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November 26, 2008

Marlene H. Dortch
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: *High Cost Universal Service Support*, WC Docket No. 05-337;
Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

The Telecommunications Industry Association (“TIA”) submits this letter in response to the *Order on Remand and Report and Order and Further Notice of Proposed Rulemaking* issued November 5, 2008. In the *R&O*, the Commission reviewed the Federal-State Joint Board on Universal Service’s Recommended Decision. The Universal Service Joint Board recommended that the Commission should: (1) deliver high-cost support through a provider of last resort fund, a mobility fund, and a broadband fund; (2) cap the high-cost fund at \$4.5 billion, the approximate level of 2007 high-cost support; (3) reduce the existing funding mechanisms during a transition period; (4) add broadband and mobility to the list of services eligible for support under section 254 of the Telecommunications Act; (5) eliminate the identical support rule; and (6) explore the most appropriate auction mechanisms to determine high-cost universal service support. The Commission declined to adopt the recommendations at this time.

TIA previously filed comments in this proceeding on April 17, 2008. In those comments, TIA supported the Joint Board’s proposal to create a fund aimed at subsidizing the build-out of high-capacity broadband (Broadband Fund). Broadband networks are of great importance to the organization’s member companies, as they impact investment in and deployment of next-generation networks, applications, and devices. Accordingly, TIA takes this opportunity to reemphasize the importance of including broadband in the Universal Service Fund (USF)

TIA encourages the Commission to create a technology and competitively neutral Broadband Fund. As TIA recognizes that many rural or otherwise hard-to-serve areas remain unserved or underserved, the deployment of high-speed services to unserved and underserved areas should be supported, because broadband deployment expands opportunities for all Americans by making American businesses more competitive and also enabling e-health, e-learning, and e-government. The current narrowband-focused system has not succeeded in making high-quality, affordable, broadband service

universally available. For these reasons, there is a public interest in furthering broadband deployment even where the current market will not, on its own, produce such deployment.

TIA also supports broadband funding for new buildout and operations in unserved and underserved areas. Broadband deployment should extend beyond initial deployment in unserved areas, covering deployment in areas with little or no broadband service and continued operation of existing broadband service. In section 254 of the Act, Congress declared that consumers in high-cost locales should receive service and rates reasonably comparable to those services provided in urban areas. A regime that withdrew support at any pre-determined static level, such as at 200 Kbps speeds, would deprive rural consumers of the evolving level of telecommunications service that Congress viewed as the definition of universal service. Therefore, the Commission should permit support for the deployment and operation of new broadband networks, as well as the upgrade of broadband service.

However, if a technology and competitively neutral approach is not immediately possible, support should transition from narrowband service to broadband service over time, with all technologies competing for broadband funds. Specifically, narrowband support should be phased out in as little as five years in favor of support mechanisms that promote broadband connectivity and market-based competition. This would create a strong incentive for eligible providers to invest in next-generation facilities. If full technology and competitive neutrality is not possible, the Commission must ensure that support for existing service does not inhibit deployment of next-generation offerings. In addition, the application of such a phase-over plan in a set period of time will ensure that the Broadband Fund has a meaningful chance to address the public's desire for more ubiquitous broadband availability in a timely and efficient manner.

TIA also asserts that Broadband support must be structured so as to distribute funds in a technology and competitively neutral manner. A framework that relies on reverse auctions or similar market-based mechanisms will ensure that funds are distributed in a technology and competitively neutral manner, and a fund designed to promote broadband as such must not be premised on specific additional capabilities that are only available via one platform or another. Furthermore, the Commission should not rely on geographical units that inherently favor one platform or another.

For the foregoing reasons, TIA reiterates the position that the Commission should create a market-based, technology and competitively neutral Broadband Fund, which should grow over time using funds that are migrated away from phased-out support for narrowband services.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ Rebecca Schwartz

Rebecca Schwartz