

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Universal Service Contribution Methodology)	WC Docket No. 06-122
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51

COMMENTS OF INCOMPAS

INCOMPAS, by its undersigned counsel, hereby submits these comments in response to the Federal Communications Commission’s (“Commission” or “FCC”) *Public Notice* seeking to refresh the record from the *2012 Contributions Reform Further Notice of Proposed Rulemaking* as to whether to exercise the agency’s permissive authority to include revenues derived from the provision of one-way voice over Internet Protocol (“VoIP”) service in the contribution base for the Universal Service Fund.¹

INCOMPAS is the preeminent national industry association for providers of Internet and competitive communications networks, including both wireline and wireless providers offering residential and enterprise services in the broadband, voice services, and video programming distribution markets. Our members offer mass-market services in urban, suburban, and rural areas and provide business broadband services to schools, libraries, hospitals and clinics, and businesses of all sizes. INCOMPAS also represents leading Internet companies, including online video distributors, social media platforms, and companies offering streaming, cloud

¹ See *Pleading Cycle Established: Comments Sought to Refresh the Record in the 2012 Contribution Methodology Reform Proceeding With Regard to One-Way VoIP Service Providers*, EB Docket No. 20-22, Public Notice, DA 20-430 (rel. Apr. 20, 2020) (“*Public Notice*”).

communications, and voice services over broadband Internet access services (“BIAS”) to consumers.

In the *Public Notice*, the Commission seeks comments on exercising its permissive authority under Section 254(d) to include in the contribution base for the Universal Service Fund revenues derived from the provision of one-way VoIP services. That the Commission seeks to update the record with regards to this one particular service seems somewhat curious given the broad nature of the 2012 proceeding that is the basis of the *Public Notice*.² In 2012, the Commission sought comment on the factors that it should consider in deciding whether the public interest warrants exercising its permissive authority to require providers of interstate telecommunications services to contribute to the universal service fund. Specifically, the Commission asked not just about the inclusion of one-way VoIP service, but also about enterprise communications services that include the provision of telecommunications, text messaging services, and BIAS.

Given concerns about the current USF contribution factor, which reached a record high of 26.5 percent in the third quarter of 2020,³ INCOMPAS suggests that the Commission would be better served by engaging in a comprehensive effort to reform the methodology for USF contributions and should refresh the record on the full proceeding rather than addressing individual services on a case-by-case basis. In this instance, INCOMPAS submits that updating the record on all the issues raised in 2012 is warranted given the widespread changes to industry and the USF since the *Further Notice* was released. A comprehensive reform effort has broad

² See *Universal Service Contribution Reform*, WC Docket No. 06-122, Further Notice of Proposed Rulemaking, FCC 12-46 (2012) (“*Further Notice*”).

³ *Contribution Factors*, USAC, <https://www.usac.org/service-providers/making-payments/contribution-factors/> (last visited July 10, 2020).

industry support and is more likely to yield a balanced approach to interstate services that may reduce the current contribution factor. Such a reduction may be in the public interest, as providers typically pass along these costs to their customers.

Additionally, INCOMPAS is concerned that moving forward on a case-by-case basis, or by ignoring other services entirely, may distract from meaningful contribution reform and make it more difficult to make changes that will have a material impact on the current contribution factor. Indeed, one-way VoIP revenues remain small compared to other services,⁴ meaning that the immediate inclusion of these revenues in the USF would not make an appreciable difference in lowering the contribution factor. If the Commission moves to expand the contributions base by including revenues from the provision of one-way VoIP service, it may, in the near term, decline to take the necessary actions to work on overall reform of the federal USF contributions system. This is an untenable position given the recent, sharp rise in the contributions factor. Furthermore, using the Commission's permissive authority to assess one-way VoIP, without first conducting a comprehensive analysis of other interstate telecommunications services, could distort the voice service market as consumers are more likely to turn to online alternatives than to public switched telephone network services to avoid the additional 26.5 percent USF fee—further eroding the contributions base.

INCOMPAS urges the Commission to review the specific products that are in the contributions base while also examining other telecommunications services or provisions of telecommunications that are not currently included. The Commission can then make a holistic effort to determine which of these services should now be contributing to the federal USF. Since

⁴ See FED. COMMUNICATIONS COMM., FED.-STATE JOINT BD. ON UNIVERSAL SERV., UNIVERSAL SERVICE MONITORING REPORT, at Supplemental Table S1.1 (2018), *available at* <https://www.fcc.gov/general/federal-state-joint-board-monitoring-reports>.

2012, our members report that one-way VoIP services are not being used as substitutes for traditional two-way voice service.⁵ In its 2012 comments, INCOMPAS, then known as COMPTTEL, asserted that consumers would increasingly view interconnected one-way VoIP as a substitute for POTS.⁶ However, as noted above, revenues for one-way VoIP are comparatively small and the service has not become the substitute that the association envisioned when it argued for the service’s inclusion in the contributions base. Assessing one-way VoIP could lead to further customer migration away from the PSTN toward internet-based based solutions, like app-to-app communications, that would further exacerbate pressure on the fund. This potential outcome is more appropriately considered in the overall context of how consumers are using voice services that the Commission should analyze and consider during a comprehensive review of the USF contributions methodology.

For the reasons stated herein, INCOMPAS urges the Commission to consider the recommendations in its comments as it further examines the issues raised in the *Public Notice*.

⁵ See, e.g., Comments of Microsoft Corporation, PS Docket Nos. 18-261 & 17-239 (filed Dec. 10, 2018), at 4 (reporting that users of Microsoft’s one-way “Skype to Phone” feature on Skype “tend not to view *or use* the app as a replacement for traditional PSTN voice services” (emphasis added)).

⁶ See Comments of COMPTTEL, WC Docket No. 06-122, GN Docket No. 09-51 (filed July 9, 2012), at 13-14.

Respectfully submitted,

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