



*advocate for rural wireless telecommunications providers*

November 20, 2007

Honorable Deborah Taylor Tate  
Co-Chair, Federal-State Joint Board on  
Universal Service  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Honorable Ray Baum  
Co-Chair, Federal-State Joint Board on  
Universal Service  
Oregon Public Service Commission  
550 Capitol Street, N.E., Suite 215  
P.O. Box 2148  
Salem, OR 97308

**Re: In the Matter of the Federal-State Joint Board on Universal Service Proceeding on Long-Term Comprehensive High-cost Universal Service Reform, WC Docket 05-337 and CC Docket 96-45**

Dear Commissioner Tate and Commissioner Baum:

As the Federal-State Joint Board on Universal Service (“Joint Board”) considers long-term reform and numerous associations representing differing industry segments weigh in with their own views, the Rural Telecommunications Group, Inc. (“RTG”)<sup>1</sup> would like to provide the following summary of its views on high cost universal service:

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<sup>1</sup> RTG is a Section 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications companies. RTG’s members have joined together to speed the delivery of new, efficient, and innovative telecommunications technologies to the populations of remote and underserved sections of the country. RTG’s members provide wireless telecommunications services, such as cellular telephone service and Personal Communications Services, among others, to their subscribers. RTG’s members are small businesses serving or seeking to serve secondary, tertiary, and rural markets. RTG’s members are comprised of both independent wireless carriers and wireless carriers that are affiliated with rural telephone companies.

## OVERVIEW:

Rural consumers use both wireless and wireline services. The Commission should not limit high cost universal service to just one technology. By focusing on rural providers who can demonstrably show where their high cost funds are being used, the Commission can target and limit the high cost fund. By using carriers' costs rather than reverse auctions, the Commission can target the fund without risking catastrophic damage to rural communities.

## SPECIFICS:

- The Commission should retain its technology neutral universal service principles while avoiding the funding feeding frenzy that characterizes the current fund.
- Any so-called “short term” freeze on competitive eligible telecommunications carriers (“ETCs”) should not be applied to small, rural “Tier IV” carriers<sup>2</sup> who have committed to aggressive buildout schedules in their often underserved areas.
- Carriers should use their own costs to determine their high cost support levels.
- Reverse auctions are ill-advised, untested, and unnecessary. Reverse auctions create an economic incentive to provide the least costly service in order to maximize the high cost subsidy.
- RTG is optimistic that geocoding technology (“GIS”) may be able to target support to areas where it is most needed. RTG’s optimism, however, is tempered by the fact that its members have yet to test any GIS network cost models. If the Commission chooses to implement GIS technology, rural carriers *must* be given the chance to test the technology in the rural “real world.”
- There is no need for the Commission to force disaggregation of high cost support on incumbent rural carriers. Rural carriers design their networks to serve *all* of their rural customers and forced disaggregation may distort their rational economic decisions, as well as those of competitors.
- Universal service support should remain available to all qualifying competitors on a technology neutral basis. ETCs and competitive ETCs should be required to use USF monies for the maintenance, upgrade, and expansion of the supported network in the market area where they receive funds. A stringent rule requiring

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<sup>2</sup> RTG supports the use of a “Tier IV” category of CMRS carriers comprised of CMRS carriers with 100,000 customers or less.

carriers to demonstrate where and how USF monies are being spent will keep carriers from going after high cost support simply to improve their bottom line.

- As the Commission moves forward on any broadband funding measures, it should focus on high speed data services, rather than video and entertainment services.
- The Commission should expand the base of contributors, especially if it decides that broadband funding is a necessity.

RTG urges the Joint Board to consider the effects of any short-term or long-term universal service reform on small, rural wireless providers and to avoid lumping Tier IV, rural-based carriers with nationwide and regional wireless carriers. Thank you for your consideration of RTG's universal service views. If you have any questions concerning RTG's universal service perspective, please contact Ken Johnson, RTG's Regulatory Counsel, at (202) 551-0015.

Sincerely,

**Rural Telecommunications Group, Inc.**

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/s/

Caressa D. Bennet,  
General Counsel

Kenneth C. Johnson,  
Regulatory Counsel

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