



**II. THE COMMISSION SHOULD NOT INCREASE THE SURCHARGE UNTIL 2021, THREE YEARS FROM THE LAST SURCHARGE INCREASE, AND IN THE INTERIM SHOULD ESTABLISH A PLAN TO ACHIEVE UUSF GOALS WITH MINIMUM CONSUMER IMPACT**

In the Notice, the Commission states that “[t]he Utah Legislature has expressed a preference that the PSC maintain a UUSF balance of at least three months of UUSF payments, and that the PSC not modify the [fund surcharge]<sup>2</sup> more than once every three fiscal years.”<sup>3</sup> The Notice cites Senate Bill 4 to support this proposition,<sup>4</sup> and it indicates that the surcharge was last increased on January 1, 2018. CTIA urges the Commission to respect the Legislature’s express preference for a *de facto* three year cap. As suggested in previous CTIA comments, however, a statutory cap would be preferable.<sup>5</sup> The Commission itself has expressed its concerns over the lack of a statutory cap.<sup>6</sup> By respecting the Legislature’s preferred *de facto* three year cap, the Commission can use that time to establish a plan for its UUSF programs to ensure that the burden on customers is maintained at the lowest level necessary to achieve Utah’s universal service goals.

During the Legislature’s preferred surcharge adjustment interval, the Commission should examine the level of funding necessary to support telephone service in high cost areas. In September, the Commission issued a report to the Legislature on the health of the UUSF.<sup>7</sup> The Report noted that even a decade ago Utah had one of the highest percentage of all states for

---

<sup>2</sup> See Investigation into Management of the Utah Universal Service Fund Contribution Methodology, Notice, Docket No. 18-999-15 (November 13, 2018) (indicating that the words “fund surcharge” should replace the words “contribution method” in the October 9, 2018 Notice in this docket).

<sup>3</sup> Notice at 1.

<sup>4</sup> *Id.* at fn. 1.

<sup>5</sup> In the Matter of the Utah Administrative Code R746-360 Universal Public Telecommunications Support Fund, Comments of CTIA, Docket No. 17-R-360-01 (April 26, 2017) at 2.

<sup>6</sup> Report from Public Service Commission of Utah (“PSC”) under Utah Code Ann. § 54-8b-15(16) (September 4, 2018) (the “Report”) at 6.

<sup>7</sup> *Id.*

wireline penetration.<sup>8</sup> Given that statistic, the Commission should carefully examine what the Commission’s UUSF goals are and whether existing UUSF recipients in high cost areas require the level of funding currently allocated.

In four recent dockets, the Division of Public Utilities (“DPU”) recommended the following UUSF distribution increases: Beehive Telephone Company (\$1,485,267 per year), South Central Utah Telephone Association (\$3,275,285/yr), Strata Networks (\$1,358,494/yr), and Carbon/Emery Telecom (\$484,600/yr).<sup>9</sup> If approved, these dockets would result in an increase of \$6,603,646 in distributions for UUSF recipients attributable to newly eligible broadband services. Given the massive impact of broadband eligibility on the UUSF, the Commission should take its time in determining appropriate guidelines or guardrails to minimize the impact of UUSF broadband funding on Utah’s consumers, and to avoid waste, fraud, and abuse. While Senate Bill 130 (2017) required the Commission to determine the UUSF charge before January 1, 2018, no similar requirement exists for provision of broadband from the Fund.

Accordingly, the Commission has met its deadlines under S.B. 130 and has no reason to rush the implementation of broadband funding, especially if it will mean another significant increase in the UUSF surcharge and run contrary to the Utah Legislature’s express preference for surcharge increases no more often than once every three years. During the three year *de facto* cap period, the Commission should work to develop guidelines for the UUSF to ensure that it is sustainable and the burden on consumers is the minimum necessary to achieve UUSF goals.

---

<sup>8</sup> Report at 4; *see also* Universal Service Fund Monitoring Report – 2017, CC Docket No. 96-45, WC Docket Nos. 02-6, 02-60, 06-122, 10-90, 11-42, 13-184, at Table 6.6 Voice Penetration by State, 2011-2016 (available at [https://www.fcc.gov/sites/default/files/2017\\_universal\\_service\\_monitoring\\_report.pdf](https://www.fcc.gov/sites/default/files/2017_universal_service_monitoring_report.pdf)) (showing telephone penetration percentages of 97.2% to 98% from 2011-2016).

<sup>9</sup> *See* Docket Nos. 18-051-01, 18-052-01, 18-053-02, and 18-2302-02.

Such guidelines should conform to the principles laid out by CTIA in its previous comments on the UUSF program:

- Establishing clear Commission goals for the size and scope of the UUSF, including determining whether such is necessary given the size of the federal USF;
- Aligning state support and federal support to prevent duplication of support;
- Barring support for “gold-plating” of middle mile facilities;
- Implementing appropriate measures for accountability from UUSF recipients, and;
- Avoiding providing funding in areas where there is an unsubsidized competitor.

### III. CONCLUSION

CTIA urges the Commission to not act in haste. Instead, the Commission should take a comprehensive, overall look at the UUSF, determine clear and achievable universal service goals, and assess if, or how much, funding is truly necessary to meet those goals for voice or broadband while meeting the Commission’s responsibility to minimize the burden on consumers. In that vein, the Commission should not proceed with funding broadband until that review has been completed and clear principles have been laid out for allocating such funding responsibly. By respecting the Legislature’s express preference for a *de facto* three year cap, the Commission will have ample time to complete these tasks.

Respectfully submitted,

By: \_\_\_\_\_/s/  
Matthew DeTura

Benjamin Aron  
Matthew DeTura  
**CTIA**  
1400 16th Street NW  
Suite 600  
Washington, D.C. 20036  
(202) 736-3683

November 16, 2018