

US Cellular towers may be put on hold

Company says FCC cap could endanger 911 services

By Renee Jean
Daily Journal Assistant Managing Editor

Nov 19, 2007 - 11:20:35 CST

Two towers US Cellular plans to build in the St. Francois County area might be put on hold if the Federal Communications Commission (FCC) temporarily caps the Universal Service fund (USF), and the company is saying this could endanger 911 services.

In many states, 911 dispatch centers are able to pinpoint the exact location of cell phone callers with e-911 services. However, in Missouri at least, this service is generally not available since there are no fees on cellular phones supporting the required investment in equipment, software and maintenance. As a result, the St. Francois County 911 center does not rely on cellular service for its operation and cannot trace 911 calls that come in on cell phones.

The software and equipment required for e-911 service is expensive and requires a funding mechanism that has yet to materialize, says Alan Wells, director of St. Francois County's 911 system. That, and the fact that the county's 911 budget has been decreasing substantially over the years as many residents have abandoned landline phones for cell phones, has limited the center's ability to implement e-911 service.

"We can't afford it without a fee on cellular phones," Wells said. He believes cellular phone users will have to support such a service if they want it.

US Cellular CEO Jack Rooney said he was unaware that most Missouri counties are unable to access e-911 and said that is "a shame."

He said he would support a "reasonable" fee service on cellular phones so that 911 centers could get e-911 capability, but said 15 percent of the base service — the 911 fee on landline phones in St. Francois County — might be a little steep. "I don't know about that specific number, but I would support anything reasonable," he said.

The state's legal interpretation has suggested a statewide vote is required to collect a 911 fee on cell phones because of the Hancock amendment. Attempts have been made to win voter approval on that basis, but the statewide measure was defeated at the polls.

But not everyone agrees with the legal interpretation requiring a statewide vote because of the Hancock amendment. Wells points out that voters in 92 counties have approved a fee on phone service prior to the wide-spread use of cell phones. These measures typically don't specify the type of phone. Wells thinks the fee should be collected at whatever rate voters have approved in a given county, whether the phone service contract is wireless or landline. "If it looks like a phone, is used like phone, it's a phone,"

he said, “wireless or not.”

Under current circumstances, callers can dial 911 on a cell phone, but their call may not go to the center that is nearest them. Calls have sometimes been routed to 911 centers several counties away. In cases where callers are unsure of their location, this can result in hours of searching in the wrong county — and frustration for everyone involved.

The St. Francois County center gets as many as four dropped cellular calls for 911 service each day.

“We do not know what those callers needed, nor where they were located. They might not even have been located in our county,” he said. “That is a real problem. It’s scary to think about. We don’t know why those individuals called and have no way of finding out.”

The e-911 service would pinpoint a dropped call’s location, Wells said, so that the person could be found and helped.

Rooney said such dropped calls are caused by the lack of cell phone towers in rural areas. More towers would help the situation, even if there are no e-911 services in the state, he said. Reliability for emergency services is one reason why the fund is so important.

The Universal Service Fund was begun in the 1930s to help bring landline telephone service to rural areas where the investment exceeded the profit potential. The act was revised in 1996.

All telecommunications companies must support the fund, but can and generally do pass the cost of that support on to consumers.

The funding source was opened to competitive companies in 1996. The thinking then was that people would likely drop one service in favor of another so there wouldn’t be multiple subsidies in each household. However, many people did not do that and instead subscribed to multiple services. Those individuals are paying into the fund more than once based on the amount of long distance service used.

In addition some areas have more than one cell phone carrier vying to provide service and build towers in particular areas. Since each new competitor gets funding from the USF based on the support already being paid to incumbents rather than their actual cost, this is fueling a dramatic increase in demand on the fund.

That increased demand is coupled with a drop in long distance revenues. Bundled service packages and free alternatives like free online voice chat programs, Web cams and e-mail have contributed to that decline.

The situation is fueling a rapid increase in fees to support the fund, and a situation that

is unsustainable, FCC Chairman Kevin J. Martin says.

“A large and rapidly growing portion of the high cost support program is now devoted to supporting multiple competitors to serve areas in which costs are prohibitively expensive for even one carrier,” he said. “These additional networks in high cost areas don’t receive support based on their own costs, but rather on the costs of the incumbent provider, even if their cost of providing service is lower.”

In 2001, the fund’s high-cost support totaled about \$2.6 billion nationwide. For 2006, the nationwide cost was \$4 billion.

Most of that increased demand was from wireless providers, according to FCC figures. Incumbent local exchange carriers’ demand has been flat since 2003. But for ETC’s, support has grown from \$15 million to \$1 billion — a growth rate of more than 100 percent over a six-year period.

The interim cap would curtail demand on the fund — and thus fees consumers are paying. The cap is not permanent, FCC officials stressed, and is meant only to give the agency the time it needs to restructure the fund.

“Among the reform ideas the Joint Board continues to consider is the use of reverse auctions — competitive bidding for support in defined areas — to determine high-cost universal service funding for eligible telecommunications carriers. I believe that reverse auctions could provide a technologically and competitively neutral means of controlling the current unsustainable growth in the fund and ensuring a move to most efficient technology over time,” Martin said. “Although the use of reverse auctions is one way of limiting the growth of the fund, I will give any recommendation submitted by the Joint Board my full consideration and remain open to other ideas that could restrain fund growth and prioritize investment in rural and high cost areas of the country.”

However, the interim cap won’t sit well with cell phone companies who are investing millions this year in cell phone towers. US Cellular recently met to announce the building of 10 new cell sites in rural Missouri — an investment of \$3 million, and the first it has built with support from the Universal Service Fund.

The cap, if it goes into effect at 2006 levels, would put support for ETCs back to \$100,000 in Missouri — which the company says will compromise the 39 new sites it was proposing to build during the next two years. Their projections were for \$11 million in support from the USF over the next two years. That money could be on hold indefinitely, company officials say.

“It is US Cellular’s pleasure to serve rural communities throughout Missouri with support from the Universal Service Fund,” said Jay Ellison, Executive Vice President and COO of US Cellular. “We can’t understand why the FCC is moving forward with the cap in the face of resounding opposition from rural citizens across the country. US Cellular recently testified before the US Senate Commerce Committee because this is such an



important issue for Americans. Fourteen members of Congress have submitted letters to the FCC describing how important the federal USF is to their constituents, and this ill-informed political agenda will only compromise rural communities across the country.”

US Cellular wants to protect the fund, company officials say, because rural Americans pay into the fund and deserve access to the same reliable wireless service and choices found in urban America.