

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Connect America Fund: A National Broadband)	WC Docket No. 10-90
Plan for Our Future High-Cost Universal Service)	
Support)	
)	
ETC Annual Reports and Certifications)	WC Docket No. 14-58
)	
Telecommunications Carriers Eligible to)	WC Docket No. 09-197
Receive Universal Service Support)	
)	
Connect America Fund – Alaska Plan)	WC Docket No. 16-271
)	
Expanding Broadband Service Through the)	
ACAM Program)	RM-11868

REPLY COMMENTS OF INCOMPAS

INCOMPAS hereby submits these reply comments in response to the Federal Communications Commission’s (“Commission” or “FCC”) Notice of Proposed Rulemaking that seeks comment on updating legacy rate-of-return mechanisms to better reflect the current broadband deployment and support environment.¹

INCOMPAS is the preeminent national industry association for providers of Internet and competitive communications networks, including both wireline and wireless providers in the broadband marketplace. We represent fixed broadband companies, including small local fiber

¹ *In re Connect America Fund: A National Broadband Plan for Our Future High-Cost Universal Service Support; ETC Annual Reports and Certifications; Telecommunications Carriers Eligible to Receive Universal Service Support; Connect America Fund – Alaska Plan; Expanding Broadband Service Through the ACAM Program*, Report & Order, Notice of Proposed Rulemaking, and Notice of Inquiry, WC Docket Nos. 10-90, 14-58, 09-197, 16-271 & RM-11868, FCC 23-60 (rel. July 24, 2023) (“NPRM”).

and fixed wireless providers, that offer residential broadband Internet access service (“BIAS”), as well as other mass-market services, such as video programming distribution and voice services in urban, suburban, and rural areas. We also represent mobile and satellite entities offering BIAS and video services, as well as companies that are providing business broadband services to schools, libraries, hospitals and clinics, and businesses of all sizes, including regional fiber providers; transit and backbone providers that carry broadband and Internet traffic; and online video distributors (“OVDs”) which offer video programming over BIAS to consumers, in addition to other online content, such as social media, streaming, cloud services, and voice services. The availability of BIAS connectivity throughout the U.S. is critical for the nation’s economic development and global competitive edge, and INCOMPAS’ members are at the forefront of helping Americans get better, faster internet service and online content at prices they can afford.

INCOMPAS’ members have an interest in this proceeding. Congress has allocated tens of billions of dollars to achieve universal broadband connectivity and prioritized the availability of these funds through competitive means to ensure more effective and efficient deployment of high-speed, future-proof networks. INCOMPAS’ members are participating in these competitive programs to help achieve Internet for All. INCOMPAS members are also contributors to the Universal Service Fund. As the Commission is aware, the revenue base for USF is in decline, and the USF contribution factor has risen precipitously; thus, INCOMPAS advocates for efficient spending from the USF so that the factor does not increase from higher and unnecessary spending from the Fund. Finally, in some instances, INCOMPAS’ members are competing directly against providers that receive support from the High-Cost program. To that end, INCOMPAS offers its recommendations for the legacy support mechanisms.

First, INCOMPAS agrees with comments of NCTA—The Internet & Television Association (“NCTA”) that it is time to wind down some of the legacy High-Cost support mechanisms, including High-Cost Loop Support (“HCLS”) and Connect America Fund Intercarrier Compensation Support (“CAF/ICC”). As stated by NCTA, these programs support outdated voice and switched access technologies and discontinuing support would provide further incentive for legacy carriers to fully transition to IP technology, which has taken far too long.² Moreover, moving to all IP is critical for other Commission goals, such as implementation of STIR-SHAKEN which supports the elimination of illegal robocalls.³ INCOMPAS agrees with NCTA’s argument that, “[g]iven the Commission’s objectives to incentivize broadband deployment and transition to IP networks, it is counterproductive to continue to support voice-only service”⁴ in the legacy High-Cost program.

Moreover, it is time for the Commission to fully implement the decision made in 2011 to move to a uniform national bill-and-keep framework for telecommunications traffic. The CAF/ICC support mechanism was intended to be a transitional recovery mechanism to provide some revenue stability while providers adjust to an IP world; it never was intended to continue forever. Carriers have had twelve years of CAF-ICC support—this is more than sufficient time and support to adjust.

The Commission seeks comment on potentially phasing down the HCLS indexed cap to zero, and asks whether a period of ten years would be appropriate. INCOMPAS believes that ten years is too long to keep HCLS in place, given the pace of conversion to broadband-only lines

² NCTA Comments at 3 (filed Sept. 18, 2023).

³ See, e.g., INCOMPAS Reply Comments, WC Docket No. 17-97, at 2 (filed Jan. 23, 2023).

⁴ *Id.* at 6.

and the anticipated acceleration of the modernization of telecommunications networks that will occur with the assistance of federal and state broadband funding. Accordingly, INCOMPAS supports the Commission beginning a five-year phasedown of both the HCLS and CAF/ICC mechanisms, and we urge the FCC to implement these changes as soon as possible.

Second, INCOMPAS supports the elimination of Connect America Fund Broadband Loop Support (CAF BLS) where it overlaps with other federal programs, such as BEAD and Capital Projects Fund that will deliver at least 100/20 Mbps broadband service. The federal agencies working on the broadband support mechanisms funded by Congress and other programs have committed to coordinating their programs to avoid unnecessary duplication.⁵ As such, INCOMPAS supports elimination of CAF BLS where other federal programs, such as BEAD or the Capital Projects Fund, support the deployment of broadband networks.

INCOMPAS also supports the proposal to increase the consumer broadband-only loop (“CBOL”) revenue imputation to reflect inflation for CAF BLS support. As NCTA states:

The Commission set the imputed CBOL rate at \$42 in 2016, seven years ago. As the Commission notes, it partially justified the \$42 per-line per-month revenue imputation based on the 10/1 Mbps urban rate benchmark, which as increased 17.3% since 2016. Increasing the CBOL imputation at the same percentage would result in an imputation amount of \$49.28 per-line per-month.⁶

Doing so would limit CAF BLS support so that the USF is not subsidizing low BIAS rates, and taking such action would be similar to what the FCC did for the Enhanced A-CAM offerings wherein it raised the revenue benchmark for model support from \$52.50 to \$63.69, on the

⁵ See Interagency Agreement, *available at* <https://docs.fcc.gov/public/attachments/DOC-373591A1.pdf>.

⁶ NCTA Comments at 6.

grounds that the formula should be updated to reflect revenues a carrier may reasonably be assumed to get from its customers.⁷

Third, INCOMPAS supports NCTA's recommendation that High-Cost carriers report to the FCC and USAC where they are getting grants from other funding programs to further ensure that the Commission and USAC can fully account for the grants provided from other programs and to further assist with the FCC's effort to avoid unnecessary duplicative support.⁸

For the foregoing reasons, INCOMPAS respectfully requests that the Commission phase down HCLS and CAF/ICC over five years, eliminate CAF/BLS support where another funding program supports broadband deployment, increase the CBOL to reflect inflation and the amount of revenues that carriers receive from customers, and require High-Cost carriers to annually report their other grant funding to the FCC/USAC.

Respectfully submitted,



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⁷ NPRM ¶ 70.

⁸ NCTA Comments at 8.