## STATEMENT OF COMMISSIONER MICHAEL J. COPPS APPROVING IN PART, CONCURRING IN PART

Re: In the Matter of Universal Service Contribution Methodology; Federal-State Joint Board on Universal Service; 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms; Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990; Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size; Number Resource Optimization; Telephone Number Portability; Truth-in-Billing and Billing Format; and IP-Enabled Services, Report and Order and Notice of Proposed Rulemaking (WC Docket No. 06-122, CC Docket Nos. 96-45 98-171, 90-571, 92-237 NSD File No. L-00-72, 99-200, 95-116, 98-170, and WC Docket No. 04-36)

Nothing is closer to the heart of the Telecommunications Act than universal service. It's the very life-blood of the Act—a clear national commitment to bring the best, most accessible and cost-effective communications services to all Americans—no matter who they are or where they live. No matter whether they live in city or town, work in the factory or on the farm or in Indian Country, whether they are affluent or economically disadvantaged, or if they are healthy or are part of our nation's several disabilities communities—every citizen has a right to communications services. And if they are denied access to the advanced communications services now becoming available, they will be left behind. The rest of the world is not going to wait, for example, for rural America to catch up. Rural America's kids will either have these tools or they will lose in the global competition—it's about as simple as that. And they will lose also for lack of the tools they need to fulfill themselves and become fully productive members of our society.

The Order before us today takes some important steps towards shoring up the financial stability of the universal service fund. It does so by raising the wireless safe harbor contribution, by requiring interconnected VoIP providers to contribute to the fund, and by increasing the FCC's ability to ensure that providers are accurately and completely reporting their universal service obligations. I support and approve these steps.

But the outcome isn't all good. Today's actions need to be understood in a broader context, because universal service needs to be seen whole. Last August the Commission put in motion a process to exempt DSL from contributing to the support of universal service. There were other options available to us that would have been more in keeping, I believe, with Section 254 of the Communications Act which charges the Commission with implementing policies that promote the "preservation and advancement of universal service." And more in keeping, I would add, with Section 706 of the

Telecommunications Act which charges the FCC to encourage the deployment of advanced telecommunications capability to all Americans.

In the century just past, we got universal service about right for plain old telephone service. Those who were serving the more affluent and profitable markets were charged with the responsibility to contribute towards the provision of reasonably comparable service in more difficult telecom markets. It worked. Now, as we march blithely into the twenty-first century with all its wonderful new telecommunications technologies and services, we reverse course. DSL and cable broadband—which are surely going to be the backbone of our nation's telecom infrastructure for years to come—can build where they choose and profit as they can without contributing towards making these services available to harder-to-reach people. It's like taking the broadband out of a broadband strategy—except that the country lacks such a strategy.

In reviewing the record, I noted with interest the National Telecommunications Cooperative Association letter stating that the elimination of broadband providers' contributions to the fund "will undermine the . . . goal of providing affordable broadband services to all Americans by 2007, and conflict directly with . . . Telecom Rewrite legislation . . . which ties the future of universal service to broadband deployment throughout the United States."

At a somewhat more granular level, I think the jury may still be out on whether today's action actually puts enough additional funds into the universal service fund as DSL's non-participation takes out. By some accounts DSL providers contribute \$350 million a year to the fund, perhaps more. Recall that last summer, when the Commission announced its broadband recusal approach, we pledged to "take *whatever action is necessary* to preserve existing funding levels" (emphasis added) before releasing providers from their contribution obligations. I don't see with slam-dunk certainty that contributions from interconnected VoIP (which is, for all its impressive growth, still a relatively nascent industry) and from wireless carriers (whose possibly increased use of traffic studies could lead to unforeseen consequences) offset the funds lost by DSL's non-participation. Surely it would be an intolerable result to end up with the fund having less revenue, not more, for the foreseeable future. Last summer we pledged this result would not happen. Nine months later we seem to accept the possibility of a diminished fund.

Finally I would note that concerns have been expressed by wireless and VoIP providers that their respective safe harbors were not appropriately set. We all know the importance of well-developed, analytical fact-gathering, research and study, and to the extent that comments to today's Notice of Proposed Rulemaking support adjustments to these safe harbors or provide better ways to calculate them, the Commission should conform its policies expeditiously.

In sum, I approve in part and concur in part for the reasons discussed above, and I remain hopeful that a universal service system for the twenty-first century will yet emerge from the dialogues that currently attend not only our proceedings but also the deliberations of Congress as the people's representatives contemplate our nation's needs in the years ahead.