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

In the Matter of	)	
	)	
Reforming the High-Cost Program for an All-IP Future	)	WC Docket No. 26-96
	)	
	)	
Connect America Fund: A National Broadband Plan for Our Future High-Cost Universal Support	)	WC Docket No. 10-90
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REPLY COMMENTS OF INCOMPAS

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INCOMPAS hereby submits these reply comments in response to the Federal Communications Commission's ("FCC" or "Commission") Notice of Proposed Rulemaking ("NPRM") seeking comment on how to modernize the Universal Service High-Cost Program.

I. INTRODUCTION AND SUMMARY

INCOMPAS members support universal service and the continued availability of affordable, reliable, and reasonably comparable broadband service in rural and other high-cost areas. As several support mechanisms approach expiration, the Commission has an opportunity to update the High-Cost Program and align support with changes in technology, competition, federal broadband funding, and network costs. High-Cost support remains necessary in some areas, but not everywhere or indefinitely. The Commission should use current, granular evidence to determine where support remains necessary and how much support is required.

The record also confirms the sequence INCOMPAS proposed in its comments. First, the Commission should determine the High-Cost Program's distribution needs. Only after the Commission completes that review and policymakers understand the aggregate funding requirements of all four Universal Service Fund ("USF" or "Fund") programs should policymakers consider contribution reform. They should not declare any contribution mechanism insufficient before establishing those requirements. When the FCC later considers contribution reform, broadband internet access service ("BIAS") revenues provide a clear, more competitively neutral, and more administrable basis for assessment than undefined and legally problematic categories of "technology companies."[1]

Commenters in this proceeding propose sharply different outcomes. USTelecom and NTCA advocate multiyear extensions or successor support for the High-Cost mechanisms at issue, while SpaceX and ITIF urge the Commission to sunset some or all of that support. Neither automatic continuation nor categorical termination adequately accounts for current conditions. The Commission should develop a successor framework that considers existing service obligations, unsubsidized competition, enforceable funding commitments, and the costs of preserving qualifying service. If the Commission cannot complete that work before a mechanism expires, it may adopt a limited bridge to preserve continuity without predetermining long-term eligibility or support levels.[2]

II. DISTRIBUTION REFORM MUST PRECEDE CONTRIBUTION REFORM

A. Policymakers Cannot Assess Contribution Sufficiency Before Determining Distribution Needs

USTelecom asks the Commission to urge Congress to broaden the contribution base, and its supporting footnote indicates that the expansion it has in mind includes revenues from the "largest

[1] *Comments of INCOMPAS*, WC Docket Nos. 26-96, 10-90, at 3–4 (filed Aug. 4, 2026) (INCOMPAS Comments).

[2] See *Comments of USTelecom—The Broadband Association*, WC Docket Nos. 26-96, 10-90, at 2–3, 6–7, 17 (filed Aug. 4, 2026) (USTelecom Comments); *Comments of NTCA—The Rural Broadband Association*, WC Docket Nos. 26-96, 10-90, at 34–49 (filed Aug. 4, 2026) (NTCA Comments); *Comments of Space Exploration Holdings, LLC*, WC Docket Nos. 26-96, 10-90, at 1–2, 9–10 (filed Aug. 4, 2026) (SpaceX Comments); *Comments of the Information Technology and Innovation Foundation*, WC Docket Nos. 26-96, 10-90, at 3–4, 6–8 (filed Aug. 4, 2026) (ITIF Comments).

technology companies." It also asserts that BIAS revenues alone would not provide sufficient funding and would shift the funding burden significantly to consumers.[3]

That claim reverses the necessary sequence. This proceeding will determine the future of legacy rate-of-return support provided through Connect America Fund Broadband Loop Support ("CAF BLS") and High-Cost Loop Support ("HCLS"), as well as support provided through the sunsetting Alternative Connect America Cost Model I ("A-CAM I"), Revised Alternative Connect America Cost Model I ("Revised A-CAM I"), and Alternative Connect America Cost Model II ("A-CAM II") mechanisms. Together, those mechanisms accounted for approximately $1.6 billion in annual support in 2025.[4] How the Commission treats those mechanisms will establish the High-Cost Program's future distribution requirements.

Section 254 requires specific, predictable, and sufficient universal-service mechanisms.[5] But sufficiency does not require preserving support that no longer serves a demonstrated need. Excessive support can increase the contribution burden on consumers and businesses and undermine universal service.[6] The Commission should determine where High-Cost support remains necessary, what universal-service purpose it serves, whether competition or another funding program already meets that need, and what level of support is sufficient without being excessive or duplicative. Only after the Commission completes that distribution review and policymakers understand the aggregate funding requirements of all four USF programs should the Commission consider contribution options.

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[3] USTelecom Comments at 16 n.21.

[4] *Reforming the High-Cost Program for an All-IP Future; Connect America Fund: A National Broadband Plan for Our Future High-Cost Universal Support*, WC Docket Nos. 26-96, 10-90, Notice of Proposed Rulemaking, FCC 26-35, paras. 8, 19 & n.47 (rel. May 21, 2026) (NPRM).

[5] 47 U.S.C. § 254(b)(5).

[6] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8801, para. 47 (1997) (Universal Service First Report and Order); *Alenco Commc'ns, Inc. v. FCC*, 201 F.3d 608, 620 (5th Cir. 2000).

B. Undefined "Technology Companies" Are Not an Appropriate Contribution Category

The NPRM addresses High-Cost distribution and the design of specified support mechanisms. It neither proposes a technology-company assessment nor seeks to develop a record on covered entities and revenues, statutory authority, or administrability. INCOMPAS responds only because USTelecom raised these issues in its comments. The Commission should not endorse an undefined contribution category as the presumed solution to a USF funding requirement that policymakers have not yet established.

The Communications Act does not establish a contribution category for companies based on whether they benefit from broadband or fit an undefined "technology company" label. Section 254(d) requires interstate telecommunications carriers to contribute on an equitable and nondiscriminatory basis and permits the Commission, when the public interest requires, to assess other providers of interstate telecommunications.[7] The statute focuses on the service or functionality an entity provides, not on a corporate label or a generalized judgment about who benefits from connectivity. USTelecom identifies neither the triggering service nor the assessable revenue, and it offers no workable definition of a "technology company" or rule for treating converging services consistently. Companies throughout the economy now offer evolving combinations of connectivity, cloud, content, applications, advertising, and managed services. A corporate-label assessment would therefore rely on arbitrary, rapidly outdated distinctions, distort competition, and provide no principled basis for determining who should contribute.

The claim that selected companies benefit from broadband networks without contributing to their costs also ignores substantial investments throughout the Internet ecosystem. Many companies that

[7] 47 U.S.C. § 254(d).

might fall within an undefined "technology company" category purchase connectivity, transit, interconnection, colocation, and related network services and invest substantially in fiber deployment, data centers, subsea cables, content-delivery networks, cloud infrastructure, and other facilities that interconnect with broadband networks and add capacity, reach, and resilience. Nor is there a principled basis for declaring any corporate category the "largest beneficiary" of connectivity. Consumers, network operators, businesses of every size, public institutions, and the broader economy all benefit. A sector-specific assessment could also discourage the previously described infrastructure investment and undermine U.S. efforts to oppose foreign digital-services taxes and network-usage fees directed at American companies.[8]

C. BIAS Is a Clearer, More Competitively Neutral, and More Administrable Contribution Option

USTelecom again reverses the necessary sequence. The Commission must first complete High-Cost distribution reform and determine the resulting support requirements; only then can policymakers evaluate contribution options. INCOMPAS discusses the merits of a methodology based on BIAS contributions to counter USTelecom's assertion and to preserve that sequence, not to ask the Commission to select a contribution mechanism here.

BIAS offers a clear and more administrable basis for assessment because it is a defined, technology-neutral connectivity service.[9] Existing Form 499-A instructions also direct filers providing BIAS to report those revenues on Line 418.3, although they are not currently included in the federal

[8] See *Memorandum on Defending American Companies and Innovators from Overseas Extortion and Unfair Fines and Penalties*, 90 Fed. Reg. 10685, 10685–86 (Feb. 26, 2025) (identifying discriminatory digital-services taxes, network-usage fees, and Internet-termination fees as foreign measures that increase costs and impair U.S. competitiveness).

[9] 47 CFR § 8.1(b).

USF contribution base.[10] Those features would allow policymakers to structure any future reform around an identifiable service and reported revenues rather than an undefined corporate category.

A BIAS-revenue assessment would also avoid selecting contributors based on content, application, traffic, advertising model, or company identity. A prior economic analysis prepared for INCOMPAS concluded that assessing BIAS revenues would be less economically distortionary than proposals that target specific edge providers.

These legal, competitive, and economic questions do not belong in this proceeding, and USTelecom's brief assertion in a footnote provides no basis to declare BIAS insufficient or to endorse an assessment based on an undefined corporate category.

III. THE RECORD SUPPORTS AN EVIDENCE-BASED REVIEW, NOT AUTOMATIC EXTENSION OR TERMINATION

A. Any Necessary Bridge Should Provide Funding Certainty Without a New Demonstration of Need

USTelecom and NTCA correctly recognize that funding certainty supports continued investment and service in rural areas. If the Commission cannot complete a sound successor framework before existing mechanisms expire, it should adopt a short, defined extension to preserve service, investment, and reasonably comparable rates. Such a bridge would provide an orderly transition without requiring every current recipient to prove a new, long-term need before receiving temporary support.

INCOMPAS does not propose conditioning temporary bridge support on a new demonstration of need, a provider-specific application, or a supplemental evidentiary showing. CAF BLS carriers already submit annual projected and actual cost-and-revenue data that USAC uses to calculate and reconcile support, and existing reporting, performance, and accountability requirements continue to apply to

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[10] Federal Communications Commission, *2026 Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A*, at 33–34 (Nov. 2025), https://docs.fcc.gov/public/attachments/DA-25-1064A3.pdf.

current recipients. An additional qualification process for temporary support would duplicate existing obligations, impose disproportionate personnel and administrative costs on small providers, and create uncertainty that could delay network investment.

During the bridge period, the Commission should use information that it and USAC already possess to develop the successor framework and update cost models, performance standards, and speed requirements to reflect current market conditions and lessons from the existing A-CAM and Enhanced A-CAM mechanisms. The absence of a facilities-based competitor offering service that meets applicable universal-service requirements provides important evidence that unsubsidized service may not be sustainable in a particular community. The Commission should limit any additional information collection to designing and implementing the successor framework.

Any bridge should maintain existing service and accountability obligations and last only as long as reasonably necessary to complete the successor framework. Demonstrated need should govern long-term eligibility and support levels under that framework, not access to temporary bridge support. The bridge should create no presumption about eligibility, support amounts, or support duration after the transition period.

B. The Commission Should Reject Categorical or Scheduled Sunsets

SpaceX and ITIF correctly emphasize that competition, technological developments, and other federal funding can reduce or eliminate the need for High-Cost support. However, they go too far by treating program expiration, reported availability, or newer technologies as sufficient reasons to end support without a granular assessment. Low-Earth-orbit ("LEO") satellite service can provide valuable broadband service. But SpaceX supports its categorical proposal primarily with trade press, a speed-test vendor's blog, social-media posts, global subscriber counts, and median subscriber speeds, rather than verified location-level evidence of availability, delivered performance, capacity, or price. That showing does not support categorical termination.

The Commission's latest nationwide data show why it should assess current need at the location level rather than presume either continued support or termination. As of June 2025, approximately 10.5 million people still lacked access to 100/20 Mbps fixed terrestrial broadband, including more than 9 million people in rural areas and approximately 500,000 people on Tribal lands.[11] At the same time, the Commission estimated that 100/20 Mbps satellite service was available to 99.7 percent of the U.S. population, while recognizing that physical obstructions, capacity constraints, congestion, and variations in speed and latency may affect its usability.[12] These nationwide findings neither establish a need for support nor demonstrate the adequacy of an alternative at any particular location. They support a location-specific assessment rather than a categorical sunset.

The Commission should use the National Broadband Map as one source of evidence, not as the final answer on whether support remains necessary. For long-term support decisions, the Commission should also consider whether an alternative service is available at reasonably comparable rates, has enough capacity to serve the affected locations throughout the support term, and carries an enforceable obligation to continue service. Technology neutrality requires the Commission to determine whether each service meets the applicable universal-service requirements at the locations at issue, without presuming adequacy or inadequacy based solely on technology.[13] LEO satellite may offer the most efficient option for some of the hardest-to-serve locations, while fiber, cable, or fixed wireless may work better elsewhere. Program expiration and competitive availability matter, but neither alone establishes that the underlying universal-service need has ended.

C. Successor Support Should Follow Demonstrated Need

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[11] *Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 25-223, 2026 Section 706 Report, FCC 26-55, para. 135 (rel. Aug. 14, 2026) (2026 Section 706 Report).

[12] Id. paras. 28, 132.

[13] NPRM paras. 36–39.

Historical participation should neither guarantee nor preclude successor support. The Commission should use current, granular evidence to determine whether support remains necessary for a defined universal-service purpose and whether unsubsidized competition or another enforceable funding commitment already meets that need.

The Section 706 Report cited previously also illustrates why the Commission should coordinate federal funding. It found that 3,394,105 people—32.1 percent of those without access to 100/20 Mbps fixed terrestrial broadband—lived in locations subject to an enforceable federal funding commitment reflected in the Broadband Funding Map. The Commission cautioned that its analysis did not include BEAD awards or reflect more recently reported federally supported buildouts.[14] Although that nationwide analysis does not determine eligibility for any particular High-Cost location, it reinforces the importance of accounting for enforceable commitments before awarding duplicative support. Where a provider demonstrates a distinct need that another program does not meet, including prudent ongoing costs necessary to preserve qualifying service at reasonably comparable rates, the Commission should remain able to provide appropriately calibrated support.

Before materially reducing support, the Commission should disclose the location-specific basis for its decision and allow the affected provider to correct inaccurate data or demonstrate a distinct continuing need. The Commission also should recalibrate support if the competing service or funding commitment fails or materially changes. Where support remains necessary, qualified providers should have an equal opportunity to meet clearly defined obligations, and the Commission should use competitive selection wherever practicable. As INCOMPAS explained in its opening comments, long-

[14] 2026 Section 706 Report paras. 44–46 & Figs. 10–11.

term support should follow demonstrated need rather than incumbent status, technology label, or a predetermined expiration date.[15]

D. Changes to High-Cost Support Should Not Prejudge Separate Legal Obligations

USTelecom asks the Commission to recommend that Congress update section 214 and suggests that unfunded incumbents should no longer face legacy obligations. The Commission should reject any presumption that a change in High-Cost support automatically warrants relief from separate statutory or regulatory obligations. High-Cost support and obligations under sections 214, 251, and 252, as well as rules governing discontinuance, interconnection, copper retirement, wholesale access, and service continuity, serve distinct purposes. Ending or shifting support does not, by itself, establish that those obligations are obsolete. The Commission should consider any proposed changes only on a full record in proceedings focused on interconnection and technology transitions.[16]

IV. CONCLUSION

The Commission should first determine the High-Cost Program's distribution needs. It should use current, granular evidence to decide where long-term support remains necessary while preserving service through any needed transition. The Commission should consider contribution reform only after establishing the aggregate funding requirements of all four USF programs. At that point, BIAS would offer a clearer, more competitively neutral, and more administrable path than assessing undefined categories of technology companies.

The Commission should adopt a competitively neutral successor framework that directs support where current evidence shows it remains necessary.

Respectfully submitted,

[15] INCOMPAS Comments at 8–9.

[16] See USTelecom Comments at 4; INCOMPAS Comments at 14–15.

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