

March 27, 2006

Hon. Kevin Martin
Hon. Jonathan Adelstein
Hon. Michael Copps
Hon. Deborah Tate
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Dear Mr. Chairman and Commissioners:

RE: Federal-State Joint Board on Universal Service (Insular Status for Puerto Rico)
CC Docket 96-45

We respectfully encourage the Commission to act promptly to address the very low telephone penetration in insular areas, particularly Puerto Rico. We commend the Commission for issuing a Notice of Proposed Rulemaking that adopts a tentative conclusion to establish an insular mechanism for high cost loop support. We address this subject in detail in our Comments in CC Docket 96-45, filed this date (attached).

As you are aware, the overriding goal of universal service is that customers in all regions of the nation – including Puerto Rico – should have access to telecommunications services. While rural carriers with much higher penetration rates and a fraction of Puerto Rico's service costs have received additional universal service funds, Puerto Rico's high cost support was reduced from \$50 million a year to zero.

Not adequately supporting universal service in Puerto Rico exacerbates inequalities, creates economic and social disadvantages for Puerto Rico's rural counties and also undermines Congress' goal for a strong national telecommunications infrastructure. Currently, Puerto Rico's penetration rate for telephone service stands below 70%. There are approximately 200 rural communities in Puerto Rico with up to 200,000 households that have no telephone infrastructure at all. Puerto Rico has actually experienced stagnation in dial tone penetration rates since the adoption of the Commission's non-rural support mechanism.

Unless the Commission addresses this shortcoming in universal service implementation, many of Puerto Rico's citizens will continue to be placed at an educational, healthcare, social and economic disadvantage relative to other Americans. The gap will also jeopardize the soundness and security of the national telecommunications system and disproportionately impact the nation's Hispanic population both in Puerto Rico and on the mainland. Low penetration rates translate into lagging economic and educational development, lack of access to basic health care and emergency services, and lagging access to advanced information services such as broadband and Internet.

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In Puerto Rico, high loop costs and a high cost of living generally, lack of good roads, a shortage of highly trained personnel and volatile weather are among many factors that hamper build out and increase service costs.

We agree with the Commission's tentative conclusion that Puerto Rico should receive support under a separate insular mechanism patterned after the mechanism for rural carriers. We believe that long-term social and economic benefits would far outweigh the short-term costs of raising the level of support. High telephone penetration rates lead to great improvements in the performance of the private sector, increased access to and a better quality of education and healthcare, and increased transparency and accountability of government institutions. The telephone is also the key to expanding trade and commerce. Market openness and efficiency in turn leads to greater foreign direct investment.

Curing the universal service shortfall in Puerto Rico is the right thing to do. It is the only way to ensure that Puerto Rico can join the continental United States as a provider of world-class telecommunications services. We are encouraged by the Commission's policymaking vision that led you to propose the insular mechanism. We urge you to move promptly to adopt it.

Sincerely,

/s/

David Honig
Executive Director
Minority Media and Telecommunications Council

Daniel B. Phythyon
Public Policy Director
Alliance for Public Technology

Jeffrey Rechenbach
Executive Vice President
Communications Workers of America

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Attachment

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