

## **WTA Comments to the Federal Communications Commission on the Future of USF**

The small, community-based telecommunications providers WTA represents have made use of the Universal Service Fund (USF) High Cost Program (HCP) support since its formal inception in 1996 to provide ubiquitous voice service and increasing broadband speeds to their customers in some of the most rural, hard to serve areas of the country.

### **The Future of USF HCP Distributions**

- Despite the welcomed addition of new broadband funding programs over the last several years, the need for ever-increasing broadband speeds, as well as continued operation and maintenance costs, will require continued HCP investment in rural networks. These costs cannot be borne by rural customers alone.
- The FCC should maintain its commitment to the USF principles of predictable and sufficient support along with comparable speeds at comparable prices, but move away from its principle of “technological neutrality” to one of “technological complementarity.” Though there is a role for fixed and mobile wireless and satellite broadband services, fiber-to-the-home (FTTH) should be the goal of the HCP except in the most difficult to serve areas of the country. FTTH can handle the highest speed demands, can be upgraded by changing electronics on either end of the network, and can handle additional users without loss of quality.
- With the rise of high-bandwidth consuming content, middle-mile, second-mile and transport costs are increasing and should be taken into consideration when modernizing USF.

### **The Future of USF Contributions**

- The current contributions system, based on assessing long-distance voice revenues, is unsustainable. Revenues have been declining for years, from \$17 billion in 2010 to less than \$10 billion in 2022, and demands on the fund have gone up, requiring an increase in the contributions factor from 15% to over 25% in that same time period.
- The FCC has the authority to assess broadband for contributions to USF, either through a per-connection charge or assessing ISP revenue. This would be a fair and rational solution to solve a problem with a program that has been transformed from a voice-centric fund to a broadband-focused fund.
- Another complementary option, which requires Congressional authority, is to assess companies that impose substantial costs upon broadband networks while profiting significantly from the existence of those networks similarly to how large trucks pay more to traverse the highway system because the existence of the network makes their business possible.
- WTA does not support Congress appropriating money to fund USF as appropriations are unpredictable and unstable. Recipients would find it difficult to make long-term investments based on the fluctuating whims of Congress.