



September 2, 2026

Via ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
45 L Street, NE
Washington, DC 20554

Re: WC Docket No.: 26-96, 10-90 Reforming the High-Cost Program for an All-IP Future;
Connect America Fund: A National Broadband Plan for our Future High-Cost Universal Support

The Computer and Communications Industry Association (CCIA)¹ submits these reply comments in the ongoing Federal Communications Commission (FCC or Commission) Notice of Proposed Rulemaking (NPRM) requesting feedback on the Universal Service Fund's (USF) High-Cost program.² CCIA represents a broad cross-section of the communications and technology industry, including major digital services that contribute significantly to broadband infrastructure through direct investment and by driving demand for broadband deployment. CCIA submits these reply comments in response to commenters urging the Commission to expand the USF contribution base to digital services and "edge providers."³

As a threshold matter, Section 254 of the Communications Act does not authorize the Commission to impose USF contributions on digital services or "edge providers" as a class.⁴ Instead, Section 254(d) requires contributions from "telecommunications carriers providing interstate telecommunications services," while granting the Commission authority to assess contributions from other "provider[s] of interstate telecommunications" if in the public interest.⁵ Digital services and "edge providers," including CCIA members, do not provide interstate telecommunications. Nor does merely offering content, applications, or services via telecommunications networks render an edge provider a "provider of interstate telecommunications" within the meaning of Section 254(d).⁶

¹ CCIA is an international, not-for-profit trade association representing a broad cross section of communications and technology firms. For more than 50 years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than \$100 billion in research and development, and contribute trillions of dollars in productivity to the global economy.

² *Reforming the High-Cost Program for an All-IP Future; Connect America Fund: A National Broadband Plan for our Future High-Cost Universal Support*, Notice of Proposed Rulemaking, WC Docket Nos. 26-96, 10-90, FCC 26-35 (rel. May 21, 2026) Fed. Reg. 349320 ([June 5, 2026](#)).

³ There are varying definitions of the term "edge providers." See, for example, Lowering Broadband Costs for Consumers Act of 2025, H.R. 4032, 119th Cong. § 2(a)(1)(4)(A).

⁴ See 47 U.S. Code § 254(d).

⁵ *Id.*

⁶ See *Report on the Future of the Universal Service Fund*, WC Docket No. 21-476, Report, 37 FCC Rcd 10041, 10091-92 ¶¶ 104-05 (2022) (explaining that, before requiring contributions from edge providers under its permissive authority, the Commission would need to analyze whether they provide

The Commission has previously recognized that exercising its permissive authority under Section 254(d) with respect to edge providers would first require a determination that the entity is “providing interstate telecommunications” within the meaning of the Act.⁷ Accordingly, absent congressional action, the Commission cannot simply expand the USF contribution base to digital services or “edge providers” as a class.

Nevertheless, some commenters in this proceeding recommend expanding the USF contribution base. These arguments contradict data on Broadband Internet Access Service (BIAS) revenues, digital service contributions to broadband infrastructure, and infrastructure cost burdens. Additionally, massive federal investments like the Broadband Equity, Access, and Deployment (BEAD) program, alongside high-performing satellite and fixed-wireless solutions, mean that the need for sustained high-cost subsidies may become increasingly obsolete.

Some commenters characterize digital services and “edge providers” as primary drivers of broadband infrastructure costs while claiming that they do not meaningfully contribute to the networks from which they benefit.⁸ CCIA refutes these contentions. First, digital services drive subscriber demand for broadband, incentivizing the deployment and upgrade of high-speed broadband networks. This relationship has long been described as a “virtuous cycle:” innovation in content, applications, and services increases consumer demand for broadband; that demand stimulates investment in faster and more capable networks; and improved networks in turn enable further innovation at the edge.⁹ Second, digital services have made, and continue to make, significant contributions to broadband networks. From 2011 to 2021, digital services spent \$312 billion in North America on Internet infrastructure.¹⁰ This investment has decreased overall costs for telecommunications companies to haul Internet

“telecommunications,” and identifying whether an entity is “providing” interstate “telecommunications” as the “threshold issue” under Section 254(d)).

⁷ *Id.*

⁸ Comments of BroadbandMT at 15-16 in WC Docket Nos. 26-96, 10-90 at 15-16 (filed [Aug. 4, 2026](#)) (“The viability of [the USF] and the affordability of rural services will require large and profitable internet-based tech companies - companies that depend upon rural networks for delivery of their services - to contribute into this system from which they really benefit.”) (“Comments of BroadbandMT”); Comments of the Oklahoma Rural Telecommunications Coalition at 16 in WC Docket Nos. 26-96, 10-90 at 9 (filed [Aug. 4, 2026](#)) (“In fact, some of the largest and most profitable IP based enterprises depend on rural networks for delivery of communications traffic, but they do not contribute to recovery of costs of deploying these underlying networks.”); Comments of USTelecom at 16 (“The commercial entities that offer services that directly and significantly profit from universal broadband should help to support the programs that help consumers and businesses obtain broadband.”).

⁹ See, e.g., *Verizon v. FCC*, 740 F.3d 623, 644–45 (D.C. Cir. 2014) (explaining that “edge provider innovation leads to the expansion and improvement of broadband infrastructure”); V. Brian Viard & Nicholas Economides, *The Effect of Content on Global Internet Adoption and the Global “Digital Divide”*, 61 *Mgmt. Sci.* 665, 665–87 (2015) <https://pubsonline.informs.org/doi/10.1287/mnsc.2013.1875>; Raúl Katz, Juan Jung & Fernando Callorda, *The Role of Video on Demand in Stimulating Broadband Adoption*, 48 *Telecomm. Pol’y* 102751 (2024) <https://www.sciencedirect.com/science/article/abs/pii/S030859612400048X>.

¹⁰ *Analysys Mason, North America: Infrastructure Investment Report* (Infographic) (Oct. 2022), <https://www.analysysmason.com/contentassets/b891ca583e084468baa0b829ced38799/north-america-infographic---infra-investment-2022.pdf>.



traffic, with an estimated \$670 million saved in 2022 alone.¹¹

CCIA also disagrees with the commenters who argue that digital service and “edge provider” contributions to the USF would shift the infrastructure cost burden away from the consumer since additional burdens would inevitably be reflected in consumer prices.¹² Digital service taxes (DSTs), for example, serve as apt analogous funding mechanisms. DSTs, which typically apply to intermediate business activities and services, unavoidably increase the cost of inputs in the value creation chain, with those increased costs ultimately passed on to consumers. These taxes also tend to increase tax and compliance complexity for companies, which then place additional upward pressure on consumer prices. Artificially inflating the cost of edge provider services through USF assessments would directly undermine and harm the core goals of universal service by raising barriers to broadband adoption and dampening the consumer demand that fuels network investment.

Lastly, the high-cost subsidies were designed before technologies such as low-Earth orbit (LEO) broadband constellations existed, and barriers to broadband access in rural America were substantially higher. Federal programs like BEAD have evolved to include space-based broadband through LEO constellations, which must prove they can meet low latency and speed requirements like traditional broadband providers. LEO broadband is already serving previously unserved areas and its coverage is expected to expand further.¹³ If applied to the nearly 44 million Americans currently lacking broadband access, LEO satellite broadband could potentially offer an economical solution while increasing U.S. GDP by over \$29 billion per year.¹⁴

For the reasons outlined in these reply comments, CCIA urges the FCC to reject arguments in favor of expanding the USF contribution base to digital services and “edge providers.” CCIA and its members look forward to continued discussions as the FCC considers how best to ensure that USF continues to provide predictable and sustainable funding in furtherance of the public interest.

Sincerely,

Rachel Grey

¹¹ Analysys Mason, *North America: Infrastructure Investment Report* (Infographic) (Oct. 2022), <https://www.analysysmason.com/contentassets/b891ca583e084468baa0b829ced38799/north-america-infographic---infra-investment-2022.pdf>.

¹² Comments of BroadbandMT at 15 (“And with the size of the USF relatively static, [the USF’s dependence on declining revenues from traditional telecommunications services] places a disproportionate burden on those traditional telecommunications consumers even though they are not the most significant users of today’s underlying networks.”).

¹³ CCIA, *Low Earth Orbit (LEO) Satellite Broadband Facts and Stats* (Mar. 2025) <https://ccianet.org/research/stats/low-earth-orbit-leo-satellite-broadband-facts-and-stats/>

¹⁴ CCIA, *Low Earth Orbit (LEO) Satellite Broadband Facts and Stats* (Mar. 2025) <https://ccianet.org/research/stats/low-earth-orbit-leo-satellite-broadband-facts-and-stats/>



Technology Policy Counsel

Computer & Communications Industry Association