

To: Utah Public Service Commission

From: Betsy Wolf
Salt Lake Community Action Program

Date: December 21, 2012

Subject: Docket No. 12-999-10
In the Matter of the Consideration of Potential Changes in the Regulation of the Utah Universal Public Telecommunications Service Support Fund, in Response to Recent Changes in the Federal Universal Service Fund Program

Salt Lake Community Action Program (SLCAP) appreciates the opportunity to provide comments to the Utah Public Service Commission in Docket No. 12-999-10 regarding potential changes to the regulation of the Utah Universal Public Telecommunications Service Support Fund (Fund), in response to recent changes in the Federal Universal Service Fund Program. Our comments will be fairly general in nature as SLCAP does not have a complex nor comprehensive policy on many of the more technical aspects of telecommunications services, pricing and policy. Rather, over the years, SLCAP has consistently championed the goal of providing accessible and affordable telecommunications services for all Utahns.

Because all telecommunication customers pay for the fund through surcharges on their bills, SLCAP has also consistently advocated for efficient and effective utilization of universal service funds, both at the state and federal levels. SLCAP has participated in most of the Utah dockets where wireless providers have sought approval of Eligible Telecommunications Carrier status for the purpose of providing Lifeline funding for eligible low-income customers precisely because of our interest in ensuring that universal service funds are used wisely and that they provide quality service at affordable prices. It has also signed onto Comments filed at the Federal Communications Commission to advocate appropriate uses of the federal Universal Service Fund.

SLCAP represents households that have limited incomes. Thus, it is particularly supportive of provisions that provide assistance to households with limited incomes in securing critical telecommunications services that literally provide a "lifeline" to the world. In addition to providing a method to communicate in an emergency situation, many people who are elderly, disabled and/or somewhat confined to their homes often utilize their telephone service as a way to stay in contact with family and friends. Sometimes this is their primary contact with the outside world. Individuals utilize their telephone to schedule doctor appointments and job interviews. Working families with children utilize their phones to stay in contact while parents are working.

While telecommunications service has always been a critical utility service, the role of that service has only grown in importance over the years, particularly as the telecommunications landscape has changed with advances in technology. As those changes are ongoing and are being examined by the Federal Communications Commission, SLCAP advocates that the Utah PSC take this opportunity to examine the uses of the Fund while proceeding cautiously in making substantial and hasty changes. We see an increasing need to evaluate and redefine the issue of what constitutes basic service and should do so in light of what is occurring at the federal level.

SLCAP recognizes that the Commission directed questions focus largely on how and if the state Fund should be used in the future to subsidize high cost service in rural areas. SLCAP responds to the following specific issues raised by different parties in response to the Commission's questions.

Increase the Fund over time as necessary to offset corresponding decreases in federal USF support available for basic telephone service:

SLCAP is not knowledgeable as to whether the decreases in federal USF support available for basic telephone service will cause that service to become either unaffordable or unreliable. SLCAP does not believe that the Fund should necessarily be increased for the sole purpose of replacing federal support but believe that the issue merits further examination to ensure the availability of high quality, reliable and affordable service.

Increase the USF contribution base by including, for example, broadband providers:

SLCAP shares the concern expressed by the Office of Consumer Services (OCS) that various providers of similar services have different tax and fee structures. We agree that the USF contribution base should be designed in such a way as to not provide a competitive advantage or disadvantage to any type of telecommunications provider. A broader base would enable the fund to go further in providing assistance to households if the purposes were expanded or it could permit a decrease in the charge to customers should uses of the fund remain the same and there is no determination of increased need.

Restrict the types of service costs for which Fund support is available:

We agree with OCS since the purpose of the Fund is already limited in scope to basic service, further restricting the fund would not serve the purposes of the Fund.

Eliminate the Fund:

SLCAP opposes eliminating the Fund. It is important to recognize that the Fund encompasses the Lifeline program which is ongoing in nature but which was not addressed specifically by the Commission.

The Lifeline program provides a state funded discount to eligible low income households in addition to the discount provided through the federal Universal Service Fund. This program was rolled into the Universal Service program in legislation passed in 1997. Prior to that time, the Lifeline was funded through a separate line item surcharge used exclusively for that purpose. SLCAP expressed concerns during the legislative debate in 1997, when the Utah Legislature enacted the current provisions of the Fund. Some of the concerns enumerated were that the Lifeline could be lost in future proceedings or that should the costs of funding high cost areas become too burdensome, future cuts in the state Fund could compromise the Lifeline program.

SLCAP notes that Verizon, in its Comments submitted on November 30, 2012 strongly advocates elimination of the Fund. It particularly advocates elimination of funding where another carrier provides unsubsidized service. This raises the question of whether wireless services are a substitute for wireline services. For someone with unlimited resources who can afford to purchase unlimited minutes and high-tech smart phones, it may be. But for those

households with limited income spent disproportionately on essential utility services, wireless is not a comparable substitute. While it is true that many low income households have opted for wireless telephone service only, that is often due to the fact that some services are free; or that prepaid services are the only option for households that have experienced difficulties with credit and or have been shut off by their incumbent carrier.

The fact that wireless service is utilized does not mean it is comparable. In contrast to wireline service which is typically unlimited for both incoming and outgoing communication, wireless service for many low income families has severe time limitations. Whereas wireline has the option of connection to the internet at an affordable, albeit slow speed, wireless does not allow the same capabilities without a more sophisticated and expensive handset.

The fundamental concern is that if the Fund is eliminated and costs rise to consumers, basic telephone service may no longer be affordable to many and /or the Fund will need to grow to support those who can no longer afford basic service on their own, let alone the broader need to be able to connect with broadband service.

Redirect the Fund to broadband support:

SLCAP has not taken a position specifically on the use of the state USF for broadband support although it has supported the use of federal Universal Service Funds in its efforts to expand broadband access for low income households. At this time, we would recommend proceeding slowly on this issue until an adequate examination is made of the proper costs and expenditures of the Fund and the availability of funds to expand its purpose. It would then be prudent to look both at the issues of the availability of broadband services throughout the state as well as the affordability of broadband services, especially to those with limited household income.

With regard to the process for proceeding in this docket, SLCAP supports the recommendation of the OCS to provide interested parties the ability to comment on the report of the Division of Public Utilities prior to its finalization and submission to the Governor and to the Legislature. This is an important process and we believe that this addition would add value to the recommendations in achieving true universal service for all Utahns.