Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Report on the Future of the Universal Service Fund	)	WC Docket No. 21-476
	)	

REPLY COMMENTS
OF
WTA – ADVOCATES FOR RURAL BROADBAND

Derrick B. Owens
Senior Vice President of Government and Industry Affairs
Eric Keber
Vice President of Government Affairs
400 Seventh Street, NW, Suite 406
Washington, DC 20004
(202) 548-0202

Gerard J. Duffy, Regulatory Counsel
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP
2120 L Street, NW, Suite 300
Washington, DC 20037
(202) 659-0830

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Summary

WTA – Advocates for Rural Broadband ("WTA") believes unequivocally that the Commission's Universal Service Fund ("USF") continues to have a critically important role in managing and sustaining the construction, operation and maintenance of the robust, reliable and future-proof nationwide broadband network needed to close the Digital Divide. Whereas the various COVID-19-era infrastructure construction programs constitute a novel opportunity to make substantial progress in the deployment of broadband, the USF's High-Cost Fund ("HCF") will continue to be necessary to generate the capital expenditures necessary to extend and upgrade scalable FTTH broadband networks in many unserved and underserved areas. The HCF will also be required to sustain broadband networks by assisting with the payment of the high per-customer operating expenses for maintenance, installation, personnel and training costs, regulatory reporting and compliance costs, accounting costs, cybersecurity and privacy protection costs, customer service costs, office and vehicle costs, reliability, resiliency, disaster recovery, middle mile transport and second mile operations.

In addition, there is a continuing need for state designation and monitoring of eligible telecommunications carriers and their broadband services; a need for flexible approaches to USF support for the unique and special needs of Tribal lands; and a need for early modernization of a USF contributions system that must remain funded by the industry rather than being subjected to the uncertainties and disruptions of the Congressional appropriations process.

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WTA – Advocates for Rural Broadband ("WTA") hereby submits its reply comments with respect to the Commission's Notice of Inquiry (*Report on the Future of the Universal Service Fund)*, WC Docket No. 21-476, FCC 21-127, released December 15, 2021 (*"NOI").*

It is absolutely clear to WTA that the Commission continues to have the predominant and essential role to manage and sustain the construction, operation and maintenance of the robust, reliable and future-proof nationwide broadband network needed to close the Digital Divide. Whereas the various COVID-19-era infrastructure construction programs that are being administered by the National Telecommunications and Information Administration ("NTIA"), the Rural Utilities Service ("RUS") and the Department of Treasury ("Treasury") offer a singular opportunity to make substantial progress in the deployment of state-of-the-art broadband facilities in unserved and underserved areas, it will not be discernible for well more than a year (and likely several years): (1) what portion of actual unserved and underserved areas will be able to be provisioned or upgraded with the available funding; and (2) how long it will take for the requisite construction to be completed and service commenced. Particularly in the near term, the Commission's High-Cost Fund ("HCF") will continue to have the critical responsibility to encourage and enable the capital expenditures necessary to extend and upgrade scalable and future-

proof broadband networks in many unserved and underserved rural areas. And if and when the goal of ubiquitous high-speed broadband access is achieved throughout the nation by the various Commission and COVID-19-era infrastructure programs, the HCF will continue to be necessary to sustain that network by assisting with the payment of the high per-customer operating expenses necessary to improve, maintain, repair, protect and otherwise respond to customer needs for affordable and reasonably comparable broadband service in rural areas.

These reply comments address the following matters: (1) that the HCF mechanisms of the Universal Service Fund ("USF") remain necessary to facilitate the capital investment necessary to continue progress toward a robust, reliable and future-proof national broadband network; (2) that there is a continuing long-term need for support for high per-customer operating expenses in order to sustain reasonably comparable and affordable rural broadband networks; (3) that there is a growing need for state designation and monitoring of eligible telecommunications carriers and their broadband services; (4) that Tribal lands have unique and special needs that require flexible approaches to their USF support; and (5) that USF contributions need to be modernized but should remain funded by the industry rather than being subjected to the uncertainties and deficit issues that can disrupt the Congressional appropriations process.

Continuing Role of USF in Capital Investment for Broadband Upgrades

The COVID-19 quarantines not only have demonstrated the need for high-speed broadband service for numerous economic, educational, medical and social purposes, but also have initiated many changes (for example, work-from-home and reliance upon videoconferencing) that are likely to continue to rapidly increase the demand for broadband services at higher and higher speeds. This growing need for robust and scalable broadband networks has been made evident by the rapid evolution of USF-supported broadband services from kilobit speeds to 4/1 megabits per second

("Mbps") to 10/1 Mbps to 25/3 Mbps, and by the focus of the recent Congressional infrastructure programs on 100/20 Mbps and 100/100 Mbps speeds. Even that is far from the full story as one recent industry report estimates that 65.4 percent of all subscribers during the Fourth Quarter of 2021 were provisioned for broadband speeds between 100 Mbps and 400 Mbps, while an additional 17.7 percent were provisioned for speeds over 500 Mbps (with 12.2 percent provisioned for speeds of 1 Gigabit or more).[1]

WTA detailed in its initial comments herein that fiber-to-the-home ("FTTH") technology possesses the scalability and capacity needed to adapt efficiently and effectively to these rapidly evolving speed requirements. The $42.45 billion Broadband Equity, Access and Deployment ("BEAD") Program recognizes this fact by adopting a target speed of 100/20 Mbps as the standard for "served" areas. It is WTA's understanding that fixed wireline broadband networks require FTTH technology in order to provide customers with 100/20 Mbps or better service in virtually all instances. And once FTTH is deployed to a customer, the lion's share of construction work and costs has been completed and service speeds can be increased further (for example, to 100/25 Mbps or to the symmetrical 100/100 Mbps service targeted by the Department of the Treasury's Capital Projects Fund and RUS' ReConnect Program or to Gigabit speeds) by far less expensive and time-consuming upgrades of the electronics at each end of customer fiber optic loops.[2]

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[1] OpenVault Broadband Insights Report 4Q21 at www.openvault.com/resources/ovbi (last visited 3/9/2022).

[2] Installation and upgrade of the electronics necessary to set and increase broadband speeds at FTTH locations entail both capital and operating expenses. The electronic equipment necessary to transmit information back and forth between the central office and the customer generally constitutes a capital expense and has a useful life of approximately five years due to both technical obsolescence and physical degradation. And whereas some FTTH broadband speed increases can be completed remotely from the central office, others require a truck roll and replacement or reconfiguration of electronic equipment at the customer location. WTA's point is not that the upgrade or replacement of FTTH electronics is without significant cost, but rather that the major portion of the cost of a FTTH last mile network is comprised of the construction of its fiber trunks, lines and drops (which, barring natural disasters and other extraneous damage, generally have an expected useful life of 25-to-30 years). For example, one WTA member that converted a portion of its service area to FTTH during the recent past indicates that approximately 96 percent of its costs were for constructing the last mile FTTH network and approximately 4 percent were for acquiring and installing the associated electronics.

As noted above, NTIA's BEAD Program and the other Treasury grant and RUS grant-loan programs constitute a unique opportunity to make significant progress in the construction or upgrade of broadband infrastructure in unserved and underserved areas. However, WTA agrees with USTelecom that it is far too early to know where there will be gaps in 100/20 Mbps broadband deployment even after the new federal infrastructure spending is allocated.[3] In fact, WTA agrees fully with Public Knowledge that there "will likely be gaps where deployment funding will be needed and those will need to be completed" by the Commission's own deployment funding efforts.[4]

In its initial comments, NTCA indicates that there are plans to offer in coming months more specific proposals for the enhancement and improvement of certain existing Commission HCF programs [including the Connect America Fund-Broadband Loop Service ("CAF-BLS") and High Cost Loop Service ("HCLS") mechanisms, the Alternative Connect America Cost Model ("ACAM") mechanisms, and the Alaska Plan].[5] WTA has been participating with NTCA and other rural local exchange carrier ("RLEC") representatives in the development of these specific proposals and expects to have them ready for the Commission's consideration within a short time.

WTA strongly opposes NCTA's (the CATV association's) request for a moratorium on new or additional Commission high-cost support (including consideration of the pending ACAM Broadband Coalition proposals) until the Commission can "assess the effects of new broadband programs."[6] Such a moratorium would totally disregard the pressing needs of consumers for high-

[3] Comments of USTelecom – The Broadband Association, WC Docket No. 21-476 (February 17, 2022) at pp. 15-16 ("USTelecom Comments").
[4] Comments of Public Knowledge, WC Docket No. 21-476 (February 17, 2022) at pp. 9-10 ("Public Knowledge Comments").
[5] Comments of NTCA – The Rural Broadband Association, WC Docket No. 21-476 (February 17, 2022) at p. 30 ("NTCA Comments").
[6] Comments of NCTA – The Internet & Television Association, WC Docket No. 21-476 (February 17, 2022) at pp. 8-10 ("NCTA Comments").

speed broadband services as soon as possible. As NCTA should be aware, most of the Infrastructure Investment and Jobs Act ("Infrastructure Act") grant programs cannot distribute their grant funds until the Commission's broadband mapping project is completed and the "unserved" and "underserved" areas eligible for grant funding can be identified. The initial mapping process, plus challenges and revisions, is likely to take at least one-to-two years – which means that the federal and state application, evaluation and approval processes will not be able to progress very far until then. During this likely several-year interim before Infrastructure Act grants are applied for, evaluated and distributed and before the resulting broadband facilities are constructed and rendered operational, RLECs can be using both existing and predictable future revised HCF mechanisms (*i.e.*, mechanisms that include support for capital expenditures) to extend and upgrade their existing networks toward the goal of FTTH and 100/20 Mbps or faster service. In its initial comments, WTA showed how extension of existing fiber optic trunks further and further into RLEC networks toward the goal of providing access to FTTH for the vast majority of rural households in RLEC service areas was a far more efficient and less expensive alternative to the construction of new stand-alone broadband networks. In addition to the immediate service benefits for residents of RLEC service areas, the success of existing or revised HCF mechanisms in deploying FTTH and 100/20 Mbps or better service to RLEC service areas during the interim will better enable the various NTIA/Treasury/RUS infrastructure programs to target areas that would otherwise remain unserved or underserved.[7]

[7] Ultimately, some RLECs may seek and obtain grants instead of loans to help finance their broadband extensions and upgrades. Given that the CAF-BLS and HCLS mechanisms provide recovery only for costs actually incurred, to the extent that a grant covers some portion of an RLEC's capital expenses for broadband network construction, the CAF-BLS and HCLS mechanisms would not provide any HCF support for such "$0" costs. Instead, the CAF-BLS and HCLS mechanisms would support only the recovery of operating expenses and any capital expenses not covered by the grant.

WTA agrees with Public Knowledge that both HCF and grant funding of capital investment should focus on the construction of future-proof broadband networks (Public Knowledge Comments, pp. 4-5). It disagrees with the short-sighted and misnamed "progress-based" fixed wireless approach advanced by WISPA that will constantly lag behind consumer broadband needs and require substantial periodic network reconfigurations.[8] WISPA's claim that there is a "new product" that can deliver "hundreds of megabits" over a "range of 3 km to 5 km in a non-line-of-sight instance or 10-plus km in a line-of-sight deployment" (WISPA Comments, p. 8), even if substantiated, highlights the problem. A technology that can serve only a 1.8-to-3-mile radius on a non-line-of-sight basis and a 6-mile radius on a line-of-sight basis is wholly unsuitable for widespread use in rural areas where mileage distances are measured in double figures (*i.e.,* where customer loop lengths of 10-to-50 miles are common). And distance is not the only day-to-day problem; weather, topography, foliage and congestion when multiple customers attempt to use their service at the same time all adversely impact the quality of fixed wireless service. But the major reason why fixed wireless technology should not be afforded equivalent consideration with FTTH for HCF and other infrastructure funding is that it is not scalable and future-proof. Rather, assuming that they can eventually provide high broadband download and upload speeds, fixed wireless networks will need to build additional towers and reconfigure their service areas multiple times as the broadband speeds used by most customers continue their journey toward Gigabit levels.

The Commission should eliminate, or at least clarify, the principle of "technological neutrality" that it added over twenty years ago to the universal service principles in Section 254(b) of the Act. Where two different technologies have wholly comparable and essentially equivalent

[8] Comments of the Wireless Internet Service Providers Association, WC Docket No. 21-476 (February 17, 2022) at pp. 7-9 ("WISPA Comments").

short-term and long-term service quality characteristics and benefits, the Commission may treat them equally with respect to the distribution of USF support. However, where FTTH is scalable and future-proof while fixed wireless service is not, "technological neutrality" should not require the Commission to ignore the substantial advantages of FTTH in order to treat unequal technologies "equally" for USF distribution purposes.[9]

Finally, the Commission should distribute HCF support for capital expenditures only to entities with a proven record of constructing and operating broadband networks and only for the purpose of extending and upgrading their existing broadband networks. Most RLECs have proceeded significantly down the path of converting their prior voice networks to broadband networks by extending fiber optic trunks further and further into their exchange areas in order to upgrade the broadband services and speeds available to their customers. Some have completed the conversion to wholly FTTH networks, while others have made significant progress but still have a way to go. However, whatever the current status, the upgrade of existing wireline telecommunications networks to FTTH by extending fiber optic trunks is a far more efficient and effective approach for bringing fully comparable broadband services to rural America than the construction of entirely new wireline or fixed wireless broadband networks.

This is particularly true with respect to the alternative approach of reverse auctions. Notwithstanding the posturing of some that the Connect America Fund ("CAF") Phase II and Rural Digital Opportunity Fund ("RDOF") I auctions have been a great "success," there will be no relevant proof of such "success" until the final performance milestones for each auction are reached and it can be determined what portion of the auction winners actually constructed and

[9] WTA is not advocating that fixed wireless service providers be denied future USF support entirely. Rather, the point is that where both FTTH and fixed wireless networks are feasible, FTTH networks should be afforded substantial preferences for federal support and funding purposes due to their scalability, reliability and other technical and service quality advantages.

deployed their proposed broadband networks and services in full compliance with the terms and conditions of their bids. While WTA has long and consistently opposed the use of reverse auctions, it has urged the Commission to preserve the integrity of its reverse auctions by strictly enforcing its rules and by refusing to grant waivers that would allow auction winners to reduce their service obligations or to increase support amounts they agreed to accept.[10]

Long Term Need for USF to Support Operating Expenses

WTA fully agrees with Public Knowledge that the missions of the Commission and its USF programs in advancing universal service are far from over (Public Knowledge Comments, p. 3). In particular, there will long continue to be a need for USF support for high per-customer operating expenses in order to ensure that rural areas and Tribal lands remain served. As Public Knowledge indicates, "[n]etworks do not run themselves; they require people, equipment, maintenance and upgrades" to continue delivering service to their communities and customers (Public Knowledge Comments, p. 10). Long-term sufficient and predictable USF support for above-average per-customer operating expenses will be necessary to sustain the progress that the Commission, NTIA, RUS and Treasury broadband infrastructure and deployment initiatives achieve.

In its initial comments, WTA indicated that approximately 80 percent of the CAF-BLS/HCLS support distributed to RLECs entails the recovery of eligible operating expenses such as maintenance, installation, personnel and training costs, regulatory reporting and compliance costs, accounting costs, cybersecurity and privacy protection costs, customer service costs, and office and vehicle costs. None of these operating costs is expected to decrease significantly during the foreseeable future.

[10] Letter from Derrick B. Owens and Gerard J. Duffy to Acting Chairwoman Jessica Rosenworcel and Commissioners Brendan Carr, Geoffrey Starks and Nathan Simington, AU Docket No. 20-34 and WC Docket Nos. 19-126 and 10-90 (April 20, 2021) at p. 2.

For example, given the severity and increasing frequency of the always evolving variety and scope of cyberattacks upon networks and data systems, it is virtually certain that RLECs and other broadband service providers will incur major and continuing increases in the costs of protecting their networks and customers from sophisticated cyberattacks and in the cost of repairing damage from those attacks that ultimately evade or pierce their defenses. WTA members are already seeing substantial increases in the cost of liability insurance for cyberattacks[11] as well as costs of the training, monitoring and risk management plans they must implement in order to satisfy their obligations to their insurance companies. Even the smallest RLECs are recognizing that they and their customers can be targeted by a variety of cyberattacks that can happen anytime, anywhere to anyone and that they need to spend significant and increasing amounts for employee staffing/training, network/data protection tools, detection equipment/software, cybersecurity insurance, and often consultants and/or third-party vendors in order to address cybersecurity issues and dangers.

Physical security and resiliency are equally important concerns for which long-term support for operating expenses will be necessary. WTA agrees with Public Knowledge that the hardening of broadband networks to provide resiliency in the event of power outages and natural disasters is an important consideration requiring long-term USF support (Public Knowledge Comments, at pp. 10-11). NASUCA and WTA agree that the Commission has a very important continuing role in monitoring and achieving broadband network reliability, including requiring and helping to support the expenses of providing reasonable and sufficient back-up power, the ability to reroute traffic around damaged facilities, and the capability to manage traffic spikes

[11] *See* The Council of Insurance Agents & Brokers, *Commercial Property/Casualty Market Report Q4 2021,* which indicated that cyber insurance premiums rose rapidly by more than 20 percent during each quarter of 2021 culminating in a 34.3 percent increase during the Fourth Quarter.

during an emergency.[12] As NASUCA states, the Commission's USF broadband goals should follow the Infrastructure Act and, at minimum, address "service availability, adaptability to changing end-user requirements, length of serviceable life, or other criteria, other than upload and download speeds" (NASUCA Comments, p. 6).[13] In addition, USTelecom supports a continuing role for the HCF program in supporting network recovery and restoration efforts after hurricanes, floods and other natural disasters (USTelecom Comments, pp. 22-27).

In order to establish redundant and reliable routing for their traffic to and from the Internet, many RLECs must maintain arrangements with and pay recurring charges to multiple middle mile transport service providers or networks. Whereas they are not presently recovered in HCLS or CAF-BLS support, the costs of middle mile transport (the lines that connect last mile local exchange networks to the Internet) comprise substantial and rapidly growing operating expenses that are imposing greater and greater financial burdens upon RLECs over which they have little or no effective control. It is hoped that the $1.0 billion Middle Mile Broadband Infrastructure ("MMBI") Grant Program will enable the construction of new statewide and regional fiber optic rings or other middle mile transport networks that will increase middle mile transport alternatives and reduce middle mile service costs for some broadband service providers as well as improve the quality, capacity and reliability of their middle mile transport. However, the rapid growth of broadband service usage by rural customers has been significantly increasing the middle mile transport costs of virtually all RLECs and other rural broadband service providers. High and increasing middle mile costs are a major problem for Alaska companies, RLECs serving Tribal lands and other RLECs serving remote areas that lack access to statewide or regional fiber rings.

[12] Comments of the National Association of State Utility Consumer Advocates, WC Docket No. 21-476 (February 17, 2022) at pp. 4-7 ("NASUCA Comments").
[13] WTA notes that NASUCA and the Infrastructure Act reliability goals also support the fact that FTTH is the most reliable as well as the most scalable and future-proof broadband technology.

However, even RLECs that participate in consortia or other ventures that operate state or regional fiber rings, or that otherwise have access to such fiber rings, are finding that their middle mile costs are increasing rapidly as burgeoning traffic volumes require frequent and expensive upgrades and expansions of such middle mile facilities. Without HCF support for middle mile operating expenses in the near future, RLECs will be forced to recover these costs via customer broadband rate increases that will adversely impact affordability and adoption.

Another substantial expense that is not currently supported by the HCF mechanisms is the cost of upgrading, operating and maintaining second mile facilities (the lines within an RLEC service area that connect multiple exchanges with a middle mile service provider). These costs are increasing substantially in the same manner as middle mile costs as broadband usage and traffic volumes grow. Increasing second mile costs pose a similar threat to affordability and adoption if HCF operating expense support is not available to prevent them from having to be recovered entirely in customer rates.

Continuing Need for State
Designation and Oversight of Eligible Telecommunications Carriers

Contrary to WISPA's unsupported allegations (WISPA Comments, p. 12), state designation and monitoring of eligible telecommunications carriers ("ETCs") continues to be an important and necessary condition to ensure that USF support is used for the intended purposes.

States have a very substantial interest in robust, reliable and affordable broadband service due to the major impact that broadband has upon their economic development, job creation and retention, education, health care, government activities and general welfare. States also have a strong and continuing jurisdiction over consumer protection matters, including broadband service advertising and provider-customer relations. Even if some states have, as WISPA claims, declined jurisdiction over broadband, they are very likely to reconsider such decisions now that it has

become clear how much impact broadband services have upon their citizens, institutions and economies.

States are much closer and able to interface with their communities and residents than the Commission and, consequently, are in a much better position to know which communities and rural areas within their jurisdictions are actually served, unserved or underserved. They are also much more readily able to monitor the service quality and practices of broadband providers and to become aware of customer needs and complaints. Congress, in the Infrastructure Act, has recognized these state interests and advantages with respect to the oversight and supervision broadband service by giving states the authority to review applications and select grant recipients with respect to the BEAD Program. This may well prove to be a major incentive for states to develop their own broadband plans and to reconsider prior decisions regarding broadband jurisdiction and ETC designation.

One area ripe for state ETC monitoring and consumer protection activity is the deterrence and punishment of misleading advertising regarding available broadband service speeds and quality. WTA has been told of alleged "bait-and-switch" practices by some service providers that advertise their ability to provide certain levels of high-speed broadband service (*e.g.*, 100/20 Mbps), but then inform the ordering customer that they can provide the household only with a much lower speed service when the installer arrives to turn on the service. It is believed that this same practice has resulted in FCC Form 477 filings that have overstated the broadband service speeds actually available in some census blocks and thereby precluded other broadband service providers from obtaining HCF support or infrastructure grants to serve such areas that are actually "unserved" or "underserved."

Special Circumstances of Tribal Lands Require a Flexible USF Approach

WTA agrees with NTTA that there is a significant and persistent Tribal Digital Divide, and that Tribal lands are subject to much higher deployment and operating costs in addition to various sovereignty and cultural issues.[14] These circumstances can be most effectively addressed if the Commission treats Tribal lands as a special case and takes a flexible approach with respect to their USF support.

For example, Sacred Wind indicates that it can provide fiber-to-the-premises ("FTTP") service to certain densely populated neighborhoods surrounding Navaho Chapter Houses, but that various factors (including wide population dispersal, long distances to reach remote home sites, difficult topography, periodic movement of mobile homes to different locations, and lack of condensed community structure on the Navaho Reservation and near-Reservation lands that it serves) make it impracticable to deploy FTTP to approximately two-thirds of its service area.[15] Such unique circumstances would appear to justify a flexible departure from the general preference for scalable and future-proof FTTH service and recognition that fixed wireless may be the best option at this time for using HCF support to deploy and sustain broadband service in the major part of Sacred Wind's service area.

WTA has consistently supported NTTA's proposals for a 25 percent "Tribal Broadband Factor" for CAF-BLS and HCLS support as well as for ACAM support. In specific terms, this would mean a $31.50 per month threshold (reduced from $42.00) for CAF-BLS support; an 81.25 percent (up from 65 percent) HCLS recovery of study area loop costs between 115% and 150% of the national average; and a 93.75 percent (up from 75 percent) HCLS recovery of study area loop

[14] Comments of The National Tribal Telecommunications Association, WC Docket No. 21-476 (February 17, 2022) at pp. 3-8 ("NTTA Comments").
[15] Comments of Sacred Wind Communications, Inc., WC Docket No. 21-476 (February 17, 2022) at pp. 7-9 ("Sacred Wind Comments").

costs in excess of 150% of the national average (NTTA Comments, pp. 11-12). WTA supports these changes and has been working with its members that serve Tribal lands to determine whether there are other changes that can be proposed at this time to address the unique circumstances and issues regarding the deployment and sustained operation of reasonably comparable and affordable high-speed broadband networks and services on Tribal lands.

USF Contributions Reform Should Be Limited to Industry Mechanisms

WTA believes the FCC should modernize the USF contribution methodology as quickly as possible. In its initial comments herein, WTA stated its support for reform of the current USF contributions system. It noted that one option for modernization that the Commission could immediately adopt is the inclusion of broadband Internet access service revenues in the USF contributions base. A second option would require companies that impose substantial costs upon broadband networks while profiting significantly from the existence of those networks to make USF contributions – a change that may require statutory authority or clarification.

Virtually all commenting parties agree that the current USF contributions system is not sustainable and that it must be reformed as soon as possible. The most commonly mentioned options are the same as those described by WTA – namely, inclusion of broadband Internet access service revenues in the contribution base and/or assessment of companies that are profiting substantially from their current use of broadband networks.

WTA opposes yet a third alternative – the proposal by the U.S. Chamber of Commerce to fund the USF entirely via Congressional appropriations.[16] The substantial investment and cost recovery necessary to construct, operate, maintain and sustain essential broadband service should not be subjected to the uncertainties and disruptions of a Congressional appropriations and budget

[16] Comments of the U.S. Chamber of Commerce, WC Docket No. 21-476 (February 17, 2022) at p. 2.

process that is subject to substantial political divisions and frequent threatened or actual government shut-downs as national debt limits are approached or exceeded. During recent years, annual federal budget deficits have reached trillion-dollar levels and are feared by many to be unsustainable without major inflation or tax increases. It makes absolutely no sense to expose the funding of USF support for essential broadband service to such an uncertain and disruptive political process when the current industry-funded mechanism (notwithstanding the need to reform its contribution base) has worked reliably for over twenty-five years.

Conclusion

The USF continues to have a critically important role in managing and sustaining the construction, operation and maintenance of the robust, reliable and future-proof nationwide broadband network needed to close the Digital Divide. Whereas the various COVID-19-era infrastructure construction programs constitute a novel opportunity to make substantial progress in the deployment of broadband, the HCF will continue to be necessary to generate the capital expenditures necessary to extend and upgrade scalable FTTH broadband networks in many unserved and underserved areas. The HCF will also be required to sustain broadband networks by assisting with the payment of the high per-customer operating expenses for maintenance, installation, personnel and training costs, regulatory reporting and compliance costs, accounting costs, cybersecurity and privacy protection costs, customer service costs, office and vehicle costs, reliability, resiliency, disaster recovery, middle mile transport and second mile operations.

In addition, there is a continuing need for state designation and monitoring of eligible telecommunications carriers and their broadband services; a need for flexible approaches to USF support for the unique and special needs of Tribal lands; and a need for early modernization of the USF contributions system that remains funded by the industry rather than being subjected to the uncertainties and disruptions of the Congressional appropriations process.

Respectfully submitted,
WTA – ADVOCATES FOR RURAL BROADBAND

/s/ Derrick B. Owens
Senior Vice President of Government and Industry Affairs
/s/ Eric Keber
Vice President of Government Affairs
400 Seventh Street, NW, Suite 406
Washington, DC 20004
(202) 548-0202

/s/ Gerard J. Duffy, Regulatory Counsel
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP
2120 L Street, NW, Suite 300
Washington, DC 20037
(202) 828-5528

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