



## **Funding the National Broadband Plan through HCF Reform**

### Rate of Return:

- Is there enough competition in rural areas to make competitive/incentive pricing a reality?
- As rate-of-return regulation is withdrawn, will rural companies have the financial support they need to survive? Will states need to make up the shortfall to ensure that end-user rates do not increase significantly?

### IAS funding:

- How will this impact the carriers currently receiving this funding?
- What can the FCC and carriers do to ensure that these funds actually do stimulate broadband deployment without negatively impacting the existing voice network?
- Should the states require that all broadband networks include a separately offered voice component?

### Phase out competitive high cost support:

- How should the phase-out process be managed? Does the 5-year time horizon provide sufficient time for carriers to determine how to replace this funding? Should the timing be linked to the roll-out of the Connect America Fund and the Mobility Funds in Recommendations 8.2 and 8.3?
- Can/will competitive ETCs that currently offer only voice services remain in the market as high cost support is withdrawn, or could this recommendation lead to further erosion of competition?



## Additional Questions

- What will be the short term impact on current operations of designating the funds as “broadband” only? Could closing the broadband gap cause a wireline gap?
- Will state high cost funds need to be diverted to ensuring that wireline quality of service remains adequate as carriers begin to convert their networks to broadband?
- As the broadband plan forces the convergence of voice and data networks, should states designate a new class of service called “lifeline broadband” to ensure that all consumers remain able to make and receive voice as well as data calls? How can the states and the FCC ensure that low income consumers have access to the equipment necessary to use broadband services (including voice provided over the broadband network)?