by rural ILECs is no more than “sufficient.”<sup>28</sup>

And yet CTIA contributes dangerously to the misinformed debate that has raged recently in the press and Congress. CTIA warns that the Commission must not “discriminate[e] against mobile wireless carriers in the receipt of high-cost universal services support . . .”<sup>29</sup> But, a critical point has been lost: the Commission is addressing CETC, not mobile, support. CTIA’s assertion that some sort of “discrimination” could be churning beneath the surface of reform clouds the debate and obscures the actual issues that demand attention, namely, appropriate standards for the support of multiple CETCs. OPASTCO identified the identical support rule as “the cause of all of the excessive and unjustified growth in rural high-cost support.”<sup>30</sup> Parties outside the range of carriers, such as the Consumers Union, Consumer Federation of America, and Free Press, have agreed that the “identical support rule is very problematic from an economic efficiency standpoint, and may be one of the primary causes of the exponential growth in the size of the high cost fund.”<sup>31</sup> Stated simply, objections to the identical support rule have less to do with alleged discrimination than they do with trying to restore rationality to the USF. As CenturyTel expressed, “Despite the attempt by some to frame these important issues

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<sup>28</sup> OPASTCO at 6; *see also* OPASTCO at 8, and NTCA at 19, 20 (the identical support rule is “clearly the root of the escalating fund problem” that “has created a dangerous incentive for wireless carriers to seek CETC status in rural high-cost areas where they already provide ancillary wireless service ILEC customers”).

<sup>29</sup> CTIA at 7.

<sup>30</sup> OPASTCO at 4.

<sup>31</sup> Consumers Union, et al. at 57.

as ‘wireless vs. wireline’ competitive quarrels, the future of universal service is really about what essential services we want our national telecommunications infrastructure to support for our economy, our society, and for the next generation.’<sup>32</sup>

Nevertheless, CTIA is clear in its objections to CETCs receiving support based on actual costs, claiming that “[s]uch a change would be a significant setback in market-based reforms.”<sup>33</sup> To the contrary, a truly market-based reform would attempt to, as ITTA suggested in its May 31 Comments, move toward an identical *basis* of support rule, rather than an “identical support” rule that currently exists. NTCA, too, declared correctly that wireless carriers, in particular, must be supported on the basis of their costs.<sup>34</sup> Requiring CETCs to show their costs would necessarily need to consider the differences in accounting practices used by incumbent carriers (USOA vs. GAAP). But, as Frontier Communications notes, CETC cost reporting models “could be based on the kind of cost analyses that they make internally whenever they determine whether it is economical for them to enter an area, or upon reasonable measures of their embedded costs.”<sup>35</sup> Similarly, while ITTA disagrees with certain of the recommendations leading to the conclusion of the New Jersey Board of Public Utilities, ITTA supports the Board’s finding that “CETCs are funded based upon the costs of the incumbent local exchange carrier (ILEC) and there is currently *no evidence* that the costs are identical or even

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<sup>32</sup> CenturyTel at 9.

<sup>33</sup> CTIA at 9.

<sup>34</sup> NTCA at 26.

<sup>35</sup> Frontier Communications at 6.

similar; in fact, the costs of the CETCs (which consist mostly of wireless carriers) *are likely less.*”<sup>36</sup>

The basis of incumbent support, of course, received some manner of attention: GCI noted that it receives support on per customer basis, while incumbents receive a “total network” basis of support.<sup>37</sup> That basis of support, however, is necessary to ensure that the entire network remains viable. Cutting support to a network provider on the basis of line loss would affect adversely the remaining customers on that underlying network as well as other providers that rely upon that network for transmission and call completion. This is yet another reason why GCI’s proposal to implement “symmetric, portable support”<sup>38</sup> would not mesh with the realistic needs of the network: it neither supports adequately the underlying network, nor assures any carrier of recovering its actual costs.

GCI noted a point made by ITTA in its May 31 Comments, specifically, calling into question why carriers that have operated profitably without support should be permitted to request supplemental funds.<sup>39</sup> As GCI proposes, “where a carrier is willing to provide service to a formerly high-cost area without any USF payments, no support is necessary to provide service and those payments should cease.”<sup>40</sup> NTCA stands behind an important issue that ITTA has promoted previously, specifically, the need for

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<sup>36</sup> New Jersey BPU at 6.

<sup>37</sup> GCI at 6.

<sup>38</sup> See GCI at 13.

<sup>39</sup> See ITTA May 31 Comments at 43.

<sup>40</sup> GCI at 10.

meaningful public interest tests when considering future CETC designations.<sup>41</sup> ITTA and others placed this issue before the Commission in 2005, in a petition that remains pending.<sup>42</sup> Now is the time to bring the record of that petition's proceeding into this current consideration of USF, and to establish adequate criteria and public interest standards for the designation of CETCs, particularly when considering the designation of successive carriers in single areas. The era of what NTCA characterized as "perfunctory"<sup>43</sup> analyses should end as the Commission emphasizes accountability in the CETC process.

ITTA urges the Commission to eliminate the identical support rule, require carriers to demonstrate actual costs as the basis of receiving support, and enhance the public interest test applied to CETC designations.

#### **E. BROADBAND**

ITTA set forth in its May 31 Comments legal and policy basis for including broadband as a supported service. Other parties also, for various reasons and to various extents, also recommended that broadband be classified as a supported service.<sup>44</sup>

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<sup>41</sup> NTCA at 23-26.

<sup>42</sup> *I/M/O Federal-State Board on Universal Service: Petition for Reconsideration of TDS Telecommunications, Independent Telephone and Telecommunications Alliance, and Western Telecommunications Alliance*, CC Docket No. 96-45, at 9-12 (filed Jun. 24, 2005).

<sup>43</sup> NTCA at 24.

<sup>44</sup> *See* CenturyTel at 22, 23; Consumers Union, et al at 26-49; Embarq at 23, 24; Iowa Telecommunications Association at 4; Missouri Public Service Commission at 19; Nebraska Public Service Commission at 12, 13; OPASTCO at 20-26.

ATT recognized the broadband deployment on a National scale could stand improvement, and urged the Commission to establish a voluntary pilot program to deploy broadband in areas where those services are not sufficiently available.<sup>45</sup> The Consumers Union, Consumer Federation of America, and Free Press also recognized a need to “bring affordable [broadband] service to average Americans.”<sup>46</sup> Both are consistent with universal service policies that support access to advanced services at rates comparable to those available in urban areas. CenturyTel comments are consistent with the ITTA proposal to create an evolving definition for broadband;<sup>47</sup> the Consumers Union, Consumer Federation of America, and Free Press also discussed the theme of “evolving” technology that runs through the Act,<sup>48</sup> and the Nebraska Public Service Commission also called for periodic review to ensure that the list of supported services “keeps pace with evolving technologies.”<sup>49</sup>

Consumers Union, Consumer Federation of America, and Free Press cited educational, public health, and public safety benefits of widespread broadband deployment;<sup>50</sup> ITTA concurs that these are important pillars upon which public interest policies supporting broadband can be based. Consumers Union, et al, also cited as

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<sup>45</sup> ATT at 6.

<sup>46</sup> Consumers Union, et al. at 9.

<sup>47</sup> CenturyTel at 22, ITTA at 50, 51.

<sup>48</sup> Consumers Union, et al. at 12.

<sup>49</sup> Nebraska Public Service Commission at 13.

<sup>50</sup> Consumers Union, et al. at 18-24.

growing benefits and applications telecommuting and economic advantages;<sup>51</sup> OPASTCO joined parties calling for the inclusion of broadband as a supported service, citing education, health care, and benefits of telecommuting.<sup>52</sup> Like ITTA, Consumers Union, et al, cited widespread subscription to broadband as trumping the Commission's 2003 finding that subscription rates were insufficient to justify classification of advanced services as supported services.<sup>53</sup> CTIA states that from December 2005 to June 2006, almost 60% of all new high-speed lines were wireless broadband.<sup>54</sup> This confirms that public desire for advanced services exists. Support for broadband would speed deployment across the Nation.

GCI supported broadband requirements, but argues that current USF mechanisms already support broadband deployment, characterizing this as a "non-competitively neutral practice."<sup>55</sup> Yet, the Commission has noted openly the existence of "dual-use" networks that enable both currently supported services as well as advanced services. The deployment of such dual-use networks by incumbent carriers reinforces the proposition that incumbent carriers have leveraged existing technology to enable advanced services. Moreover, inasmuch as incumbent carriers have utilized existing technologies to provide access to advanced services under the current capped USF programs, the inclusion of broadband as a supported service should have impact on the total Fund only insofar as

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<sup>51</sup> Consumers Union, et al. at 36, 37.

<sup>52</sup> OPASTCO at 21.

<sup>53</sup> Consumers Union, et al. at 26-33.

<sup>54</sup> CTIA at 4.

<sup>55</sup> GCI at 27.

“last mile” or other unrealized deployment opportunities remain incomplete. As OPASTCO pointed out that “there are still some portions of rural service areas that are so prohibitively expensive to serve, that broadband deployment will simply not be feasible in the near term without explicit support for this purpose.”<sup>56</sup> These areas in particular would be suitable for special attention in broadband deployment measures.

### **III. ADDITIONAL ISSUES**

#### **A. MOBILITY**

ITTA proposed the creation of a mobility program, through which support would be provided to providers of mobile services on the basis of defined public interest and service quality (including network build out) standards.

Though not specifically, ATT addresses the ITTA proposal to create a mobility program. ATT recommends that the Commission establish a program to extend wireless mobile services into areas “that lack reliable mobile service coverage today.”<sup>57</sup> This recommendation, like ITTA’s proposal, recognizes the public interest in ensuring the provision of mobile services, yet offers parameters within which support would be distributed. Noting that current mechanisms “provide such [mobile] providers the same support as that available to the carrier of last resort for a particular area in the name of “competitive neutrality,” ATT identifies a conflict that has led to “escalating growth in the fund that has left many high cost areas without mobile wireless services.”<sup>58</sup> These concerns illustrate the need for a defined public interest standard that would govern the

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<sup>56</sup> OPASTCO at 22.

<sup>57</sup> ATT at 7.

<sup>58</sup> ATT at 17, 18.

provision of the support to providers of mobile wireless services. NTCA, when arguing against auctions, posits reasons that support the implementation of a separate wireless program, noting that “wireline and wireless service[s] are complimentary services rather than substitute services. Each does certain things well that the other does not.”<sup>59</sup>

The Nebraska Public Service Commission (NPSC) called for supporting a single wireline and single wireless network per market.<sup>60</sup> While ITTA agrees with the NPSC position that each be supported based upon its own costs, ITTA submits that the limiting support on a technological basis (*i.e.*, wireline vs. wireless) must contemplate the possibility of other categories of technology that could emerge in the future. Therefore, ITTA suggests that the CETC support be based upon general public interest standards that could be invoked to consider the application of any type of provider, and in the instance of a provider of mobile services, standards applicable to mobile services and providers.

CenturyTel proposes specific criteria to govern a mobility program applicable to mobile providers, including, but not limited to: elimination of access replacement support; elimination of the identical support rule; CETC cost data, or an auction in the absence of CETC data; and, public interest protections and mandatory CETC designation guidelines.<sup>61</sup>

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<sup>59</sup> NTCA at 6.

<sup>60</sup> Nebraska Public Service Commission at 9-11.

<sup>61</sup> Century Tel at 7.

ITTA concurs with those parties which recognize the value of mobile services, and urges the creation of a mobility program within which support for mobile carriers can be distributed on the basis of recognized public interest and service quality standards.

#### **B. CONTRIBUTION BASE**

ITTA has proposed that stability of the Fund can be enhanced by broadening the contribution base to include all service providers that rely upon the underlying network. CenturyTel notes correctly that it is “critical that the contribution base be expanded and stabilized without further delay . . . .”<sup>62</sup> As CenturyTel notes in regard to broadband, the Commission should consider “adoption of proposals to support all network cost components that are vital to providing advanced services in rural communities.”<sup>63</sup> NTCA, too, called for expanding the base of contributors to USF.<sup>64</sup> This recommendation, which is consistent with positions of ITTA, would stabilize the USF by spreading responsibility for supporting the network among those entities that use and benefit from the network.

#### **IV. CONCLUSION**

ITTA submits that auctions are not a suitable solution for addressing current concerns with the Fund, notwithstanding the possibility that in certain limited circumstances an auctions model may hold value. Likewise, GIS modeling and disaggregation are appropriate solutions for some, but not all, carriers, and any long-term plan should include a multi-track approach because “one size does not fit all.” Lastly,

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<sup>62</sup> CenturyTel at 2.

<sup>63</sup> CenturyTel at 25.

<sup>64</sup> NTCA at 27-31.

long-term solutions should refine and allocate more efficiently support to CETCs, and incorporate broadband into the USF.

Respectfully submitted,

*s/*Joshua Seidemann

Joshua Seidemann

Director, Regulatory Policy

Independent Telephone and Telecommunications Alliance

975 F Street, NW, Suite 550

Washington, DC 20004

202/552-5846

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