

**STATEMENT OF
COMMISSIONER MICHAEL J. COPPS**

Re: *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109

This is our best chance yet to get from here to there with a Universal Service system that will truly serve the telecommunications needs of Twenty-first century consumers. It's very likely our last chance for a while, too, because if we can't bring this home now, with all the preparation and effort and expectation that has gone into it, we'll be left with a rickety, tottering, last-century system that did good things for plain old telephone service but hasn't got a shot at taking us where we need to go in the years ahead. By now we should all understand the importance of this. The President, the Congress and the Commission are clearly looking to broadband infrastructure as one of the great tools to build a better and more prosperous future for America. We undertake this task with nothing less than the prosperity of our local communities, our global competitiveness, and the infrastructure for our national civic dialogue all at stake. Whether the United States will continue to give rise to the ideas, inventions, and innovations that drive the global economy will in no small part depend upon the strength of our communications networks and on the ability of all Americans—urban and rural—to access them. Universal Service is the bedrock of our national communications policy—and of this Commission's enabling statute—because all of us benefit when more of us are connected.

Let's keep in mind that, for all its faults, the present system has accomplished a lot. Good things have come from the high-cost support mechanism. National telephone penetration stands at 96%—although we know, and I'm pleased that this item acknowledges, that some areas such as Indian Country remain inexcusably behind. Communications infrastructure has been deployed in many rural, insular and high cost areas—those places where there may never be a private sector business case for broadband and high-quality voice service. Good jobs have been created. And here's something that gets too seldom mentioned: because of our Universal Service mechanisms we have less industry consolidation than we would otherwise have in an already overly-consolidated sector.

But new times, new challenges and new technologies are passing the old system by. It just hasn't had the maintenance and modernization any system needs to keep functioning. Plus the action has moved to far more advanced telecommunications. So the chorus for reform has, rightly, grown loud. Yet much work remains before we are all singing off the same song sheet. Writing that song sheet is what we will be doing in the months immediately ahead. The current regime of Universal Service and Intercarrier Compensation has many moving parts and categories that can be mind-boggling in their intricacies, applications and exemptions. We must be upfront that phasing down and eliminating the inefficiencies that we all know exist in legacy mechanisms will not be easy or painless. We must face the hard truth that our current system is not designed to live up to either the public interest or the dictate of the law for today's needs—ensuring access to the services all Americans require to participate fully in the digital age. We see some money, frankly, being wasted right in sight of the need for funds in unserved areas.

The item before us commits to a stable and predictable framework for Intercarrier Compensation as we rationalize a system too often plagued with gamesmanship. We all see the

symptoms of decision-making deferred: too much litigation, self-help, and market power as a substitute for the honest rules needed to minimize arbitrage, promote investment and deployment, and maximize the opportunity for new technology to flourish. The Commission must address these issues head-on – the treatment of VOIP, phantom traffic and access stimulation, to name the most obvious.

Because many providers' current business models—and ultimately the consumers they serve—rely on today's outdated system, our Commission must move quickly from the proposals teed up in today's item to a real roadmap. Industry and consumers will benefit from the certainty of mile-markers guiding us on the road to reform. We won't complete the transition right away, but we have an obligation to complete the transition plan this year.

This is why I have been talking about—and I appreciate working with my colleagues on this—a series of workshops between the FCC and all stakeholders—and no one is more a stakeholder than the public who will be living with its results. My hope is participants would come prepared to put on the table their final, best and considered thoughts on the shape of our decisions, cognizant that Commission decisions and votes were imminent and that everyone will have to sacrifice a little so the country can gain a lot. These workshops would take place as soon as possible after all stakeholders have had an opportunity to submit written comments on today's item, so that we can have open and transparent discussions on the eve of Commission votes, which I am hoping and expecting will take place this year—2011. That means a final transition plan and necessary formative Orders.

To truly reshape our Universal Service and Intercarrier Compensation policies to meet our national broadband goals *will* require a commitment to shared sacrifice and an ability to rise above the clamor for whatever piece of the status quo has been beneficial to any one private interest. I have served at the Commission through many iterations and attempts at reform. While we have resolved some discrete issues and made some adjustments, comprehensive reform is what is required to make it across the finish line, and that's going to demand more from each and every one of us.

Today's item certainly does not lack for questions, and if there are more that stakeholders think of, I hope they will tee them up and respond with their thoughts in this record. Our inquiry also needs to expand beyond the important considerations about how to distribute efficient and targeted support for broadband to include how to assess the contributions necessary to put the Universal Service Fund on solid footing for the future. Recognizing that consumers ultimately bear the burden, equity would suggest that a fund that distributes support for broadband ought to require those same services to contribute. The \$4.3 billion in annual high cost funding is obviously key to our broadband build-out, but it's unlikely to be the total bill for bringing truly high-speed telecommunications to every citizen and every corner of the land in sufficient time to keep America fully productive and globally competitive. Extending world-class communications infrastructure across the length and breadth of the country isn't something that can be done on the cheap. Universal Service will be a large part of the solution; it may not be the whole solution.

I also look forward to further, final action to implement the Mobility Fund. We have started down the road on this already, realizing that setting up and running the reverse auctions proposed in that item will provide an important test drive for the proposals—both interim and long-term—that we contemplate here for the Connect America Fund. Modernizing our low income support mechanisms to support broadband must also be a top priority. The Federal-State Joint Board has already issued recommendations and identified key issues in the Lifeline and

Linkup programs – and I anticipate action soon on that agenda. And we have made impressive progress toward making sure E-Rate is able to fulfill its maximum potential going forward. A stellar performer in the past, E-Rate will deliver equally amazing results in the years ahead.

Finally, it is imperative that we work closely with our state colleagues as partners in this transition. You have heard me speak many times about this so I won't belabor it here, but I believe the Telecommunications Act of 1996 envisioned a level of federal-state cooperation in implementing the statute that has not yet been achieved. Maybe we can achieve it here; I hope so.

So I look forward to a fast pace as we set out to win this race together. I want to thank the several Bureaus who have been working so hard for so long on preparing this item. My thanks to the Chairman for putting it front-and-center with a commitment to action soon. Thanks to our Eighth Floor staffs for their many contributions to the proceeding and, of course, to all of my esteemed colleagues who share a commendable desire to get on with this job and actually finish it. Today, as I vote to approve this Notice of Proposed Rulemaking, I do so with more confidence than ever in my nearly ten years here that this is a job that can finally get done.