

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Reforming Legacy Rules for an All-IP Future)	WC Docket No. 25-311
)	
Accelerating Network Modernization)	WC Docket No. 25-208

Reply Comments of WTA – Advocates for Rural Broadband

WTA – Advocates for Rural Broadband (“WTA”) submits these reply comments addressing the initial comments of other parties in this Notice of Proposed Rulemaking proceeding.¹ WTA contends that the record in this docket establishes the need for the Commission to proceed cautiously and holistically so as to avoid harming rural customers by relegating them to expensive and/or inadequate service. While commenters uniformly support the ultimate goal of accelerating the deployment of all-IP networks, the Commission must do so in a manner that does not cause collateral damage to rural America. On the other hand, some commenters unwisely support the *NPRM*’s proposals to quickly end intercarrier compensation and phase-out CAF-ICC support, without providing any alternative support. WTA responds to those commenters below.

I. Several Commenters Seemingly Profess an Ignorance of Telecommunications Law, Policy and Economics

As WTA explained in its initial comments, Congress appreciated the benefits of network effects and positive externalities when it codified universal service principles in Section 254 of the Communications Act, and Section 254(b)(3) in particular with respect to

¹ *In the Matter of Reforming Legacy Rules for an All-IP Future; Accelerating Network Modernization*, FCC 26-11, released February 19, 2026 (hereafter cited as “*NPRM*”).

rural areas.² In contrast, The Information Technology and Innovation Foundation (“ITIF”) asserts:

There is no longer any case for treating legacy telephone companies as a favored class that gets taxpayer funding not available to their competitors in the communications marketplace. Rather, the Commission should take opportunities such as this proceeding to permanently remove subsidies to ISPs and let prices adjust to the market-clearing level. To be sure, these prices may be higher than currently subsidized prices, but the subsidy has only masked the true cost, which is now borne by everyday Americans through USF fees. Moreover, expensive service to an expensive area is not necessarily a policy problem.³

The Commission must listen to Congress, not to a “think tank.”⁴ And Congress in the 1996 Telecommunications Act directed the Commission to ensure that rates and services in rural areas are reasonably comparable those in urban areas – a more explicit codification of the “universal service” principle that pre-dated the 1934 Communications Act (which itself incorporated the policy of universal service in 47 U.S.C. § 151).

ITIF asserts that it is no longer necessary for the Commission to subsidize service in rural areas because “many competitors that do not receive ICC now serve rural areas precisely because they have been investing in better technology for years.”⁵ There are several problems

² 47 U.S.C. §254(b)(3). Indeed, Congress reiterated this recognition of the greater community benefits of universal service in the Infrastructure Investment and Jobs Act (“IIJA”), both in establishing the Broadband Equity, Access, and Deployment (“BEAD”) program and in how the IIJA defines and treats a “community anchor institution” and a “priority broadband project.” IIJA §§60102(a)(1)(E) and (I).

³ ITIF Comments at p. 3. *See also*, ITIF Comments at p. 3 (“The Commission should also ensure other USF or other federal programs do not increase spending in response to the transition to bill-and-keep. It should not indulge a subsidy merry-go-round in which the demise of one type of handout becomes a reason to increase another.” (citation omitted)); NCTA Comments at pp. 1-2 (“NCTA also agrees that these legacy cost-recovery mechanisms ‘insulat[e] TDM network technology from the effects of market forces.’”).

⁴ ITIF Comments at n. 1.

⁵ ITIF Comments at p. 2 (citing its own broadband competition paper from July, 2025). *See also*, International Center for Law and Economics Comments (“ICLE”) at p. 7 (“Mobile

with their argument. First, national statistics on competitive entry mask the lack of competitive entry in rural areas.⁶ In addition, mobile services coverage in rural areas is not nearly as robust as in urban areas, and having to stand near a window to make a phone call is not exactly “better technology.” And with respect to low-Earth Orbit (“LEO”) satellite service, it faces capacity constraints due to the sharing of the spectrum/capacity amongst the system’s subscriber within the satellite’s footprint, as well as the requirement to share spectrum between all the LEO satellite systems.⁷ Finally, WTA notes that although rural mobile services providers and LEO satellite systems do not receive ICC, rural mobile providers have been subsidized under the Commission’s Mobility Fund and 5G Fund for Rural America programs,⁸ and LEO satellite service is being directly subsidized under the BEAD program.⁹ Moreover, LEO satellite service is being indirectly subsidized to the extent that the Commission is prohibited from

wireless, fixed VoIP, and low-earth-orbit satellite broadband services now provide consumers with multiple alternatives to legacy copper networks.”).

⁶ See, e.g., Concerned Rural LECs Comments at p. 12.

⁷ 47 C.F.R. §25.261. WTA also notes that while Starlink and other first processing round licensees have priority over subsequent processing round licensees, that priority expires on March 28, 2028, ten years after Starlink was first authorized by the FCC. 47 C.F.R. §25.261(e).

⁸ See, <https://www.fcc.gov/auction/901> and <https://www.fcc.gov/5g-fund>. In addition, mobile service providers in rural areas benefit from being able to utilize the fiber networks built by WTA’s members to provide backhaul to the towers -- which is also another example of the positive externalities of fiber deployment.

⁹ WTA notes that additionally, under the Commission’s RDOF program, Starlink was selected to receive some \$885 million in subsidies, however, after Starlink’s submitted its long-form application as a tentative winner, the Commission determined that Starlink would not be able to meet the minimum standards. *Rural Digital Opportunity Fund Auction Support for 80 Winning Bids Ready to Be Authorized, Bid Defaults Announced*, AU Docket No. 20-34 et al., Public Notice, DA 22-848, at 8-11 (WCB/OEA Aug. 10, 2022); *Application for Review of Starlink Services, LLC*, 38 FCC Rcd 12201, released December 12, 2023.

auctioning off spectrum for LEO satellite services.¹⁰

WTA also disagrees with ICLE's claim that "Connect America Fund Intercarrier Compensation (CAF ICC) support continues to subsidize delayed modernization."¹¹ As WTA explained in its initial comments, over 80% of its members have initiated or completed the transition to all-IP networks, notwithstanding the existence of CAF ICC support and intercarrier compensation. Instead, what has delayed the transition to all-IP networks has been the significant costs of deploying fiber in rural areas, as well as the insistence of some of the large ILECs that interconnection at their tandems be via TDM.¹²

In addition, ICLE asserts that "timely phasing out CAF ICC would ... reduce pressure for contribution reforms that could impose new regulatory costs on broadband networks and services."¹³ WTA notes that CAF ICC is a very small part of the Universal Service Fund ("USF"), so that phasing it out would not in fact meaningfully reduce pressure for contribution reform. More importantly, the USF contribution methodology is in need of reform, with a contribution factor now near 40%. The current policy of not subjecting broadband access services to the USF contribution factor can trace its roots back to the Commission's 1983 decision in the access charge proceedings to exempt enhanced services temporarily because it

¹⁰ 47 U.S.C. §765f. By way of comparison, the Commission to date has obtained auction revenues for the U.S. Treasury of over \$200 billion for terrestrial wireless licenses, while LEO satellite licensees pay nothing to the FCC for their satellite spectrum.

¹¹ ICLE Comments at p. 2. Similar arguments were made by the VON Coalition in its comments at p. 2 and Lumen in its comments at pp. 6-7.

¹² Ironically, WTA members have requested that they be able to interconnect with Lumen via IP, and those requests have been ignored or denied.

¹³ ICLE Comments at p. 8.

was “an infant industry” that needed protection.¹⁴ By way of analogy, it may make sense early on to encourage electric vehicles by exempting them from paying for highway maintenance, since they do not pay the gasoline tax. But if 40 years later electric vehicles made up more than 90% of the cars and trucks on the road but still did not pay for highway maintenance, most people would agree that something was wrong with that picture.

WTA also disagrees with Lumen’s assertion that: “Nor can it be seriously argued that carriers have not had adequate notice or that the proposed reforms will have ‘revenue shocks.’”¹⁵ It certainly can be seriously argued, because WTA’s members’ customers will experience significant rate shocks without a sufficient transition period and/or replacement of the subsidies in the current system with a more direct and tailored subsidy. As WTA explained in its initial comments at pp. 11-12, the cumulative effect of the shift to bill and keep, termination of Telephone Access Charges, elimination of CAF ICC payments and the potential reclassification of services from the intrastate to interstate jurisdiction – without any new support – could significantly raise end user rates.

Multiple other commenters confirm that without replacing the revenue sources proposed to be eliminated or phased out under the *NPRM*, many rural customers will face significantly higher rates. According to the Nebraska Rural Independent Companies, local rates would more than double.¹⁶ OTZ Telephone Cooperative, Inc. indicated that if it was required to recover all of its costs from subscribers (instead of intercarrier charges and CAF ICC), it would have to

¹⁴ *MTS and WATS Market Structure*, 97 F.C.C.2d 682 (1983) at ¶ 83 and concurring statement of Commissioner Dawson.

¹⁵ Lumen Comments at p. 12.

¹⁶ Nebraska Rural Independent Companies Comments at p. 6.

raise its local rates to \$208 per month. And after conducting a detailed analysis of the potential effect of the Commission's proposals, the Concerned RLECs explained:

The Concerned Rural LECs submit that increases in end user rates that average \$13.50 per month, are not just, reasonable, and affordable. Raising rates by these amounts, which would represent an average increase of 45% on a monthly end user bill for local service of \$30.00,¹³ is inconsistent with the universal service requirements of the Telecommunications Act of 1996. [n. 13: "\$30.00 is used as an example rate because it is the amount above which residential customers are no longer charged a full Access Recovery Charge, which the Commission established as a threshold '[t]o protect consumers, we adopt a strict ceiling that prevents carriers from assessing any ARC for any consumer whose total monthly rate for local telephone service, inclusive of various rate-related fees, is at or above \$30.' *2011 Transformation Order*, Paragraph 36."]¹⁷

Such a result would be inconsistent with Congress' directive to the Commission in Section 254(b)(3) to ensure that rates and services in rural areas are reasonably comparable to those in urban areas.¹⁸

Lumen in its comments also supported "the Commission's proposal that the transition should be applied uniformly to all carrier types."¹⁹ WTA disagrees. Such uniform treatment fails to account for the different resources available to companies, and their ability to make the necessary changes. WTA continues to urge the Commission to provide smaller ILECs with sufficient time to transition to all-IP networks, as well as implement the other changes proposed by the Commission.²⁰

¹⁷ Concerned RLECs Comments at p. 17.

¹⁸ On the other hand, some states limit the ability of LECs to raise their rates, or require a lengthy and expensive hearing process to do so. For example, Louisiana limits local service rate increases to no more than 10%, and Kansas requires a full-blown rate case. Thus, it may not even be possible to timely raise local rates to make up for the revenue shortfalls resulting from the Commission's proposals, thus risking significant service cutbacks or the local networks shutting down altogether.

¹⁹ Lumen Comments at p. 13.

²⁰ WTA Comments at pp. 16-17.

Finally, in arguing that the Commission has clear legal authority to adopt the *NPRM*'s proposed reforms, including the proposed preemption, Lumen asserts that:

The Commission's core legal conclusions from the *Transformation Order*, upheld by the Tenth Circuit, that it has the authority to sunset switched access charges and direct a transition to bill-and-keep traffic exchange for all telecommunications traffic remain legally sound, and are not just reasonable, but are the best interpretations of the forward-looking Telecommunications Act of 1996.²¹

WTA believes that Lumen's argument gives too much weight to that Tenth Circuit Court of Appeals decision upholding the Commission's 2011 Transformation Order. While Lumen claims that the 2011 Commission decision and the Tenth Circuit appellate decision are the "best interpretations," that Court of Appeals decision pre-dated by a decade the Supreme Court's overturning of "Chevron Deference" in the *Loper-Bright* decision.²² In upholding the Commission's 2011 *Transformation Order*, the 2014 Tenth Circuit decision cited *Chevron* over thirty times. As many other commenters point out, the *NPRM*'s proposed preemption presents difficult questions in light of Section 152(b) of the Communications Act.²³ Moreover, reclassification of all IP services as jurisdictionally interstate could adversely affect state revenues and state USF funds.

II. The Commission Should Proceed Cautiously with Regard to Transit Issues

One critical element to the IP transition is the role that may be played by transit service providers. As NTCA explained in its comments:

Because some of the reforms under consideration here, particularly those concerning the

²¹ Lumen Comments at p. 19.

²² *Loper Bright Enterprises et al. v. Raimondo*, 603 U.S. 369 (2024).

²³ See, e.g., Comments of NARUC; Comments of the South Dakota PUC and Comments of the NY State PSC. See also, Verizon Comments at p. 8 ("The Commission's detariffing [of Telephone Access Charges] proposal would also introduce significant state ratemaking complexities that have not been adequately addressed.").

network edge, may require carriers to purchase transport/transit from other network providers, it is appropriate for the Commission to evaluate the state of competition in the wholesale service market. Indeed, the Commission seems to recognize this issue by asking whether the transition to bill-and-keep will change the market power of various carriers, including those of intermediary providers.²⁴

WTA's members recent experiences with ballooning transport costs support the case for concern about the market power of these providers.²⁵

Inteliqnet submitted in this proceeding a potential model for addressing transit issues that would rely on multiple National Transport Providers ("NTPs") and other guardrails:

The NTP framework also responds to the bargaining-power concern the Commission raises. The Commission identifies the risk that disparities in size between large transit providers and smaller LECs may undermine the smaller carrier's ability to negotiate fair and reasonable terms. The combination of (i) qualification standards limiting NTP status to providers with nationwide carrier-grade network capability and operational maturity, (ii) the mileage-based POI requirements that protect smaller and rural LECs from being required to traverse long distances to reach an NTP, and (iii) the regulatory framework Inteliqnet proposes in Section IV.C below (mandatory Section 203 tariffing during a defined transition, with Section 208 complaint and Section 205 prescription backstops) addresses each component of the concern. Smaller LECs interconnect at NTPs subject to standardized, transparent rates and terms; they have a federal forum to challenge unreasonable conduct; and the Commission retains prescription authority to set rates where the complaint process demonstrates that competition alone is insufficient. (citation omitted)²⁶

²⁴ NTCA Comments at p. 29.

²⁵ *See*, WTA Comments submitted in Docket 25-304, filed January 20, 2026 at n. 6:

One of our members received a notification recently that effective March 1, 2026, month-to-month rates for these services will increase approximately 35%. This proposed increase was preceded by increases every six months for the prior two-year period of around 25%, 66%, 35% and 35%. Other WTA members experienced similar (or even greater) increases in such rates by the largest ILECs. Indeed, one member saw a rate increase in TDM transport charges from a large ILEC between April 2024 and January 2025 of over 225%, in one case, and over 380% for a different capacity circuit during that same time period. A different large ILEC's TDM transport rate increases to that member increased by over 405% between January 2025 and December 2025.

²⁶ Inteliqnet Comments at p. 10.

Inteliquent suggests the use of these safeguards for a three-year period.²⁷ In light of concerns over the extent to which there may or may not be multiple NTPs,²⁸ and what types of pricing structures²⁹ and pricing levels³⁰ will emerge, WTA suggests that if the Commission decides to adopt the NTP framework suggested by Inteliquent or something similar, that Inteliquent's proposed safeguards be adopted for *a minimum of three years*, after which the Commission could initiate a proceeding to evaluate the continuing need for some or all of these guardrails.

III. Conclusion

The goal of accelerating the deployment by all carriers of IP networks is a worthy one. And this proceeding is just one of many that the Commission (and the States) must resolve to

²⁷ Inteliquent Comments at p. 34 (“The Commission should require qualified NTPs to file and maintain Section 203 tariffs for IP voice transit rates, terms, and conditions during a defined transition period of three years following the effective date of the rules adopting the NTP framework.”)

²⁸ As Inteliquent observes: “The universe of qualifying NTPs will be limited.” Inteliquent Comments at p. 34. See also, NTCA Comments at p. 29.

²⁹ Inteliquent provided a model under which monthly pricing would be based on the combination of three charges – a Per-IP Port Charge (a fixed monthly charge for each IP port utilized by the VSP), a Call Capacity Charge (a monthly charge for each Call Per Second (CPS) subscribed to by the VSP); and a usage-based monthly charge representing network capacity, assessed on the highest number of Concurrent Call Sessions (CCS) utilized by the VSP during the billing month.

³⁰ Inteliquent's illustrative examples of different scenarios at pp. 23-25 show a range of effective per minute rates from a low, under Scenario 3 (national wireless carrier), of .1654335 cents per minute to a high, under Scenario 4 (notification provider), of 1.001 cents per minute. The second-highest rate, under Scenario 1 (small rural carrier), was .40125 cents per minute. But notably, that “example” of a rural carrier's NTP costs does not include the charges the rural carrier will need to pay to transport the traffic to the point of interconnection, which could be very significant, particularly because “[u]nder the qualification standards Inteliquent advanced in its IP interconnection reply comments, an NTP must establish POIs no greater than 100 miles from each rural LEC's service territory or two miles from the nearest price cap LEC access tandem in the LATA, whichever is greater.” Inteliquent Comments at p. 7. And as mentioned above, WTA's members have been experiencing exorbitant price increases for transport. See, n. 25, *supra*.

effectuate that goal. But despite the comments of some to the contrary, as demonstrated herein, in order to ensure that everyone benefits from the transition to IP, the Commission should adopt rules here and in the related proceedings that also fulfill the goal of ensuring that rates and services in rural areas remain comparable to those in urban areas.

Respectfully submitted,

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