September 11, 2025

The National Rural Electric Cooperative Association (NRECA) is the national service organization for more than 900 not-for-profit rural electric cooperatives that provide electric power to 56% of the nation's landmass and 327 of the nation's 353 "persistent poverty counties." Rural electric cooperatives were formed to provide safe, reliable electric service to their member-owners at the lowest reasonable cost and are dedicated to improving the communities in which they serve.

NRECA and its members are deeply committed to promoting the deployment of advanced telecommunications capabilities within the rural communities they serve. Today, more than 200 electric cooperatives provide fixed broadband service, deploying fiber-based, fixed wireless, or combined fiber and fixed wireless technologies. NRECA members have taken meaningful steps in recent years to connect their members with affordable, reliable, and scalable broadband service, and believes that Universal Service Fund Programs are critical to ensuring that rural and low-income Americans are able to access affordable broadband connections that are necessary in our increasingly digital economy.

NRECA appreciates the opportunity to provide feedback regarding the FCC's Universal Service Fund programs and respectfully submits the following response to the request for comment from the Universal Service Fund Working Group.

1) How should Congress evaluate the effectiveness of each USF program in achieving their respective missions to uphold universal service?

The Communications Act of 1934 stated that all people in the United States shall have access to rapid, efficient, nationwide communications service with adequate facilities at reasonable charges. Furthermore, the Telecommunications Act of 1996 went on to define Universal Service principles, and stated that "consumers in all regions of the Nation, including low-income customers and those in rural, insular, and high cost areas, should have access to telecommunications and information services […] that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas." [1]

Rural parts of the country historically have been relegated to substandard broadband service compared to their urban counterparts. This is due, in large part, because the FCC's broadband benchmark has significantly lagged behind market realities and consumer demands, and set the bar precariously low. There has been an emphasis on what incumbent providers can easily do today, with little consideration given to innovation or future consumer needs. The additional emphasis on technological neutrality in federal programs has seemed to mean a shift towards the "lowest common denominator" out of fear of picking technological winners and losers. NRECA respectfully submits that if certain technologies are incapable of consistently meeting certain service thresholds informed by statutory definitions or consumer choices already being made in the marketplace, they are not equal and do not merit "neutral"

[1] The Communications Act of 1934, page 103: https://transition.fcc.gov/Reports/1934new.pdf

treatment as compared to more capable technologies. Further, by ignoring technological realities for the sake of neutrality, federal programs risk unintentionally picking *consumer* rather than *technological* winners and losers and relegating certain populations to subpar service, rather than encouraging innovation and incentivizing technological improvements in the marketplace.

In many rural areas, countless federal dollars have gone to support networks or technologies that cannot consistently meet the definitions for minimum broadband speeds included in recent federal programs. Factors, such as high deployment costs and low population densities, as well as other challenges associated with building infrastructure in hard-to-reach rural areas, have contributed to the lack of progress in meeting universal service goals. Generally, rural consumers have access to much slower broadband speeds but are charged rates similar to what urban consumers pay for faster service. This is clearly not what was envisioned by Congress in the 1996 Telecommunications Act and does not meet the standard of "comparable service at comparable rates."

As Congress considers the effectiveness of existing Universal Service programs and the goal of achieving universal service for broadband, ensuring that service levels and rates available in rural areas are reasonably comparable to urban areas should be the first guidepost. Achieving the goal of universal access to broadband does not mean that rural America must resign themselves to becoming "second class" broadband citizens, with significantly lower broadband speeds and capabilities than the rest of the country. Yet the standards consistently set by federal programs aimed at rural deployment quickly become obsolete, aiming for "good enough" simply because it's easier to achieve rather than aiming for a scalable and sustainable connection. Progress toward universal deployment should be measured by whether the higher level of broadband service considered adequate for household needs is widely available *everywhere* throughout the country, including in the more remote and rural areas.

It's also worth noting that federal programs do not move quickly, and it can be months or even years between the enactment of a program and actual disbursement of funds for network construction. This has enabled the construction of networks that are obsolete years before the project is completed, as speeds and consumer demands have increased while programs are set to lower standards. Congress must take a more forward-looking approach to federal broadband support programs, setting standards and goals that look to the future and can enable growth, innovation, and network scalability and sustainability. Continuing to push for the status quo will continue the cycle of funding inadequate or soon-to-be obsolete networks rather than those that can provide lasting and scalable service for all Americans, no matter where they live.

2) How well has each USF program fulfilled Section 254 of the Communications Act of 1996?

The expansion of the Universal Service Fund to include broadband services has been helpful in connecting rural communities that would be otherwise too expensive and too difficult to serve. However, factors such as an outdated definition of broadband, inaccurate national broadband maps, and continued subsidization of technologies that cannot keep up with growing consumer demands have created challenges in achieving the goal of universal service.

The question of whether broadband is universally available in the United States should be answered by measuring how much of the country is receiving a level of broadband service that is necessary to meet today's broadband needs. The measure of universal broadband service should consider the speeds that are currently needed and achievable to support concurrent and future use of multiple devices within a

household. In NRECA's opinion, those speeds are being achieved currently using fixed terrestrial broadband networks having a minimum performance tier of 100/100 Mbps.

Most fixed wireline broadband services can easily meet today's broadband needs, as reflected by monthly usage benchmarks.[2] In contrast, both fixed wireless and mobile wireless services can struggle to meet such needs and can be device-specific in terms of both capabilities and pricing models. Other challenges, such as data caps on monthly usage, can create significant barriers to universal access and sustainable connectivity for high-cost and low-income families alike. For a rural family, the difference between wireline and wireless access is substantial, and can have a significant impact on their ability to participate fully in today's digital economy.

As Congress considers the future of USF programs and how to best achieve universal connectivity, an evaluation of the ongoing financial support a network receives and the level of service that network can provide must be considered. Taxpayer dollars will be best spent supporting networks that are robust enough to address both existing and future needs, instead of subsidizing networks that only meet the bare minimum standard, soon will be obsolete, or are unable to keep up with consumer demand. Similarly, periodic testing on the technologies used to connect consumers should be required to ensure that taxpayer resources are not going to support technologies that are widely recognized as incapable of meeting realistic consumer needs.

A major improvement of the high-cost program was expansion to non-traditional providers, such as electric cooperatives, in the CAF II and RDOF Phase I auctions. While we have found the implementation of the reverse auction system to be problematic, about 160 electric cooperatives where successful in these auctions and have brought truly high-speed fiber networks to hundreds of thousands of rural homes and businesses as a result. The CAF II and RDOF auctions have also enhanced accountability provisions that did not exist in the traditional high-cost USF programs, such as increasing audits and verifications prior to certain deployment milestones as well as the publication of verifications, audits, and speed and latency performance testing for program recipients.[3]

3) Has the Commission adequately assessed each USF program against consistent metrics for performance and advancement of Universal Service?

In short, no. The goals for advancement of Universal Service are broad and ill-defined, with inconsistent metrics for evaluating how effectively this goal is being met. Section 706 of the Telecommunications Act of 1996 directs the Commission to annually conduct an inquiry "concerning the availability of advanced telecommunications capability to all Americans" to determine if this deployment is happening in a reasonable and timely fashion. While it notes that "high-speed" and "high-quality" are an evolving standard requiring regular re-examination and re-evaluation, the Commission has repeatedly failed to appropriately set future looking program goals based on widely available data, including data reported by the Commission itself.

The benchmark for broadband has been steadily increasing over the years, from 200/200 Kbps in 1997 to 4/1 Mbps in 2010 and 25/3 Mbps in 2015. However, it was not until 2024 that the fixed speed benchmark for broadband was increased to 100/20 Mbps, which can largely be considered an outdated

[2] Rural Digital Opportunity Fund Phase I Auction Scheduled for October 29, 2020, "Notice and Filing Requirements and Other Procedures for Auction 904," FCC 20-77, at 159 (rel. June 11, 2020).
[3] Federal Communications Commission, Rural Broadband Accountability Plan: https://www.fcc.gov/rbap

standard. In fact, data published by the Commission in 2018 stated that "the vast majority of Americans, surpassing 85% of the population in 2018, now have access to fixed terrestrial broadband service at 250/25 Mbps."[4] And according to the FCC's thirteenth "Measuring Broadband America" fixed broadband report, published in August 2024, "the weighted average advertised download speed of participating ISPs was 467 Mbps, which is an increase of 52% from the twelfth report and 141% from the eleventh report."[5] It's clear that the US residential broadband market has moved well beyond a 100/20 Mbps standard, and technological developments as well as consumer demands have consistently trended toward more robust broadband service. It seems reasonable to conclude that the metrics by which advanced telecommunications capabilities are being evaluated significantly lag market and consumer realities, which ultimately hinders the Commission's achievement of its universal service mandate of "comparable service at comparable rates."

NRECA also respectfully suggests that the Commission should measure the extent to which fixed wireline terrestrial broadband service is available, not to the extent to which wireless broadband service is available, when evaluating the advancement of Universal Service.

4) What reforms within the four existing USF programs would most improve their transparency, accountability, cost-effectiveness, administration, and role supporting universal service?

The FCC should require consistent evaluation of the level of service a network provides for a provider to continue receiving High-Cost subsidies, especially as it works to achieve "comparable levels of service at comparable rates." This evaluation should include periodic consideration and reevaluation of whether the competitive broadband market in such areas has changed. While 20 years ago there may not have been a business case to build broadband infrastructure in some rural areas, the competitive broadband landscape today has changed for some of these areas and federal programs should recognize that evolution in the competitive wireline marketplace.

Similarly, the FCC should be required to reevaluate and update its definition for broadband on a more consistent basis. This will help to ensure that rural consumers are consistently served with adequate broadband, not relegated to sub-par service due to outdated definitions and bureaucratic federal policies. It will also help to reduce the need for incremental network upgrades every few years. By setting future-looking standards and consistently reevaluating them to guarantee that consumer needs are met, the goals of universal service can be better achieved at a lower overall cost to the taxpayer.

The High-Cost Support mechanism could be modified to support ongoing operating and maintenance costs after facilities are constructed in unserved and underserved areas, to ensure that rates in these difficult to serve areas remain comparable to urban areas. Given the unprecedented and historic amount of funding made available in recent years for broadband infrastructure deployment, the broadband landscape across the United States is about to be transformed and Congress should require the FCC to evaluate whether an ongoing operational support program would be warranted. If such a program is implemented it should only be available to truly high-cost, low-density, and economically

[4] Federal Communications Commission: Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, GN Docket No. 19-285, 2020 Broadband Deployment Report, FCC 20-50, 3 (2020) ("2020 Broadband Deployment Report").

[5] Federal Communications Commission: Thirteenth Measuring Broadband America Fixed Broadband Report, August 9, 2024: https://www.fcc.gov/reports-research/reports/measuring-broadband-america/measuring-fixed-broadband-thirteenth-report

challenged communities, and to smaller providers that do not benefit from a national or even regional economies of scale. While a large percentage of newly constructed systems may be easily self-sufficient, others may require more attention. Considering the implementation of a program to ensure that these new broadband systems in rural and high-cost areas are well maintained and affordable will help to protect federal investments and ensure access into the future. However, any program to maintain newly constructed systems and ensure they remain affordable should be implemented in a way that allows such funding to go where it is needed most.

In recent years, the FCC and USAC have taken steps to improve the administration of the E-Rate program by simplifying the reimbursement process and streamlining ISP bid tracking through the E-Rate Productivity Center (EPC). Additional improvements to the EPC could help to further increase accessibility and improve program administration, including by adding features to the EPC that would allow providers to search for bids by region or implementing tools to better allow for bid tracking and notification could make participation easier for providers. Additionally, expanding the E-Rate eligible services list to include full end-to-end managed Wi-Fi solutions, such as hardware refresh, ongoing system monitoring, advanced security, and on-site support, would allow for schools and libraries to receive better service and would reduce the burden of system management for these entities in rural areas with limited access to IT support.

5) What reforms would ensure that the USF contribution factor is sufficient to preserve universal service?

Long-term sustainability of the Universal Service fund is vitally important, as the USF is the single most comprehensive ongoing program to address the digital divide. The proposed contribution factor for the third quarter of 2025 is a record high of 36%, which provides clear evidence that the contribution mechanism has failed to keep up with the changes in communications services that Americans receive.

To ensure the long-term viability of USF funding, the contribution base used to fund USF programs could be broadened to include revenues from broadband services to stabilize the USF program. By one estimate, this would reduce the existing contribution factor to less than 4%.[6] While expanding the factor to include broadband revenues would be the most expeditious route to stabilize the fund, adding a new surcharge on broadband services will increase the cost for those services and could create affordability challenges for vulnerable households and communities.

Additionally, NRECA would support Congress exploring the issue of expanding the contributions base to edge providers who benefit from networks built and maintained with USF dollars. Given that these edge providers' revenues and shareholder values rely in some part on federally subsidized broadband networks, some sort of USF contribution on the part of these providers seems reasonable.

6) What reforms would reduce waste, fraud, and abuse in each of the four USF programs?

Federal broadband programs should undergo periodic reviews to evaluate whether speed thresholds outlined in those programs and existing technologies are adequate to meet consumer demands. Without reforms to bring federal programs in line with current minimum speed thresholds, or greater

[6] USForward, "Universal Service Fund, FCC Must Reform USF Contributions Now: An Analysis of the Options" (Sept., 2021), by USF expert Carol Mattey, Mattey Consulting LLC, at p.16, available at: 179aad_d610eca6ebd54082829f245229ec8c0e.pdf (filesusr.com).

flexibility in areas that are receiving federal support for outdated or inadequate levels of service, many rural areas will continue to be blocked from receiving adequate broadband because of prohibitions on overbuilding. Similarly, federal agencies should do periodic speed testing as part of their program audit process, to ensure that self-reported data submitted to agencies regarding buildout milestones and metrics are accurate and reflective of on the ground realities. Recent programs have added performance measurement testing which can be beneficial when evaluating the effectiveness of the program. Regular obligations to test network performance should be applicable to all providers receiving federal support, to ensure that they are actually meeting required standards and providing advertised speeds and services. Agencies should also conduct periodic testing on the technologies used to connect consumers to ensure that taxpayer resources are not going to support technologies that are widely recognized as incapable of consistently meeting program thresholds or realistic consumer needs.

Within E-Rate, non-traditional providers like electric cooperatives often face barriers to entry. The bid evaluation rubric used by schools and libraries often heavily weights prior experience, leaving new providers that can deliver high-quality service at a disadvantage. While prior experience is relevant to consider, it should not prevent qualified providers from competing effectively, especially in instances where they can offer equal or better service at a more affordable rate. The FCC should reduce the emphasis placed on previous participation to create a more level playing field.

Additionally, while the E-Rate program allows providers to either bid to provide broadband service (Category 1) or advanced managed services (Category 2), the Rural Health Care program combines both into a single category. This makes participation in the Rural Health Care program difficult for providers who can deliver essential broadband services but lack the resources to handle advanced equipment management and support. Allowing standalone Category 1 bids to remain competitive will lower these barriers, enabling more providers to participate and ultimately increase the number of affordable service bids for rural hospitals and clinics.

NRECA believes that the current Lifeline program should be revised or replaced with a permanent low-cost program more in line with the level of support offered by the FCC's former Affordable Connectivity Program (ACP), to provide a sustainable and long-term program able to adequately address broadband affordability. The $9.25 subsidy rate in Lifeline is not sufficient to move the needle on broadband adoption, and affordability will become increasingly important as networks are built out, particularly in rural, low-income areas, where affordability can be a barrier to broadband adoption as compared to access. While some cooperatives noted challenges with the administrative side of ACP while it was active and would welcome changes should the opportunity to reconsider the program arise, most voiced support for continuation of the program and felt it was helpful in connecting new consumers with affordable broadband service. Ensuring that there is a consistent, dependable, and effective low-income broadband program will allow providers to deliver the highest quality broadband service to their communities at an affordable price.

Finally, we support the ongoing requirement for participating providers to receive an Eligible Telecommunications Carrier (ETC) designation. While the ETC status obligates the service provider to additional state oversight and reporting, this additional requirement can help to ensure the provider is best serving the public's interest and can serve as an additional backstop against waste, fraud and abuse.

7) What actions would improve coordination and efficiency among USF programs and other FCC programs, as well as broadband programs housed at other federal agencies?

While the new national broadband maps are a significant improvement, it's clear that numerous errors persist. In April 2025, the Government Accountability office (GAO) released a report[7] examining how federal agencies collaborate on broadband availability information, use the data that's reported in the National Broadband Map, and verify the accuracy of the information displayed. The report highlights insufficient processes at the FCC for verifying the quality or accuracy of mapping data, noting that "the accuracy of the broadband availability data on the map is uncertain," and detailing gaps in the verification and audit tools used by the FCC to ensure accuracy. The report highlighted that inaccurate data "could jeopardize agencies' ability to make the most efficient and effective funding decisions." Requiring the FCC to formalize and strengthen the processes for verifying the quality and accuracy of mapping data, including data received from other federal agencies managing broadband programs as well as strengthening agencies' validation processes to ensure that self-reported data from internet service providers is correct, would ensure accuracy with the maps and the data displayed.

Similarly, the FCC map's reliance on advertised versus actual speeds often does not reflect reality, with some providers overstating service availability or capabilities in their Broadband Data Collection (BDC) filings. In some instances, providers advertise service of "up to" 100/20 Mbps while failing to consistently provide that level of service. Despite allowing for individual speed test challenges to mobile service claims, the FCC has denied the use of speed tests to verify service claims for wireline and fixed wireless access, except in limited circumstances. Allowing for the submission of speed test data as part of a fixed broadband map challenge will help verify that providers are meeting their obligations and rural consumers are not inadvertently left behind. Recognizing that adjudicating individual speed tests may be cost prohibitive, aggregated data can point to systemic problems by certain carriers or in certain areas that the FCC can then further investigate.

Other issues, including missing locations from the underlying BDC Fabric, have created barriers to improving mapping data and ensuring all rural consumers are able to receive a broadband connection. One frustration repeatedly shared by NRECA members is the inability to reconcile missing Broadband Serviceable Locations (BSLs) in the underlying map fabric with utility data. In multiple instances, rural electric cooperatives have submitted locations to where they provide electric and/or broadband service, and those locations have been determined to not meet the definition of a BSL by either the FCC or its BDC Fabric contractor, CostQuest. Creating easier paths for utilities, such as electric cooperatives, to submit geolocated electric utility data to challenge or support map data could help to improve the underlying mapping fabric and reconcile missing locations. However, any pathway to utility data submission should be straightforward, easy, and voluntary, as the current process has presented significant challenges for small entities such as cooperatives, which often have small staffs and limited resources. Similarly, the FCC should take steps to preemptively reconcile discrepancies between the RDOF program established locations and BDC fabric locations ahead of the new requirement for RDOF recipients to confirm build out obligations using the BDC. This requirement will go into effect in March 2026.[8]

[7] GAO Report: Broadband Programs: Agencies Need to Further Improve Their Data Quality and Coordination Efforts, April 17, 2025, available at: https://www.gao.gov/products/gao-25-107207

[8] Federal Communications Commission Order: WCB Adopts Use of Fabric to Update and Verify High-Cost Obligations, January 10, 2025: https://docs.fcc.gov/public/attachments/DA-25-32A1.pdf

We would also encourage greater reliance on and coordination with the US Department of Agriculture for programs focused on deploying broadband in rural and remote areas, given the agency's unique perspective on rural America, understanding of the challenges facing rural and remote communities, and relationships with numerous rural localities across the country. Most other federal agencies, including the FCC, look at how to get the most "bang for their buck" when it comes to federal investments, seeking to impact the greatest amount of people for the lowest cost. However, rural and remote areas inherently must be considered through a different lens. Low population densities coupled with difficult terrain often require a greater investment to impact a fewer number of people, but that impact can be quite meaningful for those few it may touch. USDA not only understands this, but has a network of rural partners that makes the agency a known entity and trusted partner in ways that other agencies, such as the FCC, are unable to match. Increased utilization of USDA and its rural partners can improve outcomes and better identify the challenges with closing the digital divide in rural areas.

8) For any recommendations on reforms, does the Commission currently have the feasibility and authority to make such changes?

Yes, the Commission has the feasibility and the authority to formalize and strengthen the processes for verifying and validating the quality and accuracy of the mapping data submitted. Similarly, the FCC has the ability to accept geolocated meter data, and NRECA is currently working with the Commission and a couple of electric cooperatives to overlay the BDC fabric data with the geolocated meter data to identify gaps and discrepancies. However, the FCC has put much of the onus on the electric cooperative to undertake this effort, which presents a significant challenge for small providers.

The FCC does, however, rightly have limited authority to reform or expand the contributions methodology beyond a limited scope of telecommunications services, as defined by Congress. Given the marketplace shift away from traditional landline telephone service to more diverse communications services, any undertaking by the Commission to reform the USF contributions and support methodology would need clear direction and guidance from Congress.

9) Is the USF Administrator, the Universal Service Administrative Company (USAC), sufficiently accountable and transparent? Is USAC's role in need of reform?

There is always room for improvement with any federal agency or related contract entity. USAC was created to assist the FCC in implementing these programs. Improving processes and systems at USAC will help to improve efficiencies at the FCC as well as for the provider community, freeing up more time and resources to invest in network deployments. Specifically, improvements to the process used by USAC to verify project buildouts has been cited as cumbersome, time consuming, and inefficient, and NRECA members have commented that it can be challenging to get clear and consistent USAC support on the phone. Issues with the USAC portal are commonplace, and improvements with technical assistance from either USAC or the FCC could help to expedite builds and alleviate administrative burdens, especially for small providers. Additionally, the coordination process between the FCC and USAC could be greatly improved, which could also expedite and streamline processes at the agency.

10) Additional Comments

Congress should discontinue the use of reverse auctions to award funding in high-cost areas. Reverse auctions force companies to undercut themselves to obtain the award, which in many cases does not truly reflect the cost to deploy nor does it provide quick, reliable, and affordable access in unserved

areas. For example, in the FCC's 2020 Rural Digital Opportunity Fund (RDOF) auction, some providers bid impossibly low as a way to block a competitor from receiving funding to serve that area, and small, local providers can be disadvantaged due to the lack of resources enjoyed by larger competitors. This method for funding allocation is subject to gamesmanship, and is likely to continue to disappoint in delivering realistic network deployment in high-cost areas. Additionally, the low level of fines for default or noncompliance with RDOF Phase I also failed to prevent gamesmanship in some areas, with some providers preferring to default rather than allow access to a competitor. Increasing fines on providers who do not meet their obligations could force more thoughtful participation in federal programs and a more realistic assumption of project completion and ensure program integrity.

Similarly, NRECA supports efforts to more thoroughly assess interested internet service providers prior to allocating funding through federal programs, or even allowing participation in federal funding programs. Additional scrutiny should also be placed on the technologies employed and the financial and managerial capabilities of participating providers to ensure that those that are receiving federal support can deploy and maintain lasting, scalable networks.[9]

[9] NRECA NRTC Whitepaper, The Rural Digital Opportunity Fund: Rural America's Broadband Hopes at Risk, February 1, 2021, available at: https://www.cooperative.com/programs-services/governmentrelations/regulatory-issues/pages/nreca-files-whitepaper-with-fcc-expressing-concern-with-fixed-wireless-gigabit-- rdof-winners-.aspx.