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RURAL ASSOCIATIONS REPLY TO COMMENTS ON FCC'S BROADBAND UNIVERSAL SERVICE REFORM PROCEEDING

Comments show broad agreement on need for universal service reform; Commission should develop a comprehensive plan to identify how future broadband mechanisms will work

WASHINGTON (August 11, 2010) – The FCC should not begin dismantling existing universal service mechanisms without clearly identifying how future broadband mechanisms will work, according to reply comments filed today by several rural associations.

The National Exchange Carrier Association (NECA), the National Telecommunications Cooperative Association (NTCA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), the Western Telecommunications Alliance (WTA) and the Rural Alliance, along with 41 concurring state associations and other groups, filed the joint reply comments in the FCC's Notice of Proposed Rulemaking (NPRM) and Notice of Inquiry (NOI), which seek comment on proposals regarding Broadband Universal Service Fund (USF) reform.

The groups said July 12 comments make it abundantly clear the Commission's various universal service reform proposals are, at best, premature. The Commission should decline to make changes in existing programs at the present time. It can then turn its full attention to developing a comprehensive plan that includes well-designed broadband mechanisms that fully incorporate the service and funding objectives of the 1996 Telecommunications Act.

The Associations remain committed to finding a solution that enables rural providers to bring broadband services to the communities that increasingly rely on them for healthcare, education, commerce and other applications. Their reply reinforced vital points that they and others made in comments:

- The Associations acknowledge the current system is in need of reform, but reform should be accomplished in a comprehensive manner.
- Uncertainty caused by the incomplete proposals in the FCC's NPRM is undermining broadband deployment in rural areas. Commenters express bewilderment as to why the FCC would propose

replacing rate-of-return (RoR) regulation, which has a proven track record of success in fostering broadband deployment, with incentive regulation, which has been shown not to work.

- Comments also demonstrate the Commission should not continue to devote resources to developing economic models or “procurement” auction mechanisms, as these will place rural consumers at risk.
- The potential for an urban/rural digital divide remains a major concern, and the Associations emphasize the need for well-designed support programs that include investment incentives and continued support for the broadband network infrastructure, so all Americans, no matter where they live, can enjoy the benefits envisioned by the National Broadband Plan.
- The comments provide several suggested alternatives to the FCC’s proposals that deserve consideration. The Associations look forward to working with Commission staff to develop workable broadband support mechanisms that ensure specific, sufficient and predictable support for broadband consistent with the 1996 Telecom Act.

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NECA is a membership association of U.S. local telephone companies, dedicated to keeping customers connected on state-of-the-art communications networks. Our services help more than 1000 members across rural America deliver voice, video and data on high-speed multi-use broadband systems. Visit us at www.neca.org

The National Telecommunications Cooperative Association is the premier association representing more than 560 locally owned and controlled telecommunications cooperatives and commercial companies throughout rural and small-town America. NTCA provides its members with legislative, regulatory and industry representation; meetings; publications and educational programs; and an array of employee benefit programs. Visit us at www.ntca.org.

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) represents approximately 470 small, independently owned, local telecommunications companies serving primarily rural areas of the United States and Canada. OPASTCO membership includes both commercial companies and cooperatives, which range in size from fewer than 100 to 100,000 access lines, and collectively serve more than 3 million customers. OPASTCO represents rural telecommunications interests before federal regulatory bodies and Congress, provides publications, and holds two conventions annually in January and July of each year, addressing the needs of the small telecommunications industry. The association has an affiliate 501(c)(3) nonprofit, the Foundation for Rural Education and Development (FRED). Visit the OPASTCO Website at www.opastco.org

Western Telecommunications Alliance is a trade association whose membership is comprised of approximately 250 rural telecommunications carriers providing high-quality voice, video and data services throughout rural areas in the 24 states west of the Mississippi River. On average, WTA member companies serve fewer than 3,000 access lines with fewer than 500 customers in each exchange. WTA’s members serve some of the most rural and hard-to-serve communities in the country and are on the forefront of bringing 21st Century telecommunications services to rural America.

The Rural Alliance is a group of rural local exchange carriers originally organized to advocate for effective intercarrier compensation reform, and now focused on ensuring that the National Broadband Plan includes intercarrier compensation and universal service reforms that will encourage rural infrastructure investments to enable the delivery of high-speed broadband service to all Americans. Visit us at www.rural-alliance.org.