

TESTIMONY OF JOHNIE JOHNSON, PRESIDENT & CEO, NEX-TECH WIRELESS & SECRETARY/TREASURER, RCA, EXECUTIVE COMMITTEE

Reverse Auctions are an Inefficient and Undesirable Option

- Reverse auctions will result in what amounts to a government-sanctioned monopoly for the auction winner. Lack of competition in turn leads to higher prices, more regulation and less buildout in rural America.
- The one-time funding decisions that reverse auctions would entail would not promote competition over time, leaving customers with substandard broadband service.
- The largest carriers may be able to “game” competitive bidding to eliminate competitors.

Equal Transition Period for Wireline and Wireless

- The NPRM proposes to eliminate identical support simply by redirecting competitive ETC support, amounting to discriminatory treatment for competitive ETC providers.
- If the Commission seeks to redirect funding to a newly created CAF, it should do so on equal terms for all carriers—i.e., transitioning all high-cost support to a per-line, success-based model, over an equal time frame for wireless and wireline providers alike.

Advantages of Mobile Wireless Services

- Wireless technology offers a more cost-effective means of delivering narrowband and broadband services to rural areas.
- Fund development should take heed of dramatically increasing consumer preference for mobile data services and devices.

Support for Multiple Carriers

- Per-line support for the carrier—wireline or wireless—that wins the customer is efficient and in line with the Commission’s preference for “portable” support.
- Tying funding to the customer, and not the carrier, promotes competition and is more responsive to market realities.
- The use of cost models and success-based funding will allow for a more sustainable fund.
- The NPRM’s proposal to limit support to a single provider per service area in the second phase of CAF may disadvantage wireless carriers and consumers. The same cost savings sought by that proposal can be obtained through true, competitive, success-based funding.

Minimum Speed Thresholds Should be Lowered

- In light of the likelihood that 3G will be the technology of choice for many supported wireless providers, the proposed minimum speed thresholds of 4 Mbps down/1 Mbps up for funding eligibility should be slightly reduced, in order to allow 3G wireless providers to qualify for any eventual funding.

Support for Small Businesses

- Small businesses, including companies with fewer than 1500 employees, should continue to receive support to assist those broadband providers most likely to build out in areas containing unserved and underserved populations.
- Many rural carriers experienced an almost 50% reduction in USF support through the 2008 FCC imposed cap on competitive ETC support.
- Small carriers have difficulty acquiring the latest devices and the costs to launch 4G technologies can be prohibitive without business case certainty.
- Certain proposals, including reverse auctions and un-equal phase downs, put rural consumers at risk of losing services—the opposite of the FCC’s intentions.
- The FCC should consider separate support mechanisms from reverse auctions and immediate phase-down of existing support for small carriers serving these rural consumers.