

**STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN**

Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45 (FCC 05-46).

Through this Order, the Commission acts on the recommendations of the Federal-State Joint Board on Universal Service concerning the designation of eligible telecommunications carriers (ETCs). I support this Order because it largely reflects the consensus of the Joint Board, which worked hard to establish useful guidelines for the designation of multiple ETCs in high cost areas.

I am pleased that this item recognizes, as Congress did in the Telecommunications Act of 1996, that the FCC and State commissions must take greater care in examining the public interest to determine the wisdom of multiple ETCs in rural, high cost areas. Establishing a more substantive public interest test and providing meaningful guidance on ETC designations will help ensure that federal universal service funding is available only to those providers who are committed to serving rural communities. For example, this Order adopts the Joint Board's recommendation that State commissions have flexibility to harmonize existing carrier-of-last-resort and line extension obligations when designating additional ETCs. The Order also establishes more rigorous certification and reporting requirements for FCC-designated ETCs, and encourages State commissions to take similar approaches.

While establishing a more meaningful public interest test is a necessary step in our efforts to manage responsibly the growth of the universal service fund, there may be some missed opportunities here. Commenters argued that the Commission should adopt specific tools to enable or incent the FCC and State commissions to consider the impact of additional designations on the overall size of the fund, a growth dynamic that this Order lightly acknowledges and does not adequately attempt to forecast. I believe that we could have done more to explore frameworks to identify those very high-cost areas where it may be prohibitive to fund more than one ETC. This Order declines to adopt a specific national benchmark based on this record, but I am pleased that it gives State commissions the flexibility to consider whether the dilution of support caused by additional designations would undermine the ability of carriers to offer comparable service at comparable rates.

It also bears emphasis that the FCC must lead by example in applying these designation criteria and a rigorous public interest standard. Commenters have raised concerns about the Commission's past application of the existing ETC designation standards and I take these concerns seriously. Even if some of the tools available to the FCC for our designations lack the nuance or sophistication of the tools available to State commissions, our FCC designation criteria should not be applied in a rote or mechanical fashion. Rather, our designation decisions must involve careful consideration of the facts before us and the unique nature of individual circumstances, in order to satisfy our obligations as stewards of the universal service fund.

Although I would have considered additional measures to strengthen FCC designation of ETCs and to address the impact of ETC designations on the universal service fund,, I find that this Order is largely faithful to the recommendations of my colleagues on the Joint Board, whose contributions and efforts I value highly, and that it marks a measurable improvement in the level of guidance that the FCC previously provided to State commissions and ETC applicants, alike. The Order also includes a firm commitment to revisit these issues again, which will provide an opportunity to assess the effectiveness of the measures we adopt today. For these reasons, I support this item.