BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Further Comments of AARP

AARP welcomes the opportunity to respond to the reply comments submitted last month to the Public Service Commission ("PSC") regarding potential changes in the regulation of the Utah Universal Public Telecommunications Service Support Fund ("Fund"), in response to recent changes in the Federal Universal Service Fund Program. AARP, for the most part, does not repeat the points in its December filing. AARP fully supports the PSC's careful and comprehensive assessment of the role of the Fund in achieving the state's telecommunications goals, and applauds the PSC for its plans to afford parties the opportunity to review and comment on the report that the Division of Public Utilities submits to the PSC before it is then submitted to the Legislature. AARP's reply comments address many of the issues that parties raised in their reply comments,[1] and therefore AARP does not delve into details again that it has already discussed.

AARP disagrees with CenturyLink's analysis of "Issue 11" (the carrier of last resort ("COLR") or obligation to serve issue). First, CenturyLink asserts that "[b]ecause of competition, local exchange providers can no longer rely on surpluses from low-cost customers to implicitly fund service to high cost customers." CenturyLink's Responses to Additional Issues. First, competition is not as rampant as some carriers would have the PSC believe.

[1] The following entities submitted reply comments: Comcast Phone of Utah, LLC ("Comcast"), Qwest Corporation dba CenturyLink QC ("CenturyLink"), Salt Lake Community Action Program ("SLCAP"), the Utah Rural Telecom Association ("URTA"), and Verizon. Also, at the technical conference, held January 10, 2013, CenturyLink distributed a one-page document entitled "CenturyLink's Responses to Additional Items."

Contrary to Verizon's assertion, for the reasons discussed in AARP's reply comments (pages 3-4), wireless service is not "a reliable, dependable and affordable replacement for traditional wireline service" (Verizon Reply, at 3). AARP similarly disagrees with CenturyLink that wireless service constrains the price of wireline service (Comcast Reply, at 4-5). Indeed CenturyLink's assertion that for the purpose of the USF, wireless service does not serve as an effective substitute for wireline service (CenturyLink Reply, at 5-7) undermines its assertion that wireless represents a competitive alternative for wireline service.

Second, using the common network, CenturyLink derives funds from its unregulated services, such as digital subscriber line services, which should be considered in any assessment of its need for USF support (see also Comcast Reply, at 8). Unless and until CenturyLink's cost studies are subject to the PSC's careful examination, the PSC should not assume that CenturyLink lacks the "surplus" to support, at least in part, its high cost areas. AARP does not oppose high cost support, *per se,* but, as it explained in its reply comments, AARP does oppose writing a "blank check" to incumbent carriers. AARP concurs with SLCAP that the PSC should ensure the "efficient and effective utilization of universal service funds" (SLCAP Reply, at 1). Among other things, the methodology for determining the need for USF support should recognize the broadband revenues that a common network generates, either by allocating a share of the network cost to the broadband services or, as Comcast suggests, considering the broadband revenues that carriers generate from the common network when assessing the need for USF support (Comcast Reply, at 8).

Third, and most important, AARP opposes CenturyLink's proposal to link COLR obligations to the receipt of universal service support (CenturyLink's Responses to Additional Items; CenturyLink Reply, at 7-8). COLR and USF support are distinct issues. Unless and until there is truly effective competition in a relevant geographic market, *regardless of the cost of serving that market*, COLR obligations are essential to ensure that consumers have access to affordable, reliable service. See also AARP Reply, at 7-8. As a separate matter, a carrier may require USF support to serve particularly high cost areas. Geographic areas that are costly to serve, of course, are likely to be areas where there are not any unsubsidized competitors, and where USF support may be needed, and in those instances, carriers have COLR obligation *and* receive USF support. But it does not then follow that if a carrier does not receive USF support for a particular market it then should not have COLR obligations.

CenturyLink raises the concern relative to "Issue 12" that the existing $10,000 per line cap on USF support is insufficient to fund construction in certain "truly high cost" unserved and underserved areas. CenturyLink's Responses to Additional Items. CenturyLink recommends that the PSC evaluate each project and that the PSC have "greater flexibility in providing one-time distribution, including the potential for funding broadband deployment when the USF shifts to also supporting broadband." Id. AARP does not oppose providing the PSC with flexibility that it could use on a case-by-case basis, but, the distribution of funds for broadband deployment should be carrier-neutral and should be used to support the supplier of broadband service that is in the public interest and the least-cost supplier, including, for example, municipalities that may choose to deploy their own broadband networks. Furthermore, carriers should be required to document and support their requests for one-time construction subsidies.

Regarding "Issue 13," CenturyLink raises the possibility of assessing contributions based on connections rather than revenues. CenturyLink Responses to Additional Items. AARP opposes a connection-based assessment. A revenues-based system is more equitable than one that is based on the number of connections because the assessment corresponds with the total volume and value of services that consumers purchase – those consumers who purchase relatively more services pay a higher USF fee than those who purchase relatively less.

AARP agrees only in part with Comcast that the Utah Fund should not be used "to support high cost areas in which an unsubsidized competitor is providing affordable basic services" (Comcast Reply, at 4). The question is not only whether an unsubsidized competitor is providing affordable basic service, but also whether it is providing reliable service. Comcast also asserts that "there are unsubsidized competitors operating in all areas of the State of Utah" and suggests that, therefore, "there may be only a few rare situations in which funding would be justified" (Comcast Reply, at 7). AARP recommends that the PSC examine carefully whether unsubsidized operators are truly offering service *throughout* a relevant geographic market (as opposed to piecemeal availability) and whether the services they offer are affordable and reliable.

In response to comments that oppose the expansion of the contribution base to include broadband providers and VoIP providers (see, e.g., Verizon Reply, at 9-11), AARP refers the PSC back to AARP's reply comments (pages 8-12). Comcast asserts that Utah residents have a high adoption rate for broadband services (Comcast Reply, at 11), but does not address the fact that the adoption rate varies significantly based on household demographics.

AARP reiterates the position it expressed in reply comments: The affordability and the availability of essential services such as basic voice service and broadband access to the Internet are among the top issues for AARP's Utah members. AARP fully supports state policies that further the goal of achieving a reliable, advanced telecommunications network that is affordable and accessible to all consumers, regardless of their age, income and location. In conclusion, AARP welcomes the opportunity to contribute to the development of USF policy that benefits consumers throughout the state and that ensures that the subsidies, which consumers ultimately pay, are efficiently and fairly distributed to carriers based on well-documented need.

Respectfully submitted,

AARP

By ______________________________

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