

**STATEMENT OF
COMMISSIONER KATHLEEN Q. ABERNATHY**

Re: Federal-State Joint Board on Universal Service and High-Cost Universal Service Support.

Just over two years ago, the Commission issued its *Order on Remand* in this docket, responding to the Tenth Circuit's 2001 rejection of the Commission's high-cost support mechanism for large, "non-rural" carriers. At the time, I commented that we had brought the issue to closure, and had addressed the court's concerns.

Earlier this year, we learned that the Tenth Circuit disagreed, when it again remanded our decision. When a court overturns an agency rule, the regulator's role is not to second-guess, but simply to try again. So, while I supported the rules that gave rise to the court's most recent remand, I also fully support this Notice of Proposed Rulemaking.

I am also pleased to vote for the Notice's tentative conclusion that the Act authorizes the creation of a new mechanism designed to support large carriers serving insular areas such as Puerto Rico. The evidence before us suggests that such carriers face unique challenges that might not be reflected by existing cost models, and that subscribership in the areas they serve is now *falling*. We cannot know where the record compiled in this docket ultimately will lead the Commission, but facts such as these demonstrate that it is time to consider bolder action to meet the needs of insular areas.

Finally, I am gratified that this Notice expressly seeks comment from the states regarding these very important issues. The Federal-State Joint Board on Universal Service, which I have been proud to chair since 2001, has worked diligently to aid us in implementing the Act's provisions, and I have great respect for the expertise and perspective that my state commission colleagues have brought to this subject. In responding to the Tenth Circuit's decision, I urge the Commission to pay careful attention to their views.

This proceeding offers the Commission the opportunity to provide clarity and finality to an industry that sorely needs both. The task ahead is difficult, but the rewards of success will be well worth the effort. I wish the Commission the best of luck in resolving this set of very difficult issues once and for all.