

FCC Law Blog

Posted at 1:41 PM on May 4, 2010 by Sheppard Mullin

[Replacement of the Legacy High-Cost Universal Support Fund with a Connect America Fund: Key Economic and Legal Considerations](#)

A Note by Christopher Huther and Megan Troy of Sheppard Mullin Richter & Hampton LLP and Christian Dippon of NERA Economic Consulting

On April 21, 2010, the Federal Communications Commission (FCC) released a Notice of Inquiry (NOI) and a Notice of Proposed Rulemaking (NPRM) that seek the public's input on the FCC's effort to replace the legacy high-cost universal service fund (USF) with a broadband "Connect America" fund (CAF). In effect, the FCC seeks to implement cost-cutting measures for existing voice support and create a new fund to support the provision of broadband communications in areas that would be unserved without such support or that depend on universal service support for the maintenance of existing broadband service.

In this note, Christopher Huther and Megan Troy of Sheppard Mullin Richter & Hampton LLP and Christian Dippon of NERA Economic Consulting identify key economic and legal considerations raised by the FCC's first step towards comprehensive universal service reform. As the note highlights, the path that the FCC will take on sizing the CAF and reforming the USF will have a significant impact on existing subsidy regimes and on the competitive landscape in the United States communications industry.

To request a copy of the note, please contact Christopher Huther at chuther@sheppardmullin.com, (202) 772-5374 or Megan Troy at mtroy@sheppardmullin.com, (202) 772-5373.