



Statement of

DELBERT WILSON
General Manager
Industry Telephone Company
Industry, Texas

On behalf of

Industry Telephone Company
&
National Telecommunications Cooperative Association

Before

United States House of Representatives
Committee on Energy and Commerce
Subcommittee on Telecommunications and the Internet

In the Matter of

“Creating a Statutory Framework for Internet Protocol and Broadband Services”

November 9, 2005

EXECUTIVE SUMMARY

While the most vocal advocates of rewriting the nation's communications policies have routinely dwelled on the concept that deregulation and competition are the keys to America's communications preeminence, it is unclear whether this draft would accomplish that. Rather than being cutting edge to yield the ubiquitous broadband capable network President Bush and others have advocated, the structural approach of this draft emphasizes three regulatory silos that seem to overlook both the convergence taking place in the industry and the nation's underlying long-standing commitment to universal service. Without a strong commitment to universal service and mechanisms to carry it out, the dramatic vision this draft hopes to evoke, may never materialize.

What is important is the one pipe that carriers will offer their services over, not what technology is utilized. What is needed is a broad definition of communications services that includes all services, regardless of the technology used to deliver the service or the regulatory classification of the service that are capable of supporting 2-way voice communications, data, video and any new advanced services used to communicate. Additionally, a regulatory regime is necessary that regulates like services in a like manner regardless of the technology utilized. This regime must account for high cost networks and protect the integrity of the infrastructure that all of these providers equally rely upon to offer their services.

While the draft's nod to interconnection duties is appropriate, it needs more specificity to ensure it truly accomplishes what is necessary from a rural provider perspective. Due to the lack of market power of rural providers not all negotiations can be left to the marketplace.

The absence of comprehensive universal service reform complicates the ability of the rural sector to adequately evaluate the provisions of this bill. Necessary reforms include: continuing the fund as an industry funded mechanism neither supported through general tax revenues nor subjected to the federal Anti-deficiency Act; expanding the base of contributors must include all providers utilizing the underlying infrastructure, including but not limited to all providers of 2-way communications regardless of technology used; basing support on a provider's actual cost of service; and providing support for the construction and maintenance of advanced networks to benefit all consumers and not distributing support in the form of voucher, auction or block grants.

And finally, the provision allowing new government networks to compete with existing carriers has always been a concern to the rural industry and is inconsistent with their position in that regard.

TESTIMONY

GOOD MORNING! ITC IS A COMPANY HEADQUARTERED IN INDUSTRY, TEXAS. OUR SERVICE AREA ENCOMPASSES 226 SQUARE MILES. ITC HAS 3 TELEPHONE EXCHANGES PROVIDING SERVICE TO APPROXIMATELY 2,352 ACCESS LINES. THAT IS A DENSITY OF ONLY 10.3 SUBSCRIBERS PER SQUARE MILE. IN ADDITION TO LOCAL SERVICE ITC ALSO PROVIDES INTERNET AND INTEREXCHANGE SERVICES. THROUGH ITS EXTENSIVE INFRASTRUCTURE INVESTMENTS, ITC IS A KEY DRIVER OF THE LOCAL ECONOMY AND RURAL DEVELOPMENT THROUGHOUT ITS SERVICE AREA.

ITC IS REPRESENTATIVE OF THE NATION'S RURAL INCUMBENT LOCAL EXCHANGE CARRIERS. THE GOOD THINGS WE STAND FOR AND DO MAKE RURAL COMMUNITIES A BETTER PLACE IN WHICH TO LIVE AND WORK. AND MAKE NO MISTAKE ABOUT IT, OUR EFFORTS CONTRIBUTE DIRECTLY TO MAKING THE NATION AS A WHOLE STRONGER AND MORE SECURE. THAT IS WHY I AM HONORED TO BE APPEARING TODAY ON BEHALF OF THE HUNDREDS OF SIMILARLY SITUATED RURAL CARRIERS REPRESENTED BY THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION – AND MORE IMPORTANTLY, ON BEHALF OF THEIR SEVERAL THOUSAND EMPLOYEES AND SEVERAL MILLION SUBSCRIBERS.

THROUGHOUT THE DEBATE SURROUNDING THE COMMUNICATIONS ACT REWRITE, THE INITIATIVE'S MOST ARDENT ADVOCATES HAVE REPEATEDLY CITED DEREGULATION AND COMPETITION AS THE KEYS TO MAINTAINING AMERICA'S COMMUNICATIONS PREMINENCE. THEIR THEME REVOLVES AROUND THE IDEAS THAT: "ABSOLUTE COMPETITION AND DEREGULATION ARE ALWAYS IN THE PUBLIC

INTEREST; THE COMMUNICATIONS ERA CAN ONLY EVOLVE TO THE NEXT LEVEL WITH A HANDS-OFF POLICYMAKING APPROACH; AND THE UNIVERSAL SERVICE ORIENTED FOUNDATIONS OF OUR PAST MUST BE ABANDONED IN FAVOR OF PREFERENTIAL TREATMENT FOR SPECIFIC EMERGING TECHNOLOGIES AND CONCEPTS.”

THE NATION’S RURAL CARRIERS DO NOT AGREE WITH THIS PREMISE. THE FLAW WITH ALL THESE THEORIES IS THAT NEITHER ALONE NOR IN TANDEM WILL ANY OF THEM PRODUCE THE RESULTS THEIR ADVOCATES SO DESPERATELY SEEK. IN FACT THEY WILL NOT EVEN BE CAPABLE OF MAINTAINING THE STATUS QUO. AND IN THE AFTERMATH OF RECENT NATURAL DISASTERS AS WELL AS THE SUBVERSIVE THREATS OUR NATION FACES TODAY, THESE COMMUNICATIONS CAN MEAN THE DIFFERENCE BETWEEN LIFE AND DEATH.

HOW MANY OF YOU ARE AWARE OF THE CRITICAL ROLE RURAL COMMUNICATIONS SYSTEMS PLAY IN THE AFTERMATH OF THESE TYPES OF EVENTS? AS WE SPEAK, ONE SUCH NTCA MEMBER CONTINUES ITS SCRAMBLE TO REBUILD ITS SYSTEM IN THE AFTERMATH OF HURICANES KATRINA AND RITA THAT HIT THE LOUISIANA AND TEXAS COASTS. CAMERON COMMUNICATIONS IN SULPHUR, LOUISIANA, REPRESENTS A CRITICAL ECONOMIC AND SECURITY LINK IN SULPHUR, IN CAMERON PARISH, IN LOUISIANA, AND YES EVEN IN THE UNITED STATES.

CAMERON’S SERVICE TERRITORY COVERS THE STATES LARGEST PARISH FROM A GEOGRAPHIC PERSPECTIVE BUT PERHAPS IT’S SMALLEST FROM A DEMOGRAPHIC

PERSPECTIVE. THANKFULLY FOR ALL AMERICANS, CAMERON, LIKE ALL NTCA MEMBERS, VIEWS THEIR MISSION AS ONE BASED IN THE MORAL OBLIGATION OF PLACING SERVICE AHEAD OF PROFITS. THIS IS A PARTICULARLY CRITICAL POINT CONSIDERING THE CHALLENGES CAMERON FACES TODAY. THIS SMALL RURAL SYSTEM HAS BEEN TASKED WITH BRINGING COMMUNICATIONS SERVICE TO THE NATION'S STRATEGIC PETROLEUM RESERVE WHICH IS LOCATED WITHIN ITS TERRITORY. IN ADDITION, THERE ARE MAJOR LIQUIFIED NATURAL GAS FACILITIES AND A HOST OF OTHER PETROLEUM RELATED BUSINESSES IN CAMERON'S TERRITORY THAT ARE RELYING ON THEM TO PROVIDE CRUCIAL SERVICES. IF THAT WERE NOT ENOUGH, CAMERON IS ALSO RESPONSIBLE FOR PROVIDING SERVICES TO THE NATIONAL GUARD, THE FEDERAL EMERGENCY MANAGEMENT AGENCY, THE RED CROSS AND OTHER RELEIF ORGANIZATIONS CURRENTLY OPERATING IN THE AREA.

CAMERON'S CHALLENGES ARE SIGNIFICANT. YET THANKS TO UNIVERSAL SERVICE SUPPORT, THEY ARE NOT INSURMOUNTABLE. WHILE UNIVERSAL SERVICE SUPPORT HELPED TO BUILD THE PRE-HURRICANE CAMERON SYSTEM, IT HAS TAKEN ON AN EVEN MORE IMPORTANT ROLE IN THE POST-DEVESTATION PERIOD. WITH NEARLY ALL ITS BUSINESS AND RESIDENTIAL REVENUE BASE TEMPORARILY WIPED OUT, THE UNIVERSAL SERVICE SUPPORT IT RECEIVES IS SUSTAINING THIS SYSTEM DURING THIS TIME OF EXTREME NEED.

BUT THAT IS JUST ONE EXAMPLE OF RURAL CARRIERS BEING PREPARED, AS WELL AS RESPONDING TO NATONAL NEEDS IN THE AFTERMATH OF SIGNIFICANT EVENTS.

HOW MANY OF YOU ARE AWARE THAT IT WAS A SMALL RURAL SYSTEM IN THE CENTRAL PLAINS THAT THE FEDERAL GOVERNMENT TURNED TO FOR HELP IN THE IMMEDIATE AFTERMATH OF THE EVENTS OF SEPTEMBER 11, 2001. AS EFFORTS WERE LAUNCHED TO POSITION THE VICE PRESIDENT IN A SECURE LOCATION, NTCA MEMBER VENTURE COMMUNICATIONS, BASED IN HIGHMORE SOUTH DAKOTA WAS CALLED TO HELP WITH THE EFFORT. AGAIN, BECAUSE THEY WERE PREPARED, THEY WERE ABLE TO QUICKLY ESTABLISH SECURE COMMUNICATIONS IN A REMOTE LOCATION THAT THE SECURITY INTERESTS OF THAT TIME MANDATED. AND AGAIN, THEY WERE LARGELY ABLE TO DO THIS DUE TO OUR NATIONAL COMMITMENT TO UNIVERSAL SERVICE.

MY POINT IS THERE ARE MORE CRITICAL POLICY FOOTINGS THAN COMPETITION AND DEREGULATION THAT MUST REMAIN IN PLACE TO ENSURE THE EXISTENCE OF A ROBUST NATIONWIDE UBIQUITOUS COMMUNICATIONS NETWORK – A NETWORK CAPABLE OF SUPPORTING ADVANCED SERVICES AND RESPONDING TO OUR NATION’S ECONOMIC AND SECURITY NEEDS. FULL COST RECOVERY, FAIR ACCESS AND INTERCONNECTION ARE CRITICAL TO A STRONG AND USEFUL COMMUNICATIONS FOUNDATION. WITHOUT THEM, THERE WILL BE NO NETWORK, BE IT WIRELINE, WIRELESS, OR SOME OTHER MEDIUM, TO PROVIDE CONSUMERS WITH ACCESS TO IP-ENABLED OR BROADBAND ORIENTED SERVICES.

WITH REGARD TO COST RECOVERY, THERE ARE PRIMARILY TWO ISSUES TO KEEP IN MIND – UNIVERSAL SERVICE, AND INTERCARRIER COMPENSATION. THESE ARE NOT INDUSTRY REGULATIONS AS SO MANY WOULD LIKE US TO BELIEVE. THEY ARE INDUSTRY RESPONSIBILITIES. IN GENERAL, THE INDUSTRY AS A WHOLE BELIEVES

THAT THE WAY IN WHICH FUNDS ARE COLLECTED AND DISTRIBUTED FOR UNIVERSAL SERVICE AND INTERCARRIER COMPENSATION MUST BE CHANGED TO ENSURE OUR NETWORK CONTINUES TO THRIVE. THE SOLUTIONS FOR BOTH ARE FAIRLY SIMPLE ONES.

FOR UNIVERSAL SERVICE, WE MUST REFRAIN FROM EVER LINKING ITS SUPPORT MECHANISMS TO GENERAL REVENUES, AS ITS CURRENT INDUSTRY FUNDED APPROACH IS WELL PROVEN. IN ADDITION, THE BASE OF CONTRIBUTORS SHOULD BE EXPANDED AND ITS DISTRIBUTION SHOULD BE COST BASED TO ENSURE ACCOUNTABILITY AND CREDIBILITY. THIS IS CONTRARY TO THE CURRENT RULES WHERE COMPETITIVE PROVIDERS RECEIVE SUPPORT BASED ON THE INCUMBENTS COSTS, REGARDLESS OF THEIR TRUE COST OF SERVICE.

WITH REGARD TO INTERCARRIER COMPENSATION IF ANY SERVICE PROVIDER USES ANOTHER PROVIDER'S NETWORK THAT SERVICE PROVIDER MUST COMPENSATE THE OTHER PROVIDER FOR THE USE OF THEIR FACILITIES – AT AN APPROPRIATE RATE. THIS NOTION IS NOT COMPLEX; IT IS SIMPLY ENSURING THAT ALL PLAYERS STAND UP TO THEIR RESPONSIBILITIES OF HAVING THE OPPORTUNITY TO PARTAKE IN OUR CAPITALISTIC MARKETPLACE.

MANY CALL INTERCARRIER COMPENSATION OR ACCESS CHARGES AN IMPLICIT SUBSIDY. I CALL IT A LEGITIMATE OPERATING COST FOR A TELECOMMUNICATIONS PROVIDER. WE HAVE INVESTED TENS OF MILLIONS OF DOLLARS TO SERVE RURAL COMMUNITIES. IF A CARRIER WOULD RATHER COME AND BUILD THEIR OWN NETWORK INSTEAD OF USING OURS FOR A NOMINAL FEE, THEY ARE WELCOME TO DO SO. AS AN INTERNET PROVIDER MYSELF, I COMPENSATE THE OWNER OF THE INTERNET BACKBONE THAT I MUST UTILIZE TO OFFER INTERNET SERVICES TO MY CUSTOMERS. I VIEW THIS AS A LEGITIMATE COST FOR PROVIDING INTERNET

SERVICES TO OUR CUSTOMERS. I RECOGNIZE AND ACCEPT THAT WITHOUT USE OF THEIR NETWORK I COULD NOT PROVIDE THESE SERVICES FOR MY CUSTOMERS. I AM THEREFORE FORTUNATE THAT THE NETWORK RESOURCES ARE AVAILABLE TO HELP ME IN PROVIDING MY CUSTOMERS WITH THE FULL ARRAY OF ADVANCED SERVICES THAT ARE AVAILABLE TODAY.

TELL ME, WHY SHOULD A NEW SERVICE PROVIDER BE ABLE TO ACCESS THIS NETWORK FOR FREE? MUCH OF THIS DEBATE SEEMS TO BE FOCUSED ON WHETHER NEW IP-ENABLED SERVICE PROVIDERS SHOULD PAY ACCESS CHARGES. TO THOSE OF US THAT TOILED TO FINANCE THE DEPLOYMENT OF INFRASTRUCTURE THE QUESTION IS: WHY SHOULD THEY NOT? I UNDERSTAND THAT WE DON'T WANT TO BOG DOWN NEW ENTRANTS WITH UNNECESSARY REGULATIONS, BUT ALLOWING THEM TO SKIRT INDUSTRY RESPONSIBILITIES IS SIMPLY WRONG. IF A NEW PROVIDER'S BUSINESS PLAN CAN'T ACCOMMODATE PLAYING BY THE RULES AND UPHOLDING INDUSTRY RESPONSIBILITIES, THEN THEY PROBABLY SHOULDN'T BE PLAYING. AFTER THE 1996 TELECOM ACT, WE SAW A LARGE INFLUX OF NEW TELECOM ENTRANTS. UNFORTUNATELY, MANY DID NOT HAVE SOUND BUSINESS PLANS AND WERE SOON OUT OF BUSINESS OR IN BANKRUPTCY THUS, HAMPERING INVESTMENT IN THE TELECOMMUNICATIONS INDUSTRY AS A WHOLE. WE DON'T WANT TO RECREATE THE BOOM/BUST SCENARIO OF THAT PERIOD BY ARTIFICIALLY INCENTIVIZING UNSOUND BUSINESSES THAT CANNOT OPERATE WITHOUT BENEFITTING FROM REGULATORY ARBITRAGE.

AMERICANS TODAY UNIFORMLY RELY ON COMMUNICATIONS INFRASTRUCTURE AND SERVICES TO SATISFY THEIR COMMERCE, SAFETY, SECURITY, ENTERTAINMENT, AND LEISURE NEEDS. MOVING FORWARD, THESE NEEDS WILL BE MET VIA A COMBINATION OF 2-WAY VOICE, VIDEO, AND DATA OPTIONS. CONSEQUENTLY, DEPLOYING ADVANCED INFRASTRUCTURE THAT IS FULLY

CAPABLE OF OFFERING SUCH SERVICES SHOULD BECOME THE HALLMARK OF OUR NATIONAL COMMUNICATIONS POLICY.

UNFORTUNATELY, AS CURRENTLY CRAFTED, WE ARE NOT CONVINCED THE DRAFT LEGISLATION THAT IS THE SUBJECT OF TODAY'S HEARING WOULD EFFECTIVELY ESTABLISH SUCH A FOUNDATION. RATHER THAN SETTING A STAGE THAT WOULD YIELD THE UBIQUITOUS BROADBAND CAPABLE NETWORK THE PRESIDENT AND SO MANY OTHERS OF US SEEK, WE FEAR THE STRUCTURAL APPROACH OF THIS DRAFT EMPHASIZES REGULATORY SILOS THAT ARE NOT FULLY IN SYNC WITH THE CONVERGENCE TAKING PLACE IN THE INDUSTRY. BUT MORE IMPORTANTLY, WE PARTICULARLY FEAR THIS STRUCTURAL APPROACH, WHETHER BY DESIGN OR ACCIDENT, COULD ULTIMATELY UNDERMINE THE NATION'S LONG-STANDING COMMITMENT TO UNIVERSAL SERVICE. WITHOUT A STRONG COMMITMENT TO THIS POLICY, AND THE MECHANISMS NECESSARY TO CARRY IT OUT, IT IS POSSIBLE THE DRAMATIC VISION THIS DRAFT HOPES TO EVOKE, MAY NEVER MATERIALIZE.

WE ARE PARTICULARLY CONCERNED THAT THE CREATION OF THREE NEW REGULATORY CLASSIFICATIONS FOR COMMUNICATIONS INFRASTRUCTURE AS SUGGESTED IN THIS DRAFT UNNECESSARILY IGNORES THAT THE COMMUNICATIONS INDUSTRY IS CONVERGING INTO AN INDUSTRY WHERE CARRIERS WILL OFFER VOICE, VIDEO AND DATA. WHAT IS IMPORTANT IS THE ONE PIPE THAT CARRIERS WILL OFFER THEIR SERVICES OVER, NOT WHAT TECHNOLOGY IS UTILIZED. WHAT IS NEEDED IS A BROAD DEFINITION OF COMMUNICATIONS SERVICES THAT INCLUDES ALL SERVICES, REGARDLESS OF THE TECHNOLOGY USED TO DELIVER THE SERVICE

OR THE REGULATORY CLASSIFICATION OF THE SERVICE THAT ARE CAPABLE OF SUPPORTING 2-WAY VOICE COMMUNICATIONS, DATA, VIDEO AND ANY NEW ADVANCED SERVICES USED TO COMMUNICATE. A REGULATORY REGIME IS NECESSARY THAT REGULATES LIKE SERVICES IN A LIKE MANNER REGARDLESS OF TECHNOLOGY USED. THIS REGIME MUST ACCOUNT FOR HIGH COST NETWORKS AND PROTECT THE INTEGRITY OF THE INFRASTRUCTURE THAT ALL OF THESE PROVIDERS EQUALLY RELY UPON TO OFFER THEIR SERVICES. THIS IS THE ONLY WAY TO PRECLUDE THE SORT OF ARBITRAGE THAT HAS ALREADY BEEN ALLOWED TO OCCUR UNDER TODAY'S REGULATORY CLASSIFICATION SCHEME AND THAT WOULD SURELY CONTINUE UNDER THE APPROACH ENVISIONED BY THIS DRAFT.

OUR OVERRIDING CONCERN WITH THE STRUCTURAL APPROACH OF THE BILL NOTWITHSTANDING, THE DRAFTERS HAVE IDENTIFIED AND ATTEMPTED TO ADDRESS SEVERAL AREAS THAT ARE OF SPECIFIC CONCERN TO THE RURAL SECTOR OF THE INDUSTRY. YET WE FEAR MANY OF THESE MAY REQUIRE ADDITIONAL CLARIFICATION AS WELL. FOR EXAMPLE, WHILE ITS REFERENCE TO INTERCONNECTION DUTIES IN SECTIONS 103 AND 203 ARE APPROPRIATE, AND THE DRAFTERS HAVE DELETED SOME OF THE TROUBLING PROVISIONS FROM THE EARLIER DRAFT, WE CONTINUE TO BELIEVE MORE CLARITY IS CALLED FOR TO ENSURE THEY TRULY ACCOMPLISH WHAT IS NECESSARY FROM A RURAL PROVIDER PERSPECTIVE. THE RURAL INDUSTRY HAS ALWAYS BEEN IN A DIFFICULT POSITION WHEN IT COMES TO NEGOTIATING SUCH MATTERS BECAUSE FRANKLY THERE IS LITTLE INCENTIVE FOR OTHERS TO COME TO THE BARGAINING TABLE WITH A

SMALL RURAL CARRIER. THE DEGREE TO WHICH MATTERS SUCH AS THIS CAN BE GIVEN MORE CLARITY WILL BENEFIT ALL RURAL AMERICANS.

IN ADDITION, IF THE REGULATORY SILO APPROACH OF THE DRAFT IS PRESERVED WE BELIEVE THE INTERCONNECTION, AND RECIPROCAL COMPENSATION ARRANGEMENTS DISCUSSED ABOVE SHOULD BE CLARIFIED TO APPLY TO ALL TITLES OF THE ACT. IF REGULATORY EQUITY AMONG INDUSTRY SEGMENTS IS TRULY THE COMMITTEE'S OBJECTIVE THEN THIS IS A MUST. THE DRAFT IN QUESTION TODAY IS COMPLEX AND REQUIRES CAREFUL REVIEW. WE INTEND TO CONTINUE OUR SCRUTINY OF ITS DETAILS AND WILL CERTAINLY BE HAPPY TO PROVIDE THE COMMITTEE WITH ADDITIONAL VIEWPOINTS AS THEY EMERGE. IN THE MEANTIME, IT IS IMPORTANT THAT THE COMMITTEE IS FULLY AWARE OF THE RURAL SECTOR'S THOUGHTS REGARDING ANY REWRITE OF OUR COMMUNICATIONS STATUTES.

EARLIER I HAD ALLUDED TO THE FACT THAT IN OUR MIND ANY REWRITE INITIATIVE MUST ENSURE THE ABILITY OF CARRIERS TO FULLY RECOVER COSTS AND TO HAVE FAIR ACCESS AND INTERCONNECTION CAPABILITIES. INDEED, MOVING INTO THIS DEBATE WE PUT FORTH THE FOLLOWING SPECIFIC CONCEPTS THAT WE BELIEVE MUST GOVERN THE CONSTRUCTION OF COMMUNICATIONS POLICY FOR THE FUTURE WHICH IS BASED ON THE FOLLOWING GENERAL PRINCIPLES:

REGULATORY APPROACH –

- MUST BE APPROACHED FROM A FLEXIBLE PERSPECTIVE. PLACING ALL CARRIERS ON AN EQUAL REGULATORY FOOTING IS AN ADMIRABLE GOAL YET ONE THAT DOES NOT EQUATE TOTAL DEREGULATION.
- THE RURAL SECTOR HAS, AND WILL, NECESSARILY CONTINUE TO RELY UPON THE PRESERVATION OF A CERTAIN LEVEL OF REGULATION THAT IS INCLUSIVE OF INDUSTRY RESPONSIBILITIES THAT ALL MUST LIVE UP TO.
- TYPICALLY, A FEDERAL/STATE PARTNERSHIP WORKS BEST TO MEET THE NEEDS OF RURAL CONSUMERS.

UNIVERSAL SERVICE -

- GENERAL ISSUES:
 - THE UNIVERSAL SERVICE FUND MUST CONTINUE TO BE AN INDUSTRY FUNDED MECHANISM, AND NEITHER SUPPORTED THROUGH GENERAL TAX REVENUES NOR SUBJECT TO THE FEDERAL ANTI-DEFICIENCY ACT.
- CONTRIBUTION ISSUES:
 - THE BASE OF CONTRIBUTORS MUST BE EXPANDED TO INCLUDE ALL PROVIDERS UTILIZING THE UNDERLYING INFRASTRUCTURE, INCLUDING BUT NOT LIMITED TO ALL PROVIDERS OF 2-WAY COMMUNICATIONS REGARDLESS OF TECHNOLOGY USED.
 - SUPPORT SHALL BE MADE AVAILABLE FOR THE COST RECOVERY NEEDS OF CARRIERS DEPLOYING BROADBAND CAPABLE INFRASTRUCTURE.

- THE CONTRIBUTION METHODOLOGY MUST BE ASSESSED ON ALL REVENUES OR A REVENUES HYBRID THAT ENSURES EQUITABLE AND NONDISCRIMINATORY PARTICIPATION.
- THE REGULATORY AUTHORITY TO MODIFY THE SCOPE OF CONTRIBUTION OBLIGATIONS AS TECHNOLOGY EVOLVES MUST BE CLARIFIED AND STRENGTHENED.
- DISTRIBUTION ISSUES:
 - SUPPORT MUST BE USED TO CONSTRUCT, SUPPORT, AND MAINTAIN NETWORKS TO BENEFIT ALL CONSUMERS AND MUST NOT BE VOUCHER, AUCTION, OR BLOCK GRANT BASED.
 - SUPPORT MUST BE BASED UPON A PROVIDER’S ACTUAL COST OF SERVICE.
 - SUPPORT MUST NOT BE USED TO ARTIFICIALLY INCITE COMPETITION.
 - THE RURAL AND NON-RURAL FUND DISTINCTIONS MUST BE MAINTAINED.
 - RULES MUST BE STREAMLINED TO ENCOURAGE ACQUISITIONS OF ADJACENT UNDERSERVED EXCHANGES.

INTERCARRIER COMPENSATION –

- CARRIERS MUST BE COMPENSATED FOR ALL TRAFFIC UTILIZING THEIR NETWORKS.
- CARRIERS MUST IDENTIFY THEIR TRAFFIC TO DISCOURAGE ARBITRAGE AND PHANTOM TRAFFIC. IDENTIFYING INFORMATION MUST BE PASSED ALONG BY ALL INTERMEDIATE CARRIERS.

- APPROPRIATE TRANSITIONAL TIME FRAMES ARE NECESSARY TO ENSURE CONTINUED ACCESS TO QUALITY/AFFORDABLE COMMUNICATION SERVICES IN RURAL AREAS.

NETWORK ACCESS/INTERCONNECTION –

- ALL PROVIDERS MUST CONTINUE TO HAVE THE OBLIGATION TO ALLOW OTHER PROVIDERS TO INTERCONNECT WITH THEIR NETWORKS.
- DEFAULT RATES, TERMS, AND CONDITIONS FOR ACCESS TO AND USE OF NETWORK FACILITIES MUST BE MAINTAINED AS TECHNOLOGY EVOLVES.
- RURAL PROVIDERS MUST HAVE REALISTIC ACCESS TO SPECTRUM.

VIDEO CONTENT –

- PROVIDERS MUST HAVE NON-DISCRIMINATORY ACCESS TO VIDEO CONTENT AT REASONABLE AND NON-DISCRIMINATORY RATES, TERMS, AND CONDITIONS REGARDLESS OF DISTRIBUTION TECHNOLOGY USED.
- NON-DISCLOSURE, TYING, AND EXCLUSIVE PROGRAMMING AGREEMENTS REGARDING RATES MUST BE PROHIBITED.
- PREDATORY PRICING BY LARGE INCUMBENT CABLE OPERATORS MUST BE PROHIBITED.

IN TERMS OF A BROADER REWRITE OF THE COMMUNICATIONS ACT, WE WOULD IMPLORE THE COMMITTEE TO REMAIN COGNIZANT OF THESE SPECIFIC AREAS THAT ARE SO CRITICAL TO RURAL CARRIERS AND THE CONSUMERS THEY SERVE. IF YOU ARE ABLE TO DO THAT YOU WILL HAVE SUCCESSFULLY ENSURED THE CREATION OF AN ENVIRONMENT THAT WILL SUSTAIN THE NATION’S COMMITMENT TO ENSURING

ALL AMERICANS WITH ACCESS TO COMPARABLE AFFORDABLE COMMUNICATIONS
SERVICES NOW AND IN THE FUTURE. THANK YOU.