

August 8, 2013

Small Company Coalition  
4157 Main Street  
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**VIA ELECTRONIC MAIL**

to Tyler Roth, Clerk, at [tyler\\_roth@commerce.senate.gov](mailto:tyler_roth@commerce.senate.gov)  
and Sydney Paul, Legislative Assistant, at [sydney\\_paul@commerce.senate.gov](mailto:sydney_paul@commerce.senate.gov)

Subcommittee on Communications, Technology, and the Internet  
Senate Committee on Commerce, Science, & Transportation  
253 Russell Senate Office Building  
Constitution Avenue, NE  
Washington, DC 20002

RE: Subcommittee Hearing on the State of Wireline Communications  
July 25, 2013

Dear Chairman Pryor, Ranking Member Wicker, and Members of the Subcommittee:

Echoing Chairman Pryor's call for national connectivity, the Small Company Coalition (SCC) stresses the importance of acting sooner, rather than later, to incentivize rural carriers to deploy broadband in their territories—a sentiment reiterated by Senator Wicker in this hearing.

Certain groups have stated a desire to deregulate the telecommunications industry in order to allow consumers, not government, to “manage the marketplace.” Unfortunately, Propositions such as this are not a reality in rural America. The failure of the “marketplace” to provide for our nation's more rural territories is what led to the inception of the universal service concept in the first place, and later, the explicit fund itself.

While champions of fiscal conservatism may be ill at ease with a program that resembles a tax, the fact of that matter is that absent this pool of user fees—the USF—rural America has not been and will not be served with high-quality communications, and now broadband, technology. Furthermore, such funding is necessary not only for first-time deployment of communications infrastructure, but also for its maintenance. Service to rural areas, and the nation at large, is not limited to one-time installment, but must be sustained and upgraded over time as physical infrastructure naturally deteriorates and technology continually changes.

It should be noted that, for the foreseeable future, wireline facilities are necessary for wireless technology to work. In addition, wireline networks offer certain advantages over wireless networks in terms of speed, capacity and reliability. For these reasons, sustenance of wireline infrastructure is as vital now as ever before, even with less usage of landline telephones.

In addition to these issues, the SCC supports many of the points made by Ms. Shirley Bloomfield, of the NTCA, in regard to specific concerns with the FCC's Transformation Order. These concerns and proposals include, but are not limited to:

- Greater transparency from the FCC during the overall reform process, as well as specifically regarding the design and implementation of quantile regression analysis (QRA)
- Outright elimination of the QRA or using QRA as a trigger for further review
- Implementation of a clear and simple waiver process
  - the process currently is neither simple nor affordable, on top of which, chances of receiving said waiver are slim—in cases where waivers have been granted, they have been partial and limited in duration
- Cessation of all future reforms pertaining to USF/ICC until the impact thereof may be better understood
- Adoption of a sufficient and predictable Connect America Fund, one which should result in more, not less, rural investment

Respectfully submitted,

**THE SMALL COMPANY COALITION**

By:   
James J. Kait  
Executive Committee Member