

**SEPARATE STATEMENT OF COMMISSIONER KATHLEEN Q. ABERNATHY**

*Re: Federal State Joint Board on Universal Service, CC Docket No. 96-45 (adopted October 16, 2003)*

Today we bring closure to the complex set of rules that allocate universal service funds to non-rural carriers. These companies are the largest carriers providing telecommunications service across the United States. Although most of the high cost loop support is directed to smaller rural carriers (well-over 90%), the non-rural carriers are also a critical component of the success of USF in America. In some states, for example, the non-rural carrier may be the primary provider of communications service for rural Americans. Given this critical position, the USF Joint Board and the FCC were dedicated to crafting high-cost support rules that would ensure comparable rural and urban rates for areas served by the non-rural carriers.

Today's order reflects that effort. First, we adopt a more precise definition of the statutory terms "sufficient" and "reasonably comparable" for purposes of the non-rural support mechanism. Second, we adopt a methodology for setting a national average cost per line benchmark. Third, we have created an expanded annual certification process, which provides an inducement to states to achieve reasonably comparable rates. This mandatory review process encourages each state to examine whether its policies are achieving rate comparability and if not, to take such action as necessary to do so. It also enables the Commission to evaluate whether the non-rural mechanism is achieving the goal of reasonable comparability among states, while placing primary responsibility on the states and giving each state the flexibility to regulate basic rates and services.

I believe the modifications we are making to our Universal Service requirements address the concerns outlined by the Tenth Circuit. The order also furthers the goals of the Communications Act by ensuring that there are reasonably comparable urban and rural rates for all customers served by non-rural carriers.