

State of California

Public Utilities Commission  
San Francisco

MEMORANDUM

**Date : November 30, 2010**

**To : The Commission  
(Meeting of December 2, 2010)**

**From : Gretchen Dumas  
Public Utilities Counsel V**

**Roxanne L. Scott  
Program and Project Supervisor, Communications Division**

**Subject: Filing of Comments in Response to FCC's Notice of Proposed Rulemaking to Create a Limited-Term "Mobility Fund" to Provide One-Time Support to Mobile Service Providers to Deploy 3G Service in Specified Unserved Areas Consistent With Recommendations of the National Broadband Plan**

**RECOMMENDATION:** The CPUC should file comments in this proceeding before the Federal Communications Commission (FCC), and should question the need for a "Mobility Fund" to subsidize deployment of 3G or better broadband wireless service. Staff makes this recommendation in light of the Federal Communications Commission's (FCC) proposal to create a Connect America Fund (CAF) that would subsidize deployment of wireline and wireless (4G) broadband service in unserved and underserved areas, as well as other FCC proposals and National Broadband Plan recommendations that will result in expansion of federal Universal Service Fund programs. Comments are due December 16, 2010.

**BACKGROUND:** On October 14, 2010, the FCC issued a Notice of Proposed Rulemaking (NPRM) seeking comments on its proposal to use reserves accumulated in the Universal Service Fund to create a new limited-term Mobility Fund.<sup>1</sup> The purpose of the proposed Mobility Fund would be to "significantly improve coverage of current-generation or better mobile voice and Internet service for consumers in areas where such coverage is currently missing, and to do so by supporting private investment."<sup>2</sup> This

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<sup>1</sup> *In the Matter of Universal Service Reform Mobility Fund, Notice of Proposed Rulemaking*, WT Docket No. 10-208 (FCC 10-182), rel. October 14, 2010 (*Mobility Fund NPRM*).

<sup>2</sup> *Id.*, para. 1.

rulemaking is one of several the FCC has initiated to implement recommendations in the National Broadband Plan (NBP), released on April 17, 2010. The NBP proposed creation of this Mobility Fund as a means to promote the national build-out of 3G services as part of a comprehensive set of recommendations to reform the universal service program. Reform of the Universal Service Fund (USF) to maximize broadband utilization is one of the chief ambitions of the NBP.

The proposed Mobility Fund would provide “an initial infusion of funds toward solving persistent gaps in mobile services through targeted, one-time support for the build-out of current-and next generation wireless infrastructure in areas where these services are unavailable.”<sup>3</sup> The FCC seeks comment on creation of the Mobility Fund and on the following proposals pertaining to the Mobility Fund”<sup>4</sup>

- > The FCC proposes to use \$100 million to \$300 Million from the USF to create the Mobility Fund, using a portion of the several hundred million dollars in annual USF support voluntarily relinquished by Verizon Wireless and Sprint Nextel.<sup>5</sup>
- > The FCC proposes to use a reverse auction process to determine which providers get support, and which specific geographic areas will receive support and at what levels.
- > The FCC proposes to use coverage data compiled by American Roamer and population data from the Census Bureau to identify unserved areas.
- > The FCC proposes carrier eligibility requirements as follows: the carrier 1) must be designated an Eligible Telecommunications Carrier (ETC), 2) must have access to spectrum capable of 3G or better service in the geographic area, and 3) must certify that it is financially and technically capable of providing service within a specified timeframe.

The FCC also seeks comment on the minimum performance and coverage area requirements it should establish for the supported service.<sup>6</sup>

Earlier this year, based on recommendations in the NBP, the FCC sought comment on the creation of a separate fund, the Connect America Fund (CAF), which would replace the current federal High Cost Support funding for legacy networks and instead provide funding for deployment of wireless and wireline broadband service that would provide

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<sup>3</sup> *Id.*, para. 5.

<sup>4</sup> *Id.*

<sup>5</sup> High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC, WC Docket No. 05-337, CC Docket No. 96-45, *Order and Notice of Proposed Rulemaking*, FCC 10-155 (rel. Aug. 31, 2010) (*Corr Wireless Order*).

<sup>6</sup> *Id.*

speeds of at least 4 Mbps down and 1 Mbps up, as well as voice service.<sup>7</sup> Such speeds could be provided by 4G wireless service. The CPUC filed Reply Comments in support of eliminating the current high cost funding and transitioning to the Connect America Fund.<sup>8</sup>

It is expected that the FCC will formerly propose adoption of the Connect America Fund and also propose extending the federal Lifeline/Link-up program to include broadband Internet access service. In addition the FCC is considering proposals to expand universal service broadband subsidies for health care providers and schools.

**DISCUSSION:** Staff recommends that the CPUC submit comments questioning the need for a separate Mobility Fund. The National Broadband Plan recommendations for universal service funding of broadband deployment and service could well result in a sizable increase in federal universal service funding. Staff does not see a need to provide separate funding to ensure 3G mobile service deployment in unserved areas in light of the fact that the FCC is likely to propose the establishment of a Connect America Fund (CAF) which would provide universal support for 4G mobile service deployment in unserved and underserved areas. The monies from the Sprint Nextel and Verizon Wireless givebacks with which the FCC proposes to fund the Mobility Fund should instead be allocated to the CAF.

Staff further recommends the CPUC file comments on the specific proposals regarding the proposed Mobility Fund as follows:

- > Question why the FCC is proposing to purchase broadband mapping information, at a cost to taxpayers of approximately \$300 million dollars, from the commercial entity American Roamer to identify areas without 3G mobile service instead of using the broadband mapping information recently provided by the States to the U.S. Department of Commerce and the FCC as required by Congress.
- > State CPUC support for the concept of reverse auctions to choose which carrier gets support from the Mobility Fund in a given area but decline to comment on specifics of such auctions because of the pending reverse auction proceeding before the CPUC.
- > Require all Mobility Fund recipients to be designated an eligible carrier by the relevant State, but let states adopt criteria for the Mobility Fund recipients that is tailored to the emerging industry and consumer needs, not just copy the current

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<sup>7</sup>*In the Matter of Connect America Fund, A National Broadband Plan for Our Future, High-Cost Universal Service Support*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 05-337, *NOI and NPRM*, rel. April 21, 2010.

<sup>8</sup> Reply Comments of the California Public Utilities Commission and the People of the State of California, August 11, 2010, at p. 10., *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, High-Cost Universal Service Support*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 05-337, *NOI and NPRM*.

eligible telecommunications carrier (ETC) criteria now used for legacy universal service support.

- > For Mobility Fund recipients, recommend a matching grant requirement and deployment roll-out and service quality requirements similar to our CASF requirements.

Staff seeks Commission approval to file comments consistent with these recommendations.

**Contributing Staff: Michael Morris (3-2112)**

GTD:cdl