

BACON'S REBELLION

The Op/Ed Page for Virginia's New Economy

Guest Column
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The *Unfair* Service Fund

Proposed changes to the federal Universal Service Fund would limit wireless investment in rural Virginia, slowing the deployment of critical broadband access.

I was recently asked to testify before Sen. Jim Webb and Sen. John Warner from Virginia and a meeting of the U.S. Senate Committee on Commerce, Science and Technology concerning proposed changes to the Universal Service Fund (USF). Congress created the USF to provide carriers with an incentive to build communications networks in sparsely populated rural areas that would otherwise not support investment. This was a unique and important opportunity for U.S. Cellular.

In 2007 alone, wireless providers will contribute over \$2.6 billion – or 37 percent of total funding - to the \$7 billion fund. Since 1999, more than \$22 billion in consumer contributions have been provided to rural landline phone companies across the country that have mature networks, while less than \$2 billion has gone to rural wireless carriers over that same time, despite the fact that we have much work to do in building new infrastructure.

In Virginia, consumers are already contributing an estimated \$193 million annually, but receive only \$12 million per year in federal support for new wireless construction — compared to wireline companies' \$67 million per year. U.S. Cellular could construct new cell sites that would bring service to 19 rural communities throughout Virginia within the first 18 months after Eligible Telecommunications Carrier designation. If the cap is enacted, Virginians stand to lose out on new or improved service, even as the number of wireless subscribers continues to rise.

Despite this, the Federal Communications Commission (FCC) is considering reducing the already-limited funding for wireless service in rural communities in Virginia and across America. Specifically, the FCC is considering a proposal to cap the USF support to wireless carriers. In their haste to enact USF "reform" the FCC may enact this cap within the next few weeks – without fully considering the effect of this decision on rural Americans.

The effect of such a cap could be disastrous, as Chief Deputy Sheriff Everett Flannery of rural Kennebec County, Maine, also made clear during the Senate hearing. The Sheriff testified that the lack of reliable wireless service in rural areas presents a serious public safety problem. Public safety officials use wireless service to do their jobs – whether to call ahead when responding to a domestic violence situation or to assess a

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hostage situation. Also, poor wireless service prevents citizens from immediately contacting authorities in the event of an emergency.

Without question, wireless is the future of telecommunications in Virginia and we know that residents of rural communities in Virginia experience similar challenges. Cell phones are no longer luxury items; they are a fundamental necessity. Today, the lack of high-quality wireless coverage in rural areas is a critical public safety issue. First responders, law enforcement, and rural citizens all depend on high-quality coverage to reliably deal with critical safety issues ranging from natural disasters to automotive emergencies to domestic violence. Moreover, E-911 technology will not work properly unless an area has high-quality wireless coverage.

A freeze in funding will also widen the technological gap between urban and rural areas in the state. In addition, a freeze will slow economic development in our rural communities by hampering the state's ability to attract new businesses and tourists. It also will prevent people already working and living in rural areas from enjoying the same advanced technology and convenience as those in urban areas.

Those who favor a cap fail to acknowledge the real reason for fund growth: Over the past three years, more than ten percent of wireline customers have "cut the cord"; yet federal support to landline companies remains steady at \$3 billion per year. That excess, which will only accelerate as consumers continue to choose wireless for their voice communication service, is largely funded by wireless consumers, who see no benefit from USF contributions that flow to wireline networks.

U.S. Cellular has a deep commitment to rural America. The majority of our service areas are sparsely populated and we have built our business on providing high-quality service to all customers, not just those in urban centers.

We are fast becoming a wireless nation, and to provide the best possible service to rural Americans, wireless carriers need a fair share of universal service funding. To this end, U.S. Cellular is supporting Connecting Rural America, a diverse coalition of public safety officials, business leaders and concerned citizens across the country, in an effort to take a stand for rural America.

Visit www.connectingruralamerica.org to make your voice heard. We cannot afford to cap USF funding for wireless customers, because we cannot afford to leave rural America behind.

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