

**STATEMENT OF
COMMISSIONER DEBORAH TAYLOR TATE**

Re: High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Alltel Communications, Inc., et al. Petitions for Designation as Eligible Telecommunications Carriers, RCC Minnesota, Inc. and RCC Atlantic, Inc. New Hampshire ETC Designation Amendment, WC Docket No. 05-337, CC Docket No. 96-45.

Today we take an important and historic step down the necessary road to real reform of universal service. Specifically, the Commission takes appropriate action to rein in the explosive growth in high-cost universal service support disbursements to competitive eligible telecommunications carriers.

In both my role at the Commission and as Federal Chair of the Federal-State Joint Board on Universal Service (Joint Board), I have been clear about my commitment to the key tenets of universal service: to promote the availability of quality services at just, reasonable and affordable rates, to increase access to advanced telecommunications services throughout the Nation, and to advance the availability of such services to all consumers in the U.S., no matter where they live. At the same time, we all recognize that the system is outdated as competition and ever-changing technologies have caused inefficiencies in the current system. I look forward to examining market-oriented solutions such as reverse auctions that can provide appropriate incentives for investment and efficiencies, and closely scrutinizing whether it make economic sense to provide ongoing support for multiple providers who ultimately compete for the same customers. As we examine comprehensive reform our focus should be on encouraging efficiencies, as well as reviewing affordability and creating a level playing field. Most importantly, we must ensure that support from the fund is being utilized as it was intended: to provide services to those in truly high cost areas. And we must do so in a way that is efficient, targeted and fiscally responsible. As stewards of public funds, we must remain mindful that it is consumers who ultimately pay universal service contributions.

It has been almost one year since the Joint Board made its recommendation and I would like to reiterate my appreciation for my Co-Chair, Commissioner Ray Baum of the Oregon Public Utility Commission and all of the Joint Board members. Each made valuable contributions to the process and set aside their individual state interests to work toward a unified, national recommendation. In addition, I would like to recognize the dedication and years of committed work of Billy Jack Gregg, former Consumer Advocate of West Virginia, and other public interest stakeholders. Their important input was crucial to bringing us to this point in the process. They should all take pride in the fact that their interim recommendation was adopted today by the Commission and will immediately begin to curb the unsustainable growth-at least regarding the high cost fund.

I want to commend members of Congress who have drafted universal service reform proposals-the most recent from Congressman Barton whose draft is renewing discussion on fresh and innovative ideas. I look forward to working with members of Congress as we progress toward comprehensive reform and hope we may all come together to address the issues for the good of the program.

Now, the difficult work must begin again toward lasting and full reform to insure the viability of our universal service fund in this new digital age. I humbly ask all of the providers/companies, scholars, economists, professors, and consumer advocates and others with unique knowledge to help us balance the varied and various interests and to work toward a consensus which will continue to insure the fund will remain for future generations.