

## **Verizon – Technology-Neutral Competitive Bidding**

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### **Competitive bidding is the best way for consumers to benefit from marketplace and technological advances in broadband**

- Competitive bidding allows providers to evaluate the cost of offering service and uses market forces to give consumers who pay for universal service the best deal.
- A competitive bidding process that awards funds to one provider is the most efficient use of universal service funds. Initially focusing one-time grants on those areas lacking broadband ensures that the fund is being used responsibly and efficiently.

### **Competitive bidding is the standard way government and commercial entities purchase goods and services**

- Many service providers that perform important functions – such as vital product development work for military equipment and repair work for bridges and roads – are selected based on competitive-bid contracts.
- The FCC itself has a long history with competitive bidding, including successful experience with spectrum auctions.
- In the universal service context, the FCC already requires E-rate and rural healthcare service providers be chosen based on competitive bidding with price as the primary selection criterion. Extending those requirements to the high cost program makes sense.

### **The FCC does not need to create a complicated new process to see benefits from competitive bidding for new universal service broadband support**

- For the most part, the FCC can follow standard procurement procedures. The process should start with a request for quote and result in a service contract between the FCC and the provider that wins the bid.
- A successful process requires sufficient incentives to maximize the number of bidders. Requirements should be clearly defined but not so onerous to discourage participation.
- Traditional common carrier rules should be replaced by a market-based system with requirements that extend, not to all bidders or other providers, but only to winning bidders that make a business decision to accept the obligations.

### **The key is to get started and be open to making changes along the way**

- There are many ways to identify unserved areas and to set up a broadband focused competitive bidding mechanism.
- The best way to learn how to target USF broadband subsidies is to commit to competitive bidding and put a process in place.