

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

In the Matter of)	
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45

**REPLY COMMENTS OF THE
BENTON FOUNDATION**

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Summary

In these reply comments, the Benton Foundation offers a comprehensive, equitable plan that refocuses universal service support consistent with the Telecommunications Act of 1996 and the specific and achievable steps that could be taken to make universal, affordable broadband a reality. Benton believes the Commission must immediately take steps to transition our universal service support system from narrowband to broadband. It is not only achievable and worthwhile; it is required by the statute.

The overwhelming majority of commenters agree with Benton that the Commission should adopt the Joint Board's recommendation to use Universal Service Fund support to extend broadband access to unserved areas. Support for ubiquitous, affordable broadband is 1) essential to education, public health, and public safety, 2) consistent with the public interest, convenience, and necessity, and 3) required by the Telecommunications Act of 1996. However, a broad array of commenters agree with Benton that the Joint Board's \$300 million a year proposed cap on a new Broadband Fund is insufficient to make broadband service available and affordable for all Americans.

Benton's universal broadband plan has ten foundational elements: 1) Ensuring Affordable Broadband for All; 2) Bolstering Competition; 3) Achieving Technological Neutrality; 4) Integrating Voice, Broadband and Mobility are Interrelated Goals; 5) Phasing Out Legacy Support to Focus Entirely on Broadband; 6) Phasing Out Legacy Charges that Impedes Broadband Rollout; 7) Preventing Duplicate Subsidies; 8) Ensuring

Adequate Speeds; 9) Fostering Open Networks; and 10) Enabling Public Safety in a Broadband World.

The Benton plan offers specific and achievable steps that could be taken to make universal, affordable broadband a reality. The Commission should:

- 1) Add Broadband as a Supported Service under the USF;
- 2) Reform the Lifeline and Linkup Programs to Include Broadband;
- 3) Create a Technologically and Competitively Neutral, High-Speed Broadband Fund and Advanced Mobility Fund:
- 4) Cap the Overall Size of the Broadband Fund and the Advanced Mobility Fund at the Current Levels of Support for Legacy Wireline and Wireless Support Respectively
- 5) Transition Legacy Wireline Support and Wireless ETC Support to the Broadband Fund and Advanced Mobility Fund Over 5 Years;
- 6) Use Market-Based Mechanisms to Ensure that Universal Service Funds are Distributed in the Most Efficient Manner;
- 7) Allow Carriers to Voluntarily Apply to Participate in USF; and
- 8) Expand USF Applicant Pool Beyond Existing ETCs.

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I. Introduction

Pursuant to the Notice of Proposed Rulemaking adopted by the Federal Communications Commission (“Commission”) on January 16, 2008 seeking comments on ways to reform the high-cost universal service program,¹ the Benton Foundation² hereby submits these reply comments, offering a comprehensive, equitable plan that refocuses universal service support consistent with the Telecommunications Act of 1996 and the specific and achievable steps that could be taken to make universal, affordable broadband a reality.

As the Commission has recognized,³ the availability of the Internet has had a profound impact on American life. This network of networks has fundamentally changed the way we communicate. It has increased the speed of communication, the range of communicating devices and the variety of platforms over which we can send and receive information.⁴ As Congress has noted, “[t]he rapidly developing array of Internet . . . services available to individual Americans represent an extraordinary advance in the availability of educational and informational resources to our citizens.”⁵ The Internet also represents “a forum for a true diversity of political discourse, unique opportunities for cultural development, and myriad avenues for intellectual activity.”⁶ In addition, the

¹ *In the Matter of High-Cost Universal Service Support Federal-State Joint Board on Universal Service*. (WC Docket No. 05-337 and CC Docket No. 96-45; FCC 08-22) Released January 29, 2008 (“Notice”). Hereafter the Federal-State Joint Board on Universal Service is “Joint Board.”

² The mission of the Benton Foundation (“Benton”) is to articulate a public interest vision for the digital age and to demonstrate the value of communications for solving social problems. Benton is a longtime supporter of research on universal service and the potential of high-speed Internet connections for improving Americans’ lives.

³ See FCC 05-151 adopted August 5, 2005.

⁴ *IP-Enabled Services NPRM*, 19 FCC Rcd at 4869-70, para. 8.

⁵ 47 U.S.C. § 230(a)(1).

⁶ 47 U.S.C. § 230(a)(3).

Internet plays an important role in the economy, as an engine for productivity growth and cost savings.

In section 230(b) of the Communications Act of 1934, as amended, Congress describes its national Internet policy. Specifically, Congress states that it is the policy of the United States “to preserve the vibrant and competitive free market that presently exists for the Internet”⁷ and “to promote the continued development of the Internet.”⁸ In section 706(a) of the Telecommunications Act of 1996, Congress charges the Commission with “encourag[ing] the deployment on a reasonable and timely basis of advanced telecommunications capability” – broadband – “to all Americans.”⁹ Likewise, section 254, upon which the universal service program is rooted, compels the Commission to ensure that the Universal Service program represents an evolving level of service. For these and other reasons, Benton believes the Commission must immediately¹⁰ take steps to transition our universal service support system from narrowband to broadband based on a fair and reasonable balance of the universal service principles adopted by Congress and the Commission.¹¹ It is not only achievable and worthwhile; it is required by the statute.

⁷ 47 U.S.C. § 230(b)(2).

⁸ 47 U.S.C. § 230(b)(1).

⁹ 47 U.S.C. § 157 nt. (incorporating section 706 of the Telecommunications Act of 1996, Pub. Law No. 104-104, 110 Stat. 56 (1996)).

¹⁰ 47 U.S.C. 254 (a)(2) requires the Commission to implement recommendations of the Joint Board within one year after receiving such recommendations. In this proceeding, the Joint Board’s recommendations were adopted November 19, 2007.

¹¹ 47 U.S.C. (b); Report & Order In the Matter of Federal-State Joint Board on Universal Service. FCC 97-157 CC Docket No. 96-45 at 47-49 and 52. (“[U]niversal service policies should strike a fair and reasonable balance among all of the principles identified in section 254(b) and the additional principle of competitive neutrality to preserve and advance universal service... promotion of any one goal or principle should be tempered by a commitment to ensuring the advancement of each of the principles.”)

II. The Commission Must Accelerate the Transition from Analog POTS to Digital Broadband

The overwhelming majority of commenters¹² agree with Benton that the Commission should adopt the Joint Board's recommendation to use Universal Service Fund ("USF") support to extend broadband access to unserved areas. Broadband is now, undeniably, the essential communications medium of the 21st century. The Commission should adopt universally-available and affordable broadband as a national communications goal and make broadband an explicit component of the federal USF. Support for ubiquitous, affordable broadband is 1) essential to education, public health, and public safety, 2) consistent with the public interest, convenience, and necessity, and 3) required by the Telecommunications Act of 1996.

A broad array of commenters¹³ agree with Benton that the Joint Board's \$300 million a year proposed cap on a new Broadband Fund¹⁴ is insufficient. As noted by the

¹² See AARP; Alltel; AT&T; Atlantic TeleNetwork; Cellular South; Centennial Communications; CenturyTel; CoBank; Connecticut Department of Public Utility Control; Consumers Union, Consumer Federation, and Free Press ("Consumers"); CTIA; Embarq; GVNW Consulting; Independent Telephone & Telecommunications Alliance; Information Technology Industry Council; Iowa Telecommunications Services; Missouri Small Telephone Company Group; Montana Telecommunications Association; Montana Independent Telecommunications Systems; National Association of State Utility Consumer Advocates ("NASUCA"); National Consumer Law Center; New Jersey Division of rate Counsel; National Tribal Telecommunications Association; North Dakota Public Service Commission; National Telecommunications Cooperative Association; Ohio Public Utilities Commission; Oklahoma Corporation Commission; Organization for the Promotion and Advancement of Small Telecommunications Companies ("OPASTCO"); Oregon Utility Commission; Qwest; Rural Telecommunications Group; Satellite Industry Association; Southeast Telephone Inc and Momentum telecom; Telcom Consulting Associates; TDS Telecommunications Corp; Texas Statewide Telephone Cooperative; Telecommunications Industry Association; United States Cellular; US Small Business Administration (at p. 3); USFon; YourTel

¹³ See AT&T (at p. 10) Information Technology Industry Council (at p. 9), National Consumer Law Center, New York State Public Service Commission, North Dakota Public Service Commission, Windstream.

¹⁴ Recommended Decision at ¶ 29.

National Telecommunications Cooperative Association,¹⁵ the Telecommunications Act of 1996 requires “specific, predictable, and *sufficient*” support mechanisms:¹⁶

(5) SPECIFIC AND PREDICTABLE SUPPORT MECHANISMS. – There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.

The \$300 million per year proposal is too little to advance broadband in any meaningful way to low-income households and high-cost areas as required by the law. The proposal not only fails to adequately advance broadband, but the overall Recommended Decision also necessarily means that the rest of high-cost support will continue to perpetuate a system that may actually discourage competition, innovation, and broadband investment.

Benton offers a comprehensive, equitable plan that refocuses universal service support consistent with the Telecommunications Act of 1996 and the specific and achievable steps that could be taken to make universal, affordable broadband a reality. Changes in the Commission’s rules should be guided by the requirements of section 254 as well as the broader context of the Communications Act. Any reform to the program must develop a framework through which the Commission channels competitive market forces in a technologically and competitively neutral manner to advance the critical goals of universal service.

Commission rules should have these foundational elements:

¹⁵ National Telecommunications Cooperative Association at p. 44.

¹⁶ 47 U.S.C. § 254(b)(5) (*emphasis added*). See also 47 U.S.C. § 254 (e): “support should be explicit and sufficient to achieve the purposes of” section 254.

A.) Ensuring Affordable Broadband for All

A number of commenters¹⁷ agree that broadband service should be made available to low-income households and households in rural, insular, and high cost areas at rates that are affordable to such households. Since 1934, the goal of our nation's communications law has been to "make available...to all people of the United States...a rapid and efficient, nation-wide, and world-wide wire and radio communications service with adequate facilities at reasonable charges."¹⁸ Additionally, as noted by the National Consumer Law Center, the principles upon which the Commission is required to base universal service rules on include:¹⁹

(1) QUALITY AND RATES. – Quality services should be available at just, reasonable, and *affordable* rates.

(2) ACCESS TO ADVANCED SERVICES. – Access to *advanced telecommunications and information services* should be provided in *all regions* of the Nation.

(3) ACCESS IN RURAL AND HIGH COST AREAS. – Consumers in all regions of the Nation, *including low-income consumers* and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and *advanced telecommunications and information services*, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

The Commission's rules, then, must support the availability and affordability of broadband communications to *all* consumers in *all* areas, rather than to just ensure the financial viability of providers in high-cost areas.

If the Commission creates a Broadband Fund, but excludes Lifeline and LinkUp recipients, these low-income consumers will be relegated to 20th century

¹⁷ AARP (at p. 22), National Consumer Law Center, and YourTel.

¹⁸ 47 U.S.C. 151

¹⁹ (47 U.S.C. § 254(b)(1)-(3) *emphasis added*)

telecommunications technology as the rest of the Nation moves to 21st century communications solutions. In effect, the Commission's own rules, then, would exacerbate what has popularly been called the Digital Divide.

When previously considering the definition of services to be supported by universal service funding the Commission stated:

[W]e agree with the Joint Board that Lifeline consumers should have *access to the same services as those supported in rural, insular, and high cost areas...* In determining the specific services to be provided to low-income consumers, we adopt the Joint Board's reasoning that section 254(b)(3) calls for *access to services for low-income consumers in all regions of the nation*, and that *universal service principles may not be realized if low-income support is provided for service inferior to that supported for other subscribers.*²⁰

Care must be taken in the Digital Age so the U.S. does not become a nation of digital haves and have-nots. We are already on that trajectory, with millions lacking basic access to the Internet.

B.) Bolstering Competition

Commission rules must promote competition. The Telecommunications Act of 1996 was enacted to “promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.” Commission rules should promote competition between the providers that can receive USF support to build broadband, and should foster competition in the services over the broadband connections to give consumers more choices. DSL, cable, fiber and other broadband

²⁰ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 97-157, May 8, 1997, ¶28. (*emphasis added*)

technology providers should be able to compete side-by-side to provide broadband at the designated speeds, at the most affordable cost. In doing so, the Commission can unleash new competition not only among broadband providers, but also in the services provided over the broadband networks as well.

C.) Achieving Technological Neutrality

The necessary balance between universal service policy and competition requires a market-based process whereby each user comes to be served by the most efficient technology and carrier. Previously, the Commission found that it must promote competitive neutrality in the Universal Service Fund:²¹

COMPETITIVE NEUTRALITY. – Universal service support mechanisms and rules should be competitively neutral. In this context, competitive neutrality means that universal service support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another.

The principle is consistent with several provisions of section 254 including the requirements for: 1) equitable and nondiscriminatory contributions;²² 2) access to advanced telecommunications and information services for eligible schools, health care providers, and libraries;²³ 3) universal service support be explicit;²⁴ and 4) state

²¹ Report & Order In the Matter of Federal-State Joint Board on Universal Service. FCC 97-157 CC Docket No. 96-45 at 47-49. (I.e. no technology should be subsidized to a greater degree than other technologies, and no broadband or voice technology should be burdened with a disproportionate contribution share.)

²² See 47 U.S.C. § 254(d).

²³ See 47 U.S.C. § 254(h)(2).

²⁴ See 47 U.S.C. §§ 254(e) - (f), 214(e).

universal service contributions be equitable and nondiscriminatory.²⁵ In addition, the principle is also consistent with section 214(e)'s requirement that any carrier can become an eligible telecommunications carrier if it meets certain statutory criteria.²⁶

The Commission has found that competitive neutrality in the collection and distribution of funds and determination of eligibility in universal service support mechanisms is consistent with congressional intent and necessary to promote "a pro-competitive, de-regulatory national policy framework."²⁷

The principle of competitive neutrality includes technological neutrality which allows the marketplace to direct the advancement of technology and all citizens to benefit from such development. By following the principle of technological neutrality, the Commission will avoid limiting providers of universal service to modes of delivering that service that are obsolete or not cost effective. The concept of technological neutrality does not guarantee the success of any technology supported through universal service support mechanisms, but merely provides that universal service support should not be biased toward any particular technologies. The policy of technological neutrality fosters the development of competition and benefit certain providers, including wireless, cable, and small businesses, that may have been excluded from participation in universal service mechanisms if we had interpreted universal service eligibility criteria so as to favor particular technologies.

²⁵ *Ibid.*

²⁶ *Ibid.*

²⁷ Report & Order In the Matter of Federal-State Joint Board on Universal Service. FCC 97-157 CC Docket No. 96-45 at 48.

The Commission found that the principle of competitive neutrality, including the concept of technological neutrality, should be considered in formulating universal service policies relating to each and every recipient and contributor to the universal service support mechanisms, regardless of size, status, or geographic location.

Departures from competitive neutrality 1) create in which some entities receive an unfair competitive advantage, 2) skew the marketplace, and 3) inhibit competition by limiting the available quantity of services or restricting the entry of potential service providers.

In order to ensure contribution neutrality, the USF contribution mechanism should be reformed from today's revenue-based structure to a connections- or numbers-based contribution mechanism. A connections-based contribution mechanism would ensure symmetry for supporting broadband connections. If using a numbers-based contribution, contributions should only come from services offered for a fee, that are telephone replacement services, while also ensuring that consumers don't pay more than once for the same end user service. As voice revenues decrease toward zero, it no longer makes sense to have declining voice revenue-based contribution supporting increasing broadband costs.

D.) Integrating Voice, Broadband and Mobility as Interrelated Goals

On September 6, 2007, the Federal-State Joint Board on Universal Service tentatively agreed that USF support mechanisms for the future will focus on: a) Voice, b) Broadband, and c) Mobility.²⁸ Benton does not view these goals as mutually exclusive

²⁸ FCC 07J-3.

but more effectively achieved by transition to two broadband-centric support funds – one for wireline broadband and one for wireless mobility data access as proposed by a variety of commenters.

E.) Phasing Out Legacy Support to Focus Entirely on Broadband

In reforming the USF, the Commission should recognize the success of the universal service policy concerning telephone service and begin to focus on the availability of broadband, as directed by Congress. When measured by access, the U.S. has met the goals of universal service for traditional telephone service. More than 99 percent of Americans have access to the public switched telephone network (PSTN).²⁹ Moreover, when measuring penetration, nearly 95 percent of all U.S. households have telephone service.³⁰ In contrast, the Commission estimates that broadband is available to 99 percent of U.S. zip codes without knowing how many U.S. households have access to high-speed Internet service. And fewer than 51 percent of U.S. households subscribed to broadband in October 2007 and just 38.8% of rural households subscribe to broadband according to the Commission.³¹

The Telecommunications Act of 1996 defines universal service as an “evolving level of telecommunications services that the Commission shall establish periodically... taking into account advances in telecommunications and information technologies and services.”³² And, as the Commission notes,³³ in section 706(a) of the

²⁹ Interview with Alexander Belinfante, Wireline Competition Bureau May 29, 2008.

³⁰ Belinfante, Alexander. Telephone Subscribership In The United States. Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission. Released March 2008; Data through November 2007.

³¹ *High-Speed Services for Internet Access: Status as of December 31, 2006*, Federal Communications Commission (Oct. 2007)

³² 47 U.S.C. 254 (c)(1)

Telecommunications Act of 1996, Congress charges the Commission with “encourag[ing] the deployment on a reasonable and timely basis of advanced telecommunications capability” – broadband – “to all Americans.”³⁴ Given the Commission’s own research, the problem of advancing universal broadband is bigger than universal telephone service and it is time for the Commission to allocate resources accordingly.

F.) Phasing Out Legacy Charges that Impede Broadband Rollout

As expressed when adopting the interim, emergency cap on the amount of high-cost support that competitive eligible telecommunications carriers (ETCs) may receive,³⁵ the Commission should move in an expeditious manner on comprehensive reform of support mechanisms. In many areas of the country, the current intercarrier compensation regime, for example, may actually be hindering and slowing broadband adoption. Moreover, contrary to the Telecommunications Act of 1996,³⁶ some support mechanisms remain implicit rather than explicit.

Benton agrees with commenters who suggest that rural incumbent local exchange carriers (“ILECs”) “may be reluctant to offer broadband services such as Internet access and VoIP services” because providing these broadband services might affect the amount of access revenue they receive.³⁷ Charging consumers based on criteria such as time of call, time of day, distance of call, local vs. long-distance, and length of conversation will

³³ See FCC 05-151 adopted August 5, 2005.

³⁴ 47 U.S.C. § 157 nt. (incorporating section 706 of the Telecommunications Act of 1996, Pub. Law No. 104-104, 110 Stat. 56 (1996)).

³⁵ FCC 08-122 Docket Nos.: WC 05-337, CC 96-45 Adopted April 29, 2008.

³⁶ See 47 U.S.C. §§ 254(e) - (f), 214(e).

³⁷ AT&T comments at 24

no longer make sense as communication enters the global Internet world, a world that is no longer usage sensitive, no longer distinguishes between local and long distance or between voice and data.

For these reasons, and in order to accelerate broadband deployment in rural areas, Benton urges the Commission to include intercarrier compensation in its comprehensive reform efforts. In a broadband world, the Commission must immediately seek to eliminate non-USF PSTN subsidies and access charges that are time-sensitive, or geographically constrained.

G.) Preventing Duplicate Subsidies

The Commission should cap or end high cost support in study areas where the presence of multiple service providers is sufficient to ensure affordable, high quality service to the public.³⁸ Support should not be provided to an area in which, in the absence of a subsidized carrier-of-last-resort, consumers would have access to affordable wireline and wireless broadband communications service by one or more unsubsidized carriers.

H.) Ensuring Adequate Speeds

Only deployment of high-speed broadband networks capable of supporting competitive voice services should be eligible for USF support. The Commission should reserve broadband USF support for wireline “basic broadband”³⁹ networks capable of

³⁸ See Sprint/Nextel.

³⁹ See *Development of Nationwide Broadband Data to Evaluate Reasonable and Timely Deployment of Advanced Services to All Americans, Improvement of Wireless Broadband Subscribership Data, and*

speeds of at least 1.5 megabits per second downstream and 768 kilobits per second upstream initially in order to ensure that consumers can effectively communicate over broadband. In addition, latency must be sufficiently limited in order to ensure voice and other applications can be utilized without significant degradation of service from an end user perspective.⁴⁰ Over time, the Commission should increase the minimum speeds that are supported and support only those services that offer symmetrical downstream and upstream speeds. For the Advanced Mobility Fund, the Commission should choose mobile broadband speed criteria that would not disqualify any particular technologies, such as first-generation wireless broadband.

I.) Fostering Open Networks

As a condition of receiving support, the Commission must make clear that its Internet Policy Statement⁴¹ is enforceable against conduct that harms consumers and ensure users can obtain and use the content, applications, and devices they choose over broadband networks. In addition, on infrastructure relying on USF support, consumers are entitled to competition among network providers, application and service providers, and content providers. Therefore, to ensure these benefits to consumers, these networks should be competitively built and provide open access – meaning that wholesale and

Development of Data on Interconnected Voice over Internet Protocol (“VoIP”) Subscribership (WC Docket No. 07-38). March 2008.

⁴⁰ See “Dempsey Unveils New National Broadband Scheme.” Department of Communications, Energy and Natural Resources – Ireland. (May 2, 2007). 2 May 2007 Ireland’s broadband subsidy program, for example, requires broadband networks capable of supporting VoIP. The connections that are funded must be an always on service, at a minimum speed, support Virtual Private Networks (VPN) for businesses and VoIP applications and devices for home business purposes.

(<http://www.dcmnr.gov.ie/Press+Releases/Dempsey+Unveils+New+National+Broadband+Scheme.htm>) (Visited June 2, 2008)

⁴¹ FCC 05-151 at 4.

retail operations are structurally separate and access to the network is provided on non-discriminatory terms to other market participants.

J.) Enabling Public Safety in a Broadband World

Since 1934, U.S. telecommunications law has been rooted in public safety. The Communications Act of 1934 was enacted, in part, “for the purpose of promoting safety of life and property through the use of wire and radio communication.”⁴² As noted in Benton’s earlier comments, in a recent recommendation to Congress, the Joint Advisory Committee on Communications Capabilities of Emergency Medical and Public Health Care Facilities (JAC) reported that by transitioning to broadband networks, emergency systems can be greatly improved, saving lives and money.⁴³

As a condition of support, the Commission should ensure that the connection to the Public Safety Answering Point (PSAP) that enables the region’s customers to dial 911 is also upgraded from analog, “plain, old telephone service” (POTS) technology to Internet Protocol- (“IP”) based broadband technology. This will help ensure that as consumers in these areas migrate to broadband-enabled voice service and they can benefit from broadband-enabled 911 capabilities as outlined at the Commission’s recent Next Generation 911 summit.

K.) Adopting the Following Transition Plan

Given the foundational elements noted above, Benton offers the following transition plan. The Commission should:

⁴² 47 U.S.C. 151

⁴³ Joint Advisory Committee On Communications Capabilities Of Emergency Medical And Public Health Care Facilities. Report to Congress. February 4, 2008.

- 1) Add Broadband as a Supported Service under the USF;
- 2) Reform the Lifeline and Linkup Programs to Include Broadband;
- 3) Create a Technologically and Competitively Neutral, High-Speed Broadband Fund and Advanced Mobility Fund:

A.) Specifically, for the Broadband Fund, the Commission should:

- i. Allow providers to voluntarily apply to participate in the Fund for one-time funding of broadband facilities,
- ii. Allow applicants to be free to self-identify un-served areas,
- iii. Require broadband USF support winners to:
 - a. Make broadband services substantially available within two years of winning support and provide service at a benchmark rate to every household in the service area within three (3) years,
 - b. Provide access to voice communications capabilities including access to/from the PSTN, access to emergency services, TRS, and Lifeline,
 - c. Upgrade -- from POTS technology to IP based broadband technology -- the connection to the Public Safety Answering Point (PSAP) that enables the subscribers to dial 911,
 - d. Commit to abide by the Commission's Internet Policy Statement, and
 - e. Provide open access to any infrastructure supported by USF;

B.) Specifically for the Advanced Mobility Fund, the Commission should:

- i. Focus support for mobility buildout on unserved and underserved areas,
- ii. Select at least one provider from each network platform technology to ensure truly ubiquitous service,
- iii. Choose mobile broadband speed criteria that would not disqualify any particular technologies, such as first-generation wireless broadband.
- iv. Require advanced mobile broadband winners to:
 - a. Provide mobile broadband and mobile wireless voice in unserved areas,
 - b. To be a Provider of Last Resort (POLR) – with both the privileges and responsibilities of such -- and require these carriers to provide service at the benchmark rate to every household in a designated area,
 - c. Provide wireless Lifeline,
 - d. Meet open network requirements patterned after the Commission’s 700 MHz Order,

4) Cap the Overall Size of the Broadband Fund and the Advanced Mobility Funds at the Current Levels of Support for Legacy Wireline and Wireless Support Respectively

5) Transition Legacy Wireline Support and Wireless ETC Support to the Broadband Fund and Advanced Mobility Fund Over 5 Years by:

- A) Phasing Out Support for All Other Voice, High-Cost, and Wireless Services,
 - B) Eliminating per-line Interstate Common Line Support (ICLS), Interstate Access Support (IAS) support as customers shift to IP services,
 - C) Transitioning the current \$1.3 billion/year cap for wireless CTCs to the Advanced Mobility Fund over five years,
 - D) Allowing lost access revenues to be recovered by ILECs through increases in their Subscriber Line Charge (SLC) up to federal benchmark levels or other mechanism,
 - E) Encouraging states to allow pricing flexibility for Rate of Return carriers during the transition, and
 - F) Reducing originating and terminating inter-and intrastate access rates, and move to a more uniform bill and keep regime;⁴⁴
- 6) Use Market-Based Mechanisms to Ensure That Funds Are Distributed In the Most Efficient Manner;
- 7) Allow Carriers to Voluntarily Apply To Participate In USF; and
- 8) Expand USF Applicant Pool Beyond Existing ETCs.

⁴⁴ Lost access revenues can be recovered by ILECs through increases in their Subscriber Line Charge (SLC) up to federal benchmark levels or other mechanism. This move would facilitate the kind of geographically neutral world that broadband enables and eliminate a serious hurdle to further rural broadband deployment.

III. Technological advances are transforming communications and necessitating rapid and fundamental change.

There is significant support for Benton’s view that, with technological advances, we must now modernize USF for the Digital Age. Consumers state, “Convergence has created both the opportunity and the onus to undertake a complete overhaul of our basic conceptions and justifications for universal service, as well as completely reengineer how the Commission administers the directives of Section 254.” As CTIA points out, voice is “merely one application that can be offered over broadband and mobile networks.” The Telecommunications Industry Association (“TIA”) indicates that the Broadband Fund is needed to make broadband universally available, especially in rural areas and TIA states that the Commission should phase out narrow-band funding and shift to broadband, and should increase funding over time. The Information Technology Industry Council urges the Commission to recognize broadband as a supported service and phase out support for all other high-cost services.

The migration from analog phone service to broadband could enable incredible consumer benefits. However, merely extending universal service support to broadband, without a commensurate decrease in analog support, could indeed increase costs to consumers who can’t afford to pay more. Instead, broadband support should be phased in over a limited timetable while phasing out support for analog service, spurring new competition, and enabling providers to offset the increased cost through increased subscriber services like the addition of voice over Internet Protocol (VoIP) and video to their broadband offerings.

IV. Conclusion

For the above stated reasons, the Commission must immediately take steps to transition our universal service support system from narrowband to broadband. It is not only achievable and worthwhile; it is required by the statute.

Respectfully submitted,

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