Mclean & Brown

ISSUE UPDATE©

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FCC Receives Comments in USF and ICC Reform FNPRM

On November 26, 2008, the FCC received comments from 113 parties in response to its Further Notice of Proposed Rulemaking (FNPRM) issued November 5, 2008. This Notice asked for comments on three Proposed Orders for Intercarrier Compensation (ICC) and/or Universal Service Fund (USF) reform. These comments totaled 3,000 pages.

Due to the complexity of the subject matter and the volume of the responses, what follows is a very high-level summary of the main themes established in each party's comments. While this in no way constitutes a complete summary of the comments, it will give the reader and idea of the general direction that each party's comments take. Interested readers are encouraged to read the full text of the comments, which can be found on the FCC's web site at www.fcc.gov.

For purposes of this summary, comments are grouped by industry segment. The specific industry segments, and the number of parties commenting from each segment are:

- Cable – 3 Parties
- CLEC – 17 Parties
- Consumer – 4 Parties
- ILECs, Large – 4 Parties
- ILECs, Mid-Size – 8 Parties
- ILECs, Rural – 26 Parties
- States – 16 Parties
- Wireless – 16 Parties
- Other – 19 Parties

The number in parentheses beside the party's name is the number of pages in their filing.

Cable

Comcast (40)

- Supports Appendix C with pro-consumer, pro-competition reforms as follows:
  - A single statewide rate should be established for all ILECs
  - The "additional cost" standard should be adopted
  - Both price cap and rural RoR carriers should not receive "make whole" recovery of ICC revenues without a complete showing of costs and revenues from regulated an unregulated services
  - The complete rate transition should occur over 3 years
  - Clarify that firms furnishing wholesale telecommunications over VoIP protocols are "telecommunications carriers" with 251 and 252 rights and responsibilities
  - If the Commission were to address the regulatory classification of VoIP: 1) conclude the VoIP is an "information service,", 2) clarify that existing compensation arrangements remain in effect subject to transition, 3) preempt regulation by state commission
  - Do not adopt network edge rules at the end of the transition
  - Confirm that transit arrangements are subject to 251/252 arbitration process
  - Change USF contribution to numbers for residential customers and seek further comment on business

NCTA (27)

- The transition to a low, unified termination rate for all providers, combined with the proposed cap on federal USF, make the draft item tremendously beneficial for the telecom industry and consumers
- Absent significant changes, the analysis of the classification of VoIP services and the default interconnection rules in the draft item could significantly undermine the future of facilities-based competition
- Three significant changes should be made to the draft item:
  - Shortening the transition period
  - Establishing clear rules regarding the compensation applicable to VoIP traffic, and
  - Preserving the status quo with respect to transit arrangements

Time Warner Telecom (8)

- The Commission should ensure that any classification of interconnected VoIP upholds vital interconnection rights
- Do not decide that VoIP is an information service without reaffirming the scope of wholesale interconnection rights and the proper application of the common carrier standard

CLEC

Alepheus & Covad (15)

- Adopt a numbers-based USF contribution and reject the hybrid proposal in Appendix B
- If the Commission classifies IP-PSTN services as information services it must affirm that classification does not affect LECs' Section 251 and 252 rights and duties

Broadview, Cavalier, NuVox and XO (69)

- The Commission need not resolve all aspects of ICC and USF reform in a single order
- Any comprehensive ICC reform plan adopted must be consistent with the scope of the Commission's authority under the Act, and 152(b) reserves to the states exclusive jurisdiction over intrastate access
- The pricing methodology proposed by the Chairman is irrational and does not satisfy the requirements of the Act
- Implementation of comprehensive ICC reform via a gradual transition is essential to avoid undue economic disruption
- Any revenue recovery mechanisms adopted must be competitively neutral
- The ICC reform plan must not impermissibly intrude on state authority over interconnection agreements, or disrupt existing network arrangements by adopting new interconnection rules
- The proposed hybrid USF contribution reform mechanism is unnecessarily complex

CityNet et. al. (49)

(Also Granite, Paetec, RCN and U.S. TelePacific)

- Section 251(g) neither supersedes 2(b) nor grants the Commission authority to set intrastate rates – The Commission should avoid intrastate rate-making
- In the event that the Commission finds authority to mandate intrastate rate reductions: 1) any transition plan should include a standstill of at least two years, 2)states should set the "glide path" to move intrastate access charges to interstate access rates and ultimately 251(b)(5) rates, 3) any methodology should direct states to set rates on a company-by-company basis rather than statewide
- The proposals would upset existing interconnection arrangements and substantially increase competitive carrier costs. The "edge" proposals are therefore inconsistent with the Act and an unexplained reversal of long-standing interconnection policies
- If the Commission declares that IP-PSTN services are information services, it should reaffirm that all LECs who serve information service providers nor self-provide information services have interconnection rights and obligations under 251 and 252
- Reject the new "additional cost" standard, or in the alternative, clarify that it will apply only to IP-to-IP under 251 and 252
- The hybrid numbers/connections USF collection system would be catastrophic for small businesses and unlawful
- Elimination of originating access charges would be inconsistent with the CPNP regime that otherwise governs ICC
- Carefully target any new rules to address traffic stimulation

Coalition for Rational USF and ICC Reform (14)

- Tandem switching and transport must continue to be regulated at TELRIC cost-based levels
- Originating access charges should be abolished
- Feature Group A should be abolished and line-side circuits treated as subscriber lines
- Rather than a single terminating rate for all carriers, unified call termination rates should be set on a graduated scale based on the total volume of calls terminated based on TELRIC costs

CompTel (36)

- The Commission does not have authority to set reciprocal compensation rates for intrastate traffic
- IP-PSTN traffic should not be classified as an information service, and the Commission cannot preempt state regulation of IP-PSTN services
- The proposed default interconnection rules should be rejected
- The connections-based USF contribution methodology would have a grossly disproportionate impact on smaller business customers
- The OPASTCO/WTA proposal for full revenue recovery for RoR carriers should be rejected
- The Commission should not eliminate USF support for CETCs

Feature Group IP (17)

- Agrees with most of the ICC reform proposals, but clarification is required on 1) certain aspects of the signaling proposals, 2)the appropriate pricing for interconnection related facilities, and 3) the circumstances under which ILECs can impose originating charges up to and after the transition date
- The Commission must provide guidance and resolution on ILEC routing and rating of their originating traffic

GCI (20)

- The Commission should clarify the implementation of the Tribal Lands and Alaska Native Regions exception to the interim CETC cap order

- The draft proposals properly exclude Alaska from the ICC and USF reforms, but should include Alaska in the Lifeline broadband pilot program
- The proposed changes to the universal service distribution system in the lower 48 states fail to define the outcomes sought to be achieved, or to justify why competition should be sacrificed and ILECs preferred
- The Commission should make clear that state-certified LECs using IP to provide tariffed services remain telecommunications carriers

Global Crossing (15)
- Adopt the "additional cost" standard, and require state commissions to select one rate to apply to terminating carriers statewide
- Classify interconnected VoIP traffic as an interstate information service
- Adopt a four-year transition to TELRIC-based reciprocal compensation rates, with a further transition to "additional cost" rates over one or two additional years
- Reform the USF contribution methodology to a flat-rate per number charge

Hypercube Telecom (24)
- Elimination of originating interstate access charges would be contrary to law and the economic principles that underpin the Commissions ICC framework – The Commission has neither basis nor authority upon which to eliminate, reform, or regulate intrastate access charges
- The Commission should avoid overreacting in addressing "traffic stimulation" issues
- The very short comment deadlines and review period raise concerns with respect to the Regulatory Flexibility Act

Integra Telecom (31)
- The CLEC industry, like many of the mid-size carriers , depends on access charges as a critical component of its revenues mix
- Many of the proposed reforms would have a devastating effect on the CLEC industry and consumers by shifting costs from the large integrated carriers that provide wireless and interexchange services to smaller carriers and their customers
- Current proposals to reform the USF contribution mechanism are flawed and would have dramatic anti-competitive and other unintended consequences

Northern Telephone & Data Corp. (4)
- The Draft Orders establish policy without any consideration of the collapsing economy
- The Commission should reject the proposed reduction in intrastate terminating access rates and create an exception to the ICC proposals for CLECs that are small businesses

RICA (30)
- The proposed conversion of access traffic to ICC rules would harm rural subscribers
- Supplemental universal service support proposed for RoR ILECs must be available to rural CLECs on the same terms
- Cost standards governing state arbitration must be established that recognize the reasonable costs of providing transport and termination including common costs and overhead such that the resulting rates are not "near zero"
- IP-PSTN traffic must continue to be recognized as a telecommunications service, rather than an information service
- The proposed USF revisions will retard the deployment of broadband services
- The proposal to condition USF eligibility on the offering of broadband Internet access is not consistent with the Act
- Eliminating USF support to CLECs is both unlawful and bad public policy

RNK Communications (23)
- Establish a timeframe for transition that is both realistic to implement, but fair to all carriers by allowing them to adjust revenue expectations
- Discourage ILECs from increasing SLC charges in such a dramatic manner that amounts to an undeserved bailout for profitable companies
- Clarify the ICC and jurisdictional status of IP-PSTN and PSTN-IP traffic
- Provide a framework that allows for carriers to deal with phantom traffic issues without resorting to regulatory intervention or that unfairly characterizes certain types of traffic
- Allow carriers to transit truly internationally originated traffic (wireless or VoIP) that does not carry calling party information without incurring "highest rate" liability
- Decline to adopt ILEC proposals for shifting interconnection costs to CLECs through immediate adoption of the "edge" framework, instead implementing such changes over time as new agreements are signed

Sage Telecom (18)
- The Commission has the authority to bring all telecommunications traffic within the ambit of 251(b)(5)
- ISP-bound traffic is clearly interstate traffic subject to the Commission's pricing jurisdiction
- Adopt the default interconnection rules in Appendix A, and reject the rural transport rule variant for RoR carriers in Appendix C
- The transition plan should provide for a rapid reduction in the ISP-bound compensation rates from $0.0007 to the new additional cost rate
- As long as LECs are subject to anachronistic equal access requirements, their ability to collect originating access charges must be retained

TexAltel (5)

- Many questions remain unanswered
  - The treatment of 800 service and originating access charges?
  - When, or if, tandem switching rates might be applicable in addition to the unitary terminating rate?
  - Would the "edge" concept requie a CLEC to pay for transport to every ILEC wire center that does not subtend a tandem?
  - Impact of the hybrid USF contribution plan on small businesses?
- The Commission should give parties a minimum of 60 days to review and comment on the plans

TW Telecom, et. al. (22)

(Also One Communications and Cbeyond)

- The Commission should reduce intrastate access rates to interstate levels over five years
- The Draft Orders sensibly limit the extent to which ILECs would be eligible for supplemental subsidy payments to compensate for reductions in terminating access revenue
- The Commission should modify its SLC rules to ensure that ILECs cannot recover multi-line business losses from residential customers
- The burden of USF contribution reform should be equal on residential and business customers
- The Commission should not classify IP-PSTN services as an "information service," and apply access charges to such traffic

Vonage (13)

- The Commission should reiterate its jurisdictional authority over interconnected VoIP
- Consumers should have access to standalone broadband service in supported areas

Consumer

Ad Hoc Telecom. Users Committee (45)

- Appendices A and C would take the Commission down the wrong ICC reform path
  - Do not adopt ICC rules that assure existing revenue levels
  - Alternative cost recovery mechanisms are not justified
  - A revenue neutrality mechanism is not justified
- The SLC increases proposed in Appendices A and C suggest a misunderstanding of how SLC rates have been set and what they are designed to recover
  - The proposed plan would result in non-cost-based SLC rates, turning the SLC into a "bail-out" rate element for profitable ILECs
  - A return to "value of service" based pricing is not warranted nor supported by the record in this proceeding
- Correct reform of the USF assessment methodology is critically important to the sustainability of the USF
  - The Commission should adopt a pure numbers-based assessment methodology
  - If the Commission concludes that it must include a connections-based component, it should modify the Appendix B proposal

George Mason University – Mercatus Center (18)

- Principles that would lead to a reform plan most conducive to overall consumer welfare:
  - Minimize charges on services whose demand is price-sensitive
  - Use fixed charges to recover fixed costs
  - Eliminate hidden cross-subsidies
  - Reduce incentives for waste and inefficiency
- Both Appendices A and C do a better job of minimizing charges on services whose demand is price-sensitive, recovering fixed costs with fixed charges, and replacing opaque cross-subsidies with transparent subsidies
  - The Commission could create additional opportunities to eliminate waste if it used reverse auctions to award subsidies in all study areas
  - Requirements to build broadband throughout a service area would result in duplicative subsidized broadband networks – this could be fixed by requiring a commitment to serve all customers "who would not otherwise have access to broadband"
  - Appendix C offers the benefit of phasing out subsidy to CETCs, and allowing satellite technology in certain very high-cost areas

NASUCA, et. al. (49)

(Also, Maine Office of Public Advocate, Maryland Office of People's Counsel, The Utility Reform Network, and The Consumer Action Network)

- Do not adopt the Chairman's Draft Proposal on ICC rates: 1) Do not preempt the states on intrastate ICC, 2) Do not adopt the incremental cost test, 3) Adopt a separate standard for rural carriers, 4) Provide incentives for the reduction of intrastate access charges
- Do not increase SLCs or use the USF as a means of lost access charge recovery
- The Chairman's proposal on phantom traffic could be adopted
- The Chairman's draft proposals on broadband should not be adopted: 1) Requiring broadband deployment only for carriers receiving high-cost support misses the real problem, 2)Establish incentives that would motivate non-rural carriers to meet broadband commitments, 3) Requiring broadband Internet access to all customers is excessive and unreasonable, 4) State commission review of broadband commitment is essential, 5)Limiting the support provided to rural ILECs to 2008 or 2010 amounts is counter productive and will not enhance the broadband networks of rural carriers, 6) Establish a broadband deployment fund, and 7)Do not use reverse auctions as a penalty for failing to have 100% broadband deployment
- Do not permanently cap the high-cost fund

- Eliminate the identical support rule
- Do not adopt a numbers-based USF contribution mechanism for residential customers

Texas Office of Public Utility Counsel (7)
- TOPC concurs with NASUCA's comment as related to ICC reform
- The Chairman's proposal preempts state' rights to set intrastate access rates
- Opposes the classification of IP-PSTN services as "information services"
- The "additional cost" standard is not appropriate to determine ICC rates
- The Chairman's proposal improperly posits USF as a mechanism to compensate carriers for lost ICC revenues

ILECs, Large

AT&T (58)
- Supports Appendix C with modifications:
  - Shorten Transition Period from 10 to 5 years
  - While the Draft Order was right to classify VoIP as an "information service," the Commission should treat all terminating interexchange VoIP traffic as interstate access for billing purposes and subject it to the same phase-down as other access traffic. Similarly "local" IP/PSTN traffic should be treated the same as other local traffic.
  - Immediately stop "traffic pumping" schemes by outlawing "revenue sharing" arrangements
  - Adopt the USF contribution reform scheme in Appendix B – assessments on all telephone numbers residential and business
- Adopt the proposed "incremental cost" standard rather than TELRIC for call-termination purposes
- Reject Free Press's proposal to impose limitations on an ILEC's ability to raise SLCs to compensate for access revenue losses

Qwest (205)
- Supports Appendix C with modifications:
  - Eliminate conditions to SLC increases, and spell out intended mechanics for the ILEC SLC increases, including a carrier option to average initial SLC increases
  - Deal individually with the "access stimulation" issue
  - VoIP should be treated like all other traffic on the PSTN
  - Eliminate the proposed requirement that transit providers incur the termination expense of originating carriers
  - Do not prejudge the status of originating access, but rather leave it to an FNPRM
- Reform universal service by:
  - Cap CETC support and eliminate the Identical Support Rule
  - Aid broadband deployment through carefully targeted universal service support
  - The Commission should not implement any reform of the non-rural high-cost support mechanism without addressing its obligations under the 10th Circuit remand
  - Implement the hybrid numbers-connections USF contribution methodology

USTA (19)

Move forward with access reform:
- Intrastate access rates to interstate levels
- Classify VoIP as a federally regulated non-common carriers service subject to the same compensation rules as other competing technologies
- Provide all ILECs a fair opportunity to recover lost revenues through reasonable SLC increases and an access recovery mechanism
- Task a new Joint Board to move ICC from the current reciprocal compensation/access model to a single model under 251(b)(5)

- Move USF contribution to a numbers-based approach with additional per connection charge for high-cap business customers
- Retarget USF distribution below the study area level for non-rural carriers

Verizon and Verizon Wireless (73)
- Reaffirm that VoIP and IP-enabled services are interstate and subject to exclusive Commission jurisdiction
  - Determine the classification of VoIP as an information service
- Phase down all CETC USF funding over five years and initiate a rulemaking to examine broadband and wireless infrastructure funding
- Adopt comprehensive ICC reform that provides prompt transition to a uniform terminating rate
  - The draft orders represent a reasonable approach to addressing the phantom traffic problem that could be adopted as part of a broader order or on a stand-alone basis
  - Immediately put an end to the illegal arbitrage scheme known as "traffic pumping"
- Adopt a workable universal service contribution system based on telephone numbers

ILECs, Mid-Size

CenturyTel (37)

- Reduction of regulatory arbitrage, stabilization of universal service, protection of consumers and rural networks should guide any reform efforts
- The FCC should take some critical steps immediately, even if it is unable to implement the more controversial aspects of comprehensive reform all at once
- The Commission must protect consumers and rural networks by making available a reasonably sized mechanism to replace reduced ICC revenues, and such mechanism should not depend on whether a company pays dividends, and not require that unregulated revenues subsidize regulated revenues
- The Commission can promote broadband through amore limited initial program than those proposed
- IP-enabled services should be treated as telecommunication services for purposes of ICC

Cincinnati Bell (31)

- The ICC reforms could undercut the Commission's efforts to expand broadband development to underserved areas due to the negative financial effects on many carriers, particularly mid-size carriers
- The Commission has not justified the change from TELRIC to "additional costs", nor has it adequately considered the consequences of imposing a single rate for all carriers
- The Commission's proposal would undermine the special access market
- The hybrid numbers/connections USF contribution system must be rejected

Embarq (74)

- Appendices A, B, and C would not only frustrate the expansion of broadband services, but would also place existing rural network integrity at risk and threaten to ultimately cripple or even bankrupt carriers serving rural areas
- The proposed Orders reduce implicit support and fail to assure the additional funding required to provide government-mandated, below-cost service in high-cost rural areas.
- The proposed Orders are profoundly unfair to mid-sized price cap carriers service rural areas, and will directly harm millions of rural consumers by denying them broadband services and placing their existing service at risk
- The Commission should retain TELRIC and reject the "additional cost" standard that is unreasonable, under compensates local carriers, will discourage investment and frustrate universal service goals

Frontier (22)

- The proposed orders would create unintended consequences for mid-size price cap ILECs and their customers, and benefit large carriers that would no longer be required to make fair contributions to network costs
- The five year build-out requirement – in conjunction with the near elimination of access charges, a cap on USF recovery, a completely insufficient mechanism to replace lost revenue – would harm rural consumers
- The Commission should adopt the ITTA recommendations
    - Do not adopt the "additional cost" standard

Iowa Telecom (10)

- Modify its proposals consistent with the reasonable and thoughtful proposals of ITTA and USTA
- Establish a more reasonable glide path to unified rates, and adopt a workable alternative cost recovery system
- Adopt the Embarq BCS Solution, as modified by ITTA, to address the critical needs of high-cost support for rural price cap carriers

ITTA (31)

- Terminating access rate unification must reflect the needs and dynamics of
- different types of carriers
- An Alternative Recovery Mechanism (ARM), available to non-National price cap carriers that lack a combination of National wireless and wireline local and long distance coverage, shall be established to enable revenue replacement opportunity for revenue losses due to mandated rate reductions
- SLC increases (res $1.50, MLB $2.30) phased-in over 3 years
- Terminating access and reciprocal compensation for all IP → PSTN traffic, and originating access to PSTN → IP traffic
- Reform USF through adoption of the modified Broadband and COLR proposal in ITTA'sOctober 10, 2008 ex-parte
- Retain TELRIC and do not adopt the "additional cost standard"

SureWest (10)

- Going forward, VoIP must pay the same ICC charges as providers using other competing technologies
- The Commission should rule that for the period prior to the commencement of comprehensive ICC reform, VoIP providers were required to pay access charges to terminate calls on the PSTN

Windstream (73)

- Adopt fair and balanced ICC reforms that address areas where Commissioners have identified a "growing measure of consensus"
- ICC reforms in the Commission's proposals would jeopardize services offered by mid-sized price cap carriers
- Proposed reforms to USF are inadequate and could exacerbate existing problems with high-cost support

- The proposed Lifeline and Link-up pilot program fails low-income, rural consumers
- Replace the existing USF contribution mechanism with a telephone number-based methodology

ILECs, Rural

Broadband Service Coalition (20)

- The transition should be modified to provide for 1) a two-year period before transition to a unified rate begins, 2)an additional five-year period to provide for a more gradual transition from intrastate to interstate rates, and 3) a final five-year period to transition to a new interstate access charge
- Provisions for BSP recovery mechanism should be provided in markets where they compete with ILECs that have been provided with recovery mechanisms
- IP-PSTN should be subject to interstate access charges

Equal Access Service Providers (3)

- Any access charge reductions could have detrimental consequences to Centralized Equal Access (CEA) providers
- The current ICC reform proposals should not apply to current CEA providers in order to continue to support the efficiency and technology these companies provide to rural customers

D&E Communications (8)

- The Commission should explicitly rule that providers of IP-PSTN traffic (including VoIP) must, during any "transition" period, pay the same ICC charges as providers using other technologies
- In addition, the Commission should rule that for the period prior to the enactment of new ICC rules, VoIP providers were required to pay access charges to terminate to the PSTN

GVNW (13)

- The "additional cost" standard should not be adopted
- Unified rates should be the same for all types of traffic, but may differ among companies based upon cost characteristics
- The Chairman's proposal to allow the highest rate to be applied to unidentified traffic should be adopted
- For RoR ILECs, support of the operations and maintenance costs through universal service mechanisms is vital in order for the subscriber to continue to receive service

Home Tel. Co. & PBT (7)

- The only viable proposal for reform is that set forth in Appendix C
- While there are many areas in this plan that commenters would prefer to see improvements, compromise is necessary if progress on these complex issues is to be made
- States with intrastate terminating switched access rates at or below interstate rates need special considerations regarding SLC cap increases at Stage One of the Transition Plan
- The Commission should consider alternative proposals for states that have already reduced intrastate terminating rates at or below interstate levels where RLECs participate in the NECA End User Common Line tariff

Iowa Telecommunications Assn.(24)

- Do not adopt a freeze on existing USF mechanisms, since current caps on the fund already limit its growth
- Defining IP-PSTN service as an "information service" would incent carriers who pay termination, such as IXCs and wireless carriers, to make changes to avoid such payments
- The incremental cost method in the Orders should not be implemented
- Rates should be unified at company-specific levels
- Supplemental ICLS should be provided to RoR carriers to allow them an opportunity to earn an adequate rate of return
- Supports the addition of the Rural Transport Rule
- Supports the proposed call signaling and compensation rules

Minnesota Independent Coalition (12)

- Appendix A should not be adopted under any circumstances because of the severe economic harm that would be imposed on rural consumers
- Appendix C provides a far better approach if the Commission concludes that an immediate decision is needed, although there are significant adverse economic impacts and risks that remain highly probably under Appendix C
- Modifications that can be made to Appendix C that would provide an acceptable framework for reform of ICC and USF would address:
  - Avoiding unreasonable transitional impacts
  - Extreme high-cost situations
  - Application of Caps
  - IP Traffic

Missouri Small Tel. Co. Group (16)

- Opposes proposals to cap USF support and force states to impose a statewide reciprocal compensation rate at or below $0.0007 per minute for rural RoR carriers
- Opposes the proposal to exempt IP-PSTN traffic from access charges and restrict state commissions' authority to grant modifications or suspensions under 251(f)
- Supports proposals to eliminate the identical support rule, to establish rules to address phantom traffic, and to clarify that small rural carriers are not required to transport traffic beyond their rural exchanges

Nebraska Rural Independent Cos. (26)

- Retain the existing TELRIC Plus standard in accordance with 252(d) to set a single rate per operating company
- Do not place 251(g) access service in the realm of the reciprocal compensation framework of 251(b)5 as long as there are long distance carriers that need access to ILEC networks to provide long distance service
- Seek further comment on the AT&T and Verizon "Edge Plan" given the lack of specificity provided in the proposed orders
- Prior to taking any further actions on access rate reductions, the Commission should determine whether reducing intrastate access rates to interstate levels has reduced or eliminated arbitrage opportunities, and investigate the effect of unifying terminating access rates on the USF system
- Conclude that IP-PSTN traffic is a telecommunications service subject to access and reciprocal compensation, as appropriate

NECA (49)

- The Commission should follow the "growing consensus" approach to reform described in the Joint Statement of Commissioners Copps, Adelstein, Tate and McDowell
  - Unify state and interstate access rates on a voluntary basis using a federal restructure mechanism
  - Moderate end-user increases based on a reasonable federal benchmark
  - Address phantom traffic and traffic pumping
  - Confirm that VoIP calls are subject to the same ICC pricing as other voice traffic
  - Match carrier commitment to universal broadband development to renewed regulatory commitment to RoR-based funding
  - Replace the Identical Support Rule with a cost-based mechanism targeting specific deployment goals
- The Commission should avoid actions that will lead to regulatory chaos rather than reform
  - Do not cap or freeze support at below-cost levels for RoR carriers
  - Adopt unified – not uniform – rates reflecting cost differences among carriers
  - Include broadband, and follow a consistent approach for all funding mechanisms

NTCA (51)

- State commissions should be allowed to voluntarily move intrastate access rates to interstate levels over a reasonable time period, with an alternative recovery mechanism
- Interconnected VoIP service must pay the appropriate ICC rate
- Refrain from adopting the AT&T Edge proposal
- Eliminate the identical support rule and base support on a CETC's actual costs over a reasonable period of time
- Incorporate broadband into universal service policy
- Reject reverse auctions because they will not facilitate broadband in high-cost rural areas and will put rural consumers at significant risk
- Require tandem switching rates and tandem access transport to be cost-based

NTTA (49)

- The Commission should define "unserved area" for voice services, similar to what is proposing for broadband service, in recognition that many Indian Reservations still have disturbingly low levels of voice telephone penetration
- The Communications Act and the federal trust responsibility to tribes require the adoption of a voice dial tone safety net for tribal areas that would re-align the Commission's decisions on the requirements of ETCs to meet the needs of underserved tribal areas
- The Commission should stand ready to enforce any failure of an ETC to fully connect all geographic areas in tribal land areas
- Tribal land areas must be designated as separate study areas to help focus federal USF support where it is needed most, and to clarify the authority of tribal governments over their land
- The Commission must specifically consider the impact of the reforms that it undertakes in the is proceeding on the service penetration on tribal lands.

Oklahoma Rural Tel. Coalition (17)

- Revisions to the existing USF and ICC regimes must recognize distinctions applicable to rural ILECs subject to RoR regulation
- Rural ILECs must 1) be able to establish cost-base ICC rates 2) receive payment from all carriers that use their networks 3) receive adequate call signaling detail to properly bill for the use of their networks
- Rural RoR carriers should receive recovery of displaced revenues from a sustainable restructure mechanism
- Revised interconnection rules must recognize the operational and legal realities which limit the financial responsibility for the transport of traffic beyond their networks

OPASTCO and WTA (46)

- The Commission should promptly adopt the Alternative Proposal in Appendix C
  - Prompt action is needed to reform and stabilize the USF and ICC regimes to improve the ability of carriers to provide quality, affordable voice grade and advanced services, including to those living in high-cost rural areas
  - While OPASTCO and WTA support adoption of the Alternative Proposal as a compromise solution to USF and ICC reform, it is far from ideal from the perspective of rural RoR ILECs and their customers

- Certain minor clarifications and modifications should be made to the Alternative Proposal, including:1) Clarifying language regarding elimination of originating charges at the conclusion of the 10-year transition, 2) The "Rural Transport Rule" should become effective at the beginning of the transition period, 3) Additional language in the "additional cost" section to account for the unique status of RoR ILECs, 4) Transit service rates should remain tariffed, 5) If a reverse auction fails to produce a winner, the rural ILEC gets another opportunity with higher support, 6) Tribal lands should be excluded from the new ICC and USF rules, and 7) there should be an explicit waiver process where frozen 2010 support is insufficient to meet broadband build-out requirements
- If the Commission decides not to adopt the Alternative Proposal, it should adopt the compromise intercarrier compensation reform plan for rural RoR ILECs submitted by OPASTCO and WTA on October 10, 2008

Pennsylvania Rural ILECs (4)

- Support, with certain modifications, the Alternative Proposal in Appendix C to the FNPRM
- Issues that warrant further consideration by the Commission include:
  - Confirm that originating access losses are also recoverable through supplemental ICLS provided that 1) the ILEC is under RoR regulation in the interstate jurisdiction, and 2)the lost revenue is not completely recoverable through SLC increases
  - Determine that IP-PSTN traffic is a telecommunications service subject to appropriate ICC charges
  - Extend the date for freezing rural RoR ILEC high-cost support to December 2013
  - Immediately implement the network edge rules outlined in paragraph 270 of Appendix C, and confirm that the rural ILEC has no financial obligations outside its exchange area when it is calling paraty service provider

Public Service Tel. Co, et. al. (24)

(Also South Slope Tel. Co. South Slope Coop. Tel. Co., Townes Telecom., and Venture Comm. Coop.)

- Many of the proposed changes, including the preemptive reduction of state access rates and the introduction of the radical Faulhaber cost model are bad public policy and flawed legally
- The proposal to freeze USF support suffers from an absence of critical information as to whether the resulting amounts will be sufficient, as required by the Act
- The proposals for reverse auctions do not take into account many factors unique to the rural incumbents, such as how the uncertainty inherent in the reverse auction system will interfere with infrastructure financing
- The Commission should eliminate the identical support rule and adopt a broadband pilot program for lifeline and link-up

Rural ETCs in Arkansas (6)

- ETCs must be allowed to recover the cost of aggressive broadband build-out through high-cost universal service support and ICLS
- The identical support rules should be replaced with a cost-based, advanced mobile wireless services, and total service area coverage methodology
- Intrastate access rates should be reduced to interstate levels over three years with a recovery mechanism
- Signaling rules should be developed and financial responsibility rule should be structured as set for the in the FNPRM
- The Commission should confirm that traffic related to interconnected VoIP is subject to current ICC in the same manner as all other traffic on the PSTN
- Additional caps or study area freezes on the USF should not be imposed
- USF contribution reform should be implemented comprehensively – a dual methodology for residential and business would create reporting complications

Rural Iowa Independent Telephone Assn. (9)

- The present proposals will lead to a decline in rural voice service and in rural high-speed Internet access
- The proposals will deter future development of high-speed access in rural areas, and will cause some small rural carriers to go out of business
- If the Commission desires to implement the Telecommunication Acts of 1934 and 1996 it must reject these proposals

Sandwich Isles Communications (9)

- Hawaii should be exempted from proposed policy and rule changes currently set forth by this Commission
- The difficulties of constructing terrestrial infrastructure throughout the volcanic island chain, the difficulties of linking the islands with 500 miles of undersea transport facilities, and the multitude of other high-cost factors impacting Hawaii cause rural mainland costs to pale in comparison
- SIC should continue to operate under RoR regulation and have the opportunity to be included in national tariffs and access revenue pooling, which enable it to provide communications services at affordable rates

San Carlos Apache Telecom. Utility, Inc. (16)

- USF funding has allowed SCATUI to increase telephone penetration from 28% in 1995 to over 94% today
- The Commission has a unique relationship with Indian Tribes and Tribal telecommunications companies

- The proposed "reforms" would be harmful to Tribal telephone companies and Tribal members
- The commission has exempted CETC support on Tribal lands from capping, and should do likewise for the wireline incumbent
- Tribal companies should be exempt from the USF and ICC reforms the commission adopts in this proceeding – similar to Alaska, Hawaii, U.S. Territories and Possessions

TCA (13)

- While none of the proposed Orders contain the entirety of appropriate ICC and USF reforms, the Alternative Proposal in Appendix C is clearly the superior alternative
- Areas of Appendix C which require modification include:
  - Establishment of a "near zero" termination rate that is not cost-based for rural ILECs and results in de facto bill-and-keep
  - Exemption of certain carriers from legitimate termination charges, potentially rendering many of the positive ICC reforms meaningless
  - Freezes USF for carriers, which eliminates both the ability and incentive to deploy broadband, and
  - Mandating broadband availability with the threat of reverse auctions, instead of providing appropriate incentives

Toledo Tel. Co. (3)

- Reforms that are set out in Appendices A and B not only will make access to capital for investment in rural infrastructure impossible to obtain, but threaten the very ability of rural telephone companies to survive
- There are common elements of the Appendix C and the NTCA ex-parte of November 18 that represent positive steps towards reform of USF and ICC:
  - Inclusion of RoR recovery mechanisms
  - Elimination of the identical support rule
  - Creation of traffic record rules to address phantom traffic
  - Adoption of a rural transport rule, and
  - All rural customers have a right to affordable, dependable basic telephone and broadband services

Texas Statewide Tel. Coop., Inc.(36)

- Proposals that reduce intrastate access rates violate due process rights and the Constitution's "Taking" Prohibitions
- In performing high-cost USF reform 1) freezing USF will impede, not spur the deployment of broadband, 2) satellite-based services should not be excluded from support, 3) broadband should be included in the definition of USF, and 4) reverse auctions should be rejected
- The "additional cost" standard does not meet 254 objectives
- Classifying VoIP traffic as an information service jeopardizes ICC reform
- Default interconnection rules are premature and lack clarity

Warinner, Gesinger & Assoc. (14)

- The reforms in Appendix C, with certain modifications, may allow rural ILECs to remain financially viable and serve their customers
- Needed modifications include:
  - No freeze of USF for rural RoR ILECs
  - The requirement for 100% broadband requires ILECs to provide non-regulated information services in order to qualify for receipt of existing USF
  - CLECs should only qualify for high-cost support through a cost showing similar to ILECs
  - Do not eliminate originating access at the conclusion of the 10-year transition
  - VoIP must be subject to appropriate access charges
  - Transit carriers must be subjected to the same rules as ILECs for the pricing of originating and terminating access services

Concerned Wisconsin Cos. Supporting App. C (5)

- The Alternative Proposal in Appendix C is a compromise that attempts to consider and adjust the conflicting interests of many different stakeholders
- If they had been advanced individually, Coalition members would oppose some of the elements of the Alternative Proposal
- As long as paragraphs 320 and 321 are adopted and implemented, Coalition members should remain relatively stable through the transition period
- The certainty of receiving frozen 2010 USF for at least a 10-year period will permit broadband build-out unless the overall economy becomes highly inflationary
- The "Rural Transport Rule" is another important priority

WITA and OTA (24)

- The plans in Appendices A and B not only would make access to capital for investment more difficult, but threaten the ability of rural companies to survive
- While there are elements of Appendix C that represent positive steps, there are other elements that must be addressed before the plan can be adopted:
  - The plan fails to adequately address the needs of rural price cap companies, including a revenue recovery mechanism and the Rural Transport Rule
  - The designation of VoIP traffic as an information service is inappropriate and unwarranted

- Uniform rates for rural carriers should be established through a 3-year transition of intrastate rates to interstate levels, followed by a review to determine if further reductions are appropriate
- The Commission should give serious consideration to the creation of a broadband fund

States

California PUC (18)

- Serious concerns about classifying IP-PSTN services as information services because 1) The classification implicates myriad federal and/or state regulations, and 2) the rationale for the classification is far too broad
- An across-the-board cap on federal high-cost support would not target subsidies to the high-cost areas, an the program must determine with more granularity the actual high-cost areas and more narrowly target support
- The ICC rate unification proposal in Appendix A favors the large carriers, yet could have substantial negative financial consequences for small rural carriers and their subscribers, as well as for some mid-size carriers
- The OPASTCO/WTA proposal in Appendix C would appear to provide a reasonable solution to avoid rate shock or economic distress, although California does not support the "revenue neutrality" concept
- IXCs should be required to pass through savings from the reductions in terminating access charges
- The Chairman's phantom traffic solution should be implemented ASAP

DE PSC, DC PSC, NJ BPU & PA PUC (6)

- The Four State Commissions have serious concerns with the extremely compressed deadlines given the complexity of the issues
- The Four State Commissions may also file reply comments either individually or collectively

Delaware PSC (2)

- Delaware has been and continues to be a net contributor to the USF
- States are granted the authority to set intrastate terminating access rates

Massachusetts Dept. of Telecom. & Cable (30)

- The FCC does not have sufficient legal authority under 251(b)(5), 201(b), and 251(g) to preempt states' intrastate access charge regimes
- Any reform plan should establish fixed VoIP as a "telecommunications service"
- There should be a reasonable multi-year transition for ICC reform that 1) the specific parameters of which are determined by the state commissions, and 2) which establishes appropriate separations adjustments
- Supports a cap on high-cost support and elimination of the identical support rule, but complete elimination of CETC support is discriminatory and unfair
- If the FCC were to incorporate broadband into USF, then it should establish a separate fund for that purpose

Michigan PSC (13)

- Appendix C would better address the issues related to ICC and USF reform, albeit with certain concerns
- Requiring ETCs to offer broadband as a condition for receipt of USF is appropriate, however the 5-year transition period may be longer than necessary
- The Commission should raise the minimum speed for broadband downloads
- Supports telephone number based USF contributions
- Supports the proposed measures to ensure proper billing
- The MPSC believes that it has a costing methodology in TSLRIC that can be used to determine the appropriate additional costs for terminating traffic
- Individual states should determine whether a single state-wide terminating rate or a single terminating rate per operating company would be more appropriate

Missouri (18)

- The Commission has failed to adequately justify why TELRIC is not acceptable or cannot simply be modified
- There should be a single statewide terminating rate for all companies
- In contrast to the Commission's proposed two-year time period, at least five years should be allowed for reduction of state access rates to interstate levels
- Revenue neutrality should not be ensured for any company
- Cap originating access rates, however delay the elimination of such rates
- Applying broadband deployment milestones is not reasonable without the ability to consider waiver requests and the associated validity of broadband deployment
- High-cost USF reform should be competitively neutral
- Supports telephone number-based USF contributions for residential customers – the connections-based mechanism for business customers should have a more granulated rate structure
- Supports the proposed measures to ensure proper billing

NARUC (24)

- The proposed Orders virtually rewrite key sections of the Statute – overriding literally decades of case law, ignoring express reservations of State authority, and redefining statutory terms in a manner that Congress could never have intended – to, among other things:
  - Unlawfully constrain retail rate design by preempting intrastate access charges, building on the flawed legal rationale of the Core Remand Order
  - With no factual basis, based on specious legal rationale, determined that 1) use of a particular protocol "VoIP" and which 2) clearly fit Congress' functional definition of "telecommunications services: in the 1996 Act, are instead "information services"
  - Undermine State universal service and infrastructure deployment programs by revising without caveat the federal contribution mechanism or addressing required adjustments to the Part 36 separations rules
- Not one of these proposals is likely to survive judicial review

Nebraska PSC (22)

- Overall, NPSC agrees with the following principles:
  - Consumers should not be burdened with rate increases, particularly in states where rates are high in comparison to other states
  - Phantom traffic and access stimulation should be addressed
  - The identical support rule should be eliminated
  - Broadband must be prioritized as a universal service goal
  - Intrastate access rates should move to interstate levels over a reasonable period of time
  - An alternative cost recovery mechanism should be implemented for access charge reductions in certain circumstances
- The NPSC disagrees with the following proposed measures:
  - Reform which ignores or penalizes consumers n states where access charge reductions have been already offset by state USF contributions and/or local rate increases
  - USF and ICC reform which undermines the goal of affordable and reasonably comparable rates
  - The use of reverse auctions
  - The use of the "additional cost" standard to price intrastate access rates

Ohio PUC (65)

- One area in which the Ohio Commission has particular concern is that the limitation of the state's participation in "moving the ball forward"
- Appendix B is an excellent foundation for the development of a long-term solution to the longstanding issues surrounding the USF
- Appendices A and C represent significant improvements over the current situation
- A single, uniform terminating rate is a clear solution to minimizing, if not eliminating arbitrage, and the transition proposal will reduce the inevitable dislocations that result from any sweeping change to a market structure
- The proposed treatment of ICC billing is a great improvement, even if done independent of other ICC reform
- The Commission takes the unnecessary and unlawful step of declaring that all PSTN services either originating or terminating over Internet Protocol (IP) are "information services"
- The proposed access revenue recovery plan has a preemptive effect on States' authority to set intrastate rates
- USF reform should support the different societal goals of ubiquitous voice telephone service, ubiquitous broadband availability, and competition

Oklahoma CC (15)

- Supports the elimination of the identical support rule
- Supports the USF contribution reforms described in Appendix B because the result is certain and immediate
- The Commission should reconsider its proposed unfunded mandate that ILECs deploy broadband services capable of serving every customer within five years
- Generally opposes the proposal to freeze USF funding at current levels – reforms necessary to reduce increasing USF support levels should be targeted to address the root cause of USF growth (i.e., CETC funding)
- Opposes any reverse auction mechanism that may result in the loss of USF Support to rural ILECs
- Some reform in ICC may be appropriate, however the proposals in Appendices A and C are not in the public interest, and will result in rural consumers paying higher rates for basic telecommunications services
- Supports the proposal to allow billing at the highest rate when appropriate billing information is missing

Pennsylvania PUC (41)

- Supports cap on the USF and elimination of the identical support rule
- Appendices B and C have not completely considered the long-term ramifications of limiting USF support to one carrier
- The proposals all fail to address the issue of Early Adopter expenses that already underwrote compensation reforms and what, if any, compensation the get in the policy
- While the ICC reform plans in Appendices A and C avoid outright preemption at this time, imposing a costing methodology to support an express rate cap limit of $0.0007 is the constructive equivalent of preemption
- The use of forbearance or outright preemption, as is proposed to support the determination that VoIP

is and “information service,” will effectively rewrite federal law
- The Commission’s new “additional cost” standard for replacing TELRIC is arbitrary and burdensome

Tennessee Regulatory Authority (3)
- The reduction in terminating intrastate access rates resulting from the adoption of either of the comprehensive reform proposals leads to a significant revenue reduction for many of our small rural carriers
- The TRA does not believe that these proposals benefit our rural consumers and telephone providers
- TRA is concerned about the legal theories underlying the reform proposals, and supports the comments and positions of NARUC that state commissions should retain jurisdiction over intrastate access rates
- The proposals will threaten the ability of rural carriers to tap financial markets finance the required broadband build-out by thinning their revenue streams.

Virginia CC (3)
- Neither Appendices A or C provide the detailed and necessary information to evaluate the impact on carriers, states or consumers
- For example, Appendix C does not identify or describe the USF funding necessary to provide supplemental ICLS funding for rural RoR carriers
- Radical changers such as those in Appendices A and C should not be undertaken with only limited opportunity for interested parties to evaluate and comment

Washington UTC (9)
- The UTC continues to have concerns about the potential adverse effect of the FNPRM on rural business and residential consumers, particularly those served by mid-size carriers
- The new proposals in the FNPRM have not been fully debated, yet would lead to significant adverse consequences for rural customers in Washington state
- UTS opposes the FNPRM in its present form

Wisconsin PSC (12)
- The proposed phantom traffic solutions will substantially advance resolution of this issue and should be implemented even if comprehensive reform is not taken immediately
- The timelines for both the expected deployment of broadband and the two-year time frame for large reductions in intrastate access revenues, and the very tight credit market at present will make it difficult for some providers in Wisconsin to make such investments
- In reforming USF collections, the relative contributions of residential and business customers should not be significantly altered
- The PSCW is concerned that no funding is currently available for rural areas of non-rural carriers in Wisconsin
- There is no need to discard the TELRIC rules
- PSCW disputes the FNPRM’s conclusion that “capping support in the manner discussed below will provide specific, predicable and sufficient support to preserve and advance universal service”
- The sweeping classification of IP-PSTN traffic as an “information service” is not consistent with the facts or with sound public policy

Wyoming PSC (6)
- The Commission should not approve the proposal to reform ICC and USF released on November 5, 2008
- A number of negative and disruptive effects are to be expected if the proposal goes forward
- The proposal would fail to provide reasonably comparable rural and urban rates, or a sufficient universal service fund – especially in rural Wyoming where costs are high

Wireless

American Assn. of Paging Carriers (19)
- Any USF contribution methodology based on a uniform charge per number across all telecommunications industry segments would be exceedingly injurious to the paging industry and potentially disastrous
- A Numbers-based contribution methodology would massively offload obligations from mobile telephone carriers, while at the same time imposing a crippling increase of more than 800% on paging carriers
- The Commission should not consider significant modifications to the USF Contribution methodology at this time, and should defer any such consideration until modifications to USF and ICC have been implemented and evaluated

CellularSouth, et al. (17)
(Also NE Colorado Cellular, MTPCS d/b/a Cellular One)
- ICC rates should be harmonized at $0.0007 per minute of use
- All support should be made fully portable to CETCs
- Define COLR and require all ETCs to accept COLR obligations
- All ETCs should be permitted to use support to provide broadband Internet access service to rural areas
- Target USF support more accurately
- Reject a step-down of support to CETCs

Centennial Communications (7)
- The approach taken in Appendix C towards USF funding for CETCs strikes the best balance among the numerous competing concerns the Commission is trying to address

- Modify the phase-down of CETC support to be a true 5-year transition by not making the first reduction until the beginning of year 2
- Insular areas should be excluded from the reach of the proposals in the FNPRM
- The Commission lacks the legal authority to de-fund CETCs
- Modify the numbers-based contribution methodology to minimize the impact on wireless "family plans" and similar arrangements in which a single account shares multiple telephone numbers
- Recognize the benefits and distinctive characteristics of mobility in connection with establishing rules for broadband support

Comnet Wireless (17)
- Supports the continued use of state-by-state CETC cap approach, and opposes the proposal to replace this with a carrier-by-carrier methodology during the transition period
- Restricting eligibility for participation in reverse auctions to ETCs is contrary to the public interest
- All ETCs should be required to commit to offering broadband service throughout the ETC area as a condition to continued eligibility

CTIA (41)
- Generally supports the adoption of Plan C for high-cost USF reform, Plan B for contribution reform, and Plan A for ICC reform
- The successor support system for advanced wireless networks – like the USF system as a whole – should be based on objective measures of cost that encourages and rewards efficient investment in next generation technologies
- Supports a pure numbers and connections-based methodology, such as Plan B, however provisions must be made for prepaid wireless and family plans to ensure that the mechanism is equitable and non-discriminatory
- Transition to the new ICC regime should be shortened to no more than 5 years
- Supports the additional cost rule in Plans A and C and the default network interconnection rules, however the "Rural Transport Rule" in Plan C must be rejected as it would lead to inefficiencies and inequities and violate the provisions of the statute
- No carrier should be provided with additional revenue recovery opportunities unless it meets the stringent requirements of Plan A, including all revenues from all of the services that can be provided on the supported network (including non-regulated services such as broadband).

Leap Wireless (18)
- Assess USF contributions for prepaid wireless service plans consistent with the plans' retail pricing structure
- Do not eliminate USF funding for wireless ETCs
- Adopt bill-and-keep to eliminate both incentives and opportunities for carriers to create traffic imbalances
- Require all carriers to deliver traffic to the edge of the terminating carrier's network, and affirm Large ILECs obligations to provide transit service at cost-based rates

Metro PCS (38)
- Generally supports Appendix C, and strongly agrees that all traffic should be treated the same, with a defined path that unifies all carriers at $0.0007 or less
- Modifications to the ICC reform plan should be made as follows:
  - Ensure that the rules during the initial transition period apply equally both to access and reciprocal compensation traffic
  - Clarify that carriers that now are exchanging traffic on a de facto bill-and-keep basis pursuant to indirect interconnection arrangements are subject to the ban on rate increases
  - Include rules governing originating access traffic, transit traffic, wireless access charges, and IP-PSTN in its proposed reforms in order to make certain that its ICC regime truly is unified
  - Shorten the ten year transition period to five years
  - Take additional steps to assure that the glide path toward lower rates is better defined
- Clarify the definition of "accessible number" in the USF Contribution reform in order to make sure that carriers only are making contributions for revenue generating phone numbers

Rural Telecommunications Group (9)
- Any decision to vastly expand the scope of 251(b)(5) to include any "telecommunications" traffic, rather than "local" traffic, is highly likely to lead to litigation and lawsuits as the Commission treads on previously well-defined state jurisdiction
- USF support should not be relegated to one class of carriers or limited to certain technologies, nor should such support be divvied up through the use of reverse auctions that will relegate rural consumers to lowest denominator telecommunications service
- Any support for broadband services should be done on a technologically neutral basis

Smith Bagley (7)
- The exemption in Appendices A, B and C for providers operating in "Alaska, Hawaii, or U.S. Territories and possessions" should be expanded to include tribal lands in the continental United States
- Factors supporting specific treatment for tribal lands include low telephone subscribership, high poverty levels, geographic isolation, and other hardships.

Sprint Nextel (59)
- Reduce terminating ICC rates for transport and termination to a single, statewide "additional cost" level within five years

- Implement triggers and certifications to discourage traffic pumping schemes during the transition to "additional cost" terminating rates
- Clarify that IP-enabled services are not subject to access charges, and that telecommunications providers of IP-enabled services retain all of their existing rights to UNEs, numbering resources, and interconnection under 251 252
- Address special access reform with six months of an initial order on ICC reform
- Reaffirm that transit is an obligation under 251(c)(2), and rates should be based on "additional costs"
- Reject asymmetric compensation rates, and reject the "Rural Transport Rule"
- "Right size" the federal USF, and avoid the temptation to turn it into a "make whole" fund to protect incumbents from the pressures of competition
- Provide competitive carriers with a reasonable opportunity to justify their receipt of high-cost USF support
- Adopt a numbers/connection-based USF contribution methodology for both residential and business customers

T-Mobile (27)

- Appendix A provides the more balanced approach to USF and ICC reform, but should be modified as follows:
  - The transition for uniform, incremental-cost-based terminating rates should be reduced from ten to five years
  - CMRS providers should be authorized to assess terminating access rates starting at the beginning of the transition
  - IP-PSTN calls should be classified as information services, but the Commission should clarify that this does not affect the interconnection rights of wholesale carriers
  - ILECs should be required to provide tandem transit services upon request, and transport rates should be reduced to cost-based levels
  - The proposed USF contribution methodology should be adjusted to provide a 50% discount after the first number used with a wireless family plan
  - Supplemental funding for RoR ILECs should be subject to the same conditions as for any other ILEC or CETC, and ILECs should lose high-cost support when they lose access lines
- Adopt the proposed broadband Lifeline Link-up pilot program for low-income consumers

Tracfone Wireless (7)

- Include a "by the minute" contribution plan for prepaid wireless if the Commission adopts a telephone numbers-based USF contribution methodology
- Establish a broadband Lifeline pilot program with sufficient funding support so that the impact of Lifeline support on low-income broadband Internet access penetration may be properly evaluated

US Cellular (64)

- If the Commission decides that it must take action at this time, it should adopt the "Wireless Broadband Expansion Proposal for Rural Areas" that has been developed by US Cellular. Components of this plan include
  - Support to CETCs would be frozen at December 2008 levels
  - Broadband Internet access service would be treated as a supported telecommunications service for the limited purpose of distributing high-cost support
  - CETCs would have the option to commit to deploy broadband with average downlink throughput rates of at least 768 kbps in their service areas within five years
  - These broadband networks, when completed at the end of year five, must make broadband service available to at least 90% of the population in the carrier's ETC service area
  - Wireless CETCs will be required to submit annual progress reports to the Commission
  - Following the adoption of the proposal, the Commission will promptly commence a proceeding to develop comprehensive and competitively neutral additional reforms that would further advance the interests of consumers throughout rural America

USA Coalition and Rural Cellular Assn. (40)

- All three proposals fail to define key terms and objectives of the universal service provisions of the 1996A
- The proposed permanent cap on USF funding is fundamentally inconsistent with the Act, and would lock in place the alleged flaws of the current system and fail to advance the goals of universal service
- Phasing out support to CETCs is arbitrary and capricious and fundamentally inconsistent with the Act
- The proposed orders would inhibit deployment of all broadband services, including wireless broadband
- The proposed hybrid contribution reform mechanism is unnecessarily complex, and harder to administer than a pure revenues or connections based methodology
- The Commission should consider a pure connections-based USF contribution methodology

USA Mobility (15)

- Subjecting paging carriers to dramatically increased USF charges would be unlawful and unsound as a policy matter
- In light of these legal and policy concerns, the Commission should retain revenue-based assessments for paging carriers, or establish a carve-out along the same lines proposed for prepaid wireless services

Virgin Mobile (19)

- A numbers-based USF regime would discriminate against prepaid wireless services
- The "USF by the Minute" contribution methodology for prepaid wireless properly accounts for the unique nature of these services
- Capping the high-cost funding is necessary to slow unsustainable growth and complies with the Act's requirements
- Reverse auctions would result in more efficient use of high-cost support
- A broadband Lifeline system should foster access to broadband services by lower-income customers
- Approval of Virgin Mobile's outstanding ETC requests would enable the Company to participate in the broadband Lifeline program

Other

Associated Teleservices, Intl. (24)

- Any USF contribution methodology based upon a uniform charge per telephone number, across all industry segments, would result in a drastic and onerous rate increase for the Telephone Answering Service industry

ATX Group (15)

- A numbers-based USF contribution mechanism would be unfair to automotive telematics providers and choke off the tangible improvements in vehicle safety and emergency response that telematics delivers
- The regressive character of the proposed $1 fee dilutes the credibility of the USF to collect and spend monies fairly

Connected Nation (7)

- Supports proposal to extend federal Lifeline and Link-Up USF to support the purchase of broadband services by low-income households
- Funds should be available for all qualifying households, regardless of the broadband deployment status of their chosen service provider
- Instead of the first-come-first served approach for distributing funds, priority should be given to states that have implemented a comprehensive broadband education and demand-stimulation program which addresses low-income households

CostQuest (320)

- The Commission should adopt an Advanced Services Model for the funding of all high-cost mechanisms for ETCs and CETCs
- CostQuest establishes a process and a timeline for developing the Advanced Services Model that results in its timely completion
- The Commission should undertake a detailed look at the costing approach used for ICC rate making and develop a template methodology to implement standard costs within each state

Go America (4)

- Supports proposals to include broadband service under the Lifeline and Link-up programs
- Clarify that equipment used for Voice Relay Services (VRS) should be eligible for the subsidy, and that VRS providers should be eligible to distribute such equipment to qualifying deaf and hard-of-hearing persons and to apply and receive subsidy payments

Google (13)

- The Commission should clarify that the ICC rules would not subject IP traffic to access charges, and that the Commission is not eliminating the ESP exemption
- Billing rules should be limited expressly to carriers handling voice calls, and not impede IP services and applications
- Universal service reform should maximize IP innovation and broadband deployment to promote consumer welfare

Hughes Network Systems & Inmarsat (19)

- USF support should be available without the need for a waiver to ETCs that include broadband Internet access by satellite in their offerings
- Do not require minimum download and upload speed thresholds for Internet access that artificially homogenize broadband offerings and will become outdated in the near future as technology evolves
- Satellite commentators are concerned that the proposed contribution rate of $35 per assessable business connection over 64 kbps would have a punitive effect on satellite broadband providers who have a lower user to connection rations that terrestrial broadband providers

iBasics (15)

- The phase-out of originating access charges should mirror the treatment of terminating access charges
- Locally dialed prepaid calling cards are subject to 251(b)(5)
- The USF contribution methodology should not base revenue on the retail value of calling cards

IDT (5)

- The tentative conclusion that prepaid calling cards are business services based on the manner in which they are distributed to the ultimate end user is erroneous and relies heavily on a misstatement of prior positions taken by IDT in unrelated proceedings

MegaPath (5)

- Opposes the adoption of a connections-based contribution formula for the USF, especially for connections used to provide Internet access or other information services
- MegaPath is astonished that the Commission would even request public comment on a proposal to assess a $35 charge for small business Internet access services that today may be priced for less than $50

Network Enhanced Telecom & NetworkIP (10)

- Replace the current revenue-based contribution methodology for residential and business services with a numbers-based contribution approach
- In the event a revenue-based system is retained, the Commission must resolve outstanding questions about this application, particularly with regard to prepaid calling cards

National Rural Telecom. Coop. (10)

- Allow an ETC to use satellite broadband technology to meet its obligations in all instances without the necessity of obtaining a waiver
- When weighed against the value and opportunity that satellite broadband offers, latency and rain fade are, frankly, negligible factors that do not merit consideration

PAETEC Comm. (32)

- Disagree with the proposals in Appendices A and C that would adopt a new, incremental cost standard to replace TELRIC for the transparent purposes of driving down and establishing an effective cap on rate for traffic terminated on behalf of other carriers
- Disagree with the proposals to set traffic termination rates on an industry-wide basis applicable to all carriers within a given state
- The reasoning proffered in support of these proposals is unsound, and both preliminary conclusions appear to sacrifice sound economics in favor of contrived cost methodology instructions for purposes of achieving a preconceived outcome – i.e., the lowest traffic termination rate imaginable

Qualcomm (13)

- Supports the proposal in Appendices A and C to establish a technologically and competitively neutral broadband Lifeline and Link-up pilot program to enhance broadband and Internet access services for low-income Americans.
- Any wireless broadband network which meets the requirements described in the FNPRM should be eligible for the pilot program

Raw Bandwidth (7)

- Assessing USF contributions based on phone numbers and per-connection fees isn't manageable, is not equitable, distorts the marketplace, and hinders innovation
- Assessing USF based on a percentage of interstate service costs, as is done now, is a simpler, more reasonable and equitable structure for USF contributions, and should be retained – the Commission should focus on the spending side of the USF

Sorenson Comm. (8)

- Supports the establishment of a Broadband Lifeline Link-up pilot program that would be used to enhance access to broadband Internet service for low-income Americans
- The provision of support for broadband Internet access services to low-income Americans who are deaf and hard-of-hearing will, among other things, assist in making Video Relay Services available to all deaf and hard-of-hearing Americans

Telecom Investors (19)

- The confidence of investors in the Commission's commitment to maintaining regulatory stability to foster new investment in competitive providers of telecommunications services is challenged by the NPRM's proposals to tilt the ICC field in favor of the two largest vertically integrated companies in the sector at the expense of smaller competitive entrants
- In reforming ICC: 1) Terminating rates should vary by company, 2) Retain existing interconnection rules to promote stability, and 3)Clarify that classification of IP-PSTN service as information services does not affect LEC 251 and 252 rights and duties
- TELRIC should not be replaced with an incremental cost standard
- A hybrid numbers and connections USF collection mechanism would be discriminatory and inequitable to small businesses

Toyota (18)

- Imposing numbers-based USF charges on telematics providers would violate 254(d) and the APA
- Standard telematics services do not entail the provision "telecommunications"
- The proposals to subject telematics providers to numbers-based USF assessments would undercut important public safety benefits

Trilogy International (5)

- Include the TRS, NANPA and LNP funds in any reform of the USF contribution mechanism
- The Commission should not make the system more complicated by keeping the broken system partly intact and adding additional complications to it
- All programs now covered by Form 499 should be moved to the new numbers/connections formula at the same time in 2010

VON Coalition, et.al. (19)
(Also CCIA, ITI, Net Coalition, & TIA)

- Adopt reforms that encourage innovative communications services and applications and continue to foster more rapid deployment of broadband networks to unleash the benefits of evolving technologies
- Continue pro-growth, pro innovation policies that have kept access charges off of Internet-enabled voice communications
- Should the Commission not adopt bill-and-keep, it should confirm that the appropriate compensation mechanism for for-fee VoIP-to-PSTN services traffic is a low, uniform terminating rage that fore accurately reflects costs and does not require jurisdictionalization of traffic
- In confirming that IP-PSTN and PSTN-IP traffic is classified as an information service, the Commission should also confirm the right of carriers to interconnect for purposes of terminating VoIP traffic on the PSTN
- Reaffirm that all Internet-based voice services, if regulated at all, are subject to exclusive federal jurisdiction
- Adopt a forward-looking phantom traffic solution that does not apply the highest of rates to the most innovative of services
- Move directly to an appropriately defined numbers-based USF contribution mechanism, and should not include telephone numbers that are used to foster free and/or innovative services, including free Internet-based voice services
- Do not apply USF to the “functional equivalent identifier” of a NANP telephone number

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