

The Bismarck Tribune

Wireline benefits at expense of wireless

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The "Cell companies benefit from tax" article that ran July 23 failed to make many important points.

While the article rightly highlights the need for Universal Service Fund reform, it skims over the fact that wireline carriers don't lose support when they lose customers, and it doesn't address the subsequent consequences: when wireline telephone companies get support for customers they don't even serve, consumers lose.

When consumers cancel or scale back their landline phone services in exchange for cell phones and wireless technology - an increasing trend in rural and urban America - wireline companies continue to rake in \$3 billion annually, and millions more from state universal service programs. In 2007, wireless carriers received \$1.1 billion, only a small fraction of what wireline companies received.

We are not sure where that money is going, and are not confident that subsidizing customers who have left the network is an efficient use of federal funds. Ten percent of rural wireline customers have already "cut the cord." This is the equivalent of \$300 million in excess subsidy annually, an amount that grows each year as consumers increasingly turn to wireless for their voice communications needs.

U.S. Cellular, like every wireless company, is required by law to account for our network construction plans, and to be specific with what we've done with the federal funding we have received since 2003. To date, we have responded to consumer demand by building new towers in seven states where we have been designated as eligible, and have brought first-time wireless service to hundreds of rural communities across the country.

In stark contrast, wireline companies have received \$22 billion in federal funds and are not required by law to account for the necessity of their investments. It would be an understatement to call this arrangement an affront to consumers, who pay into the fund, especially those living in areas where wireless service needs to be improved. The health, safety and economic development benefits that wireless technology delivers with each new cell site cannot be overstated.

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The purpose of the 1996 Telecommunications Act was not only to make telephone service affordable to rural America. It was to bring competition to rural America by allowing competitors to draw from the fund and break the wireline carriers' monopoly hold on rural areas. Oftentimes, wireless presents an affordable alternative to the local calling areas and toll charges offered by wireline technology. By introducing choices for rural consumers, all carriers are forced to compete to deliver higher quality services and lower prices.

(Rooney is president and CEO of U.S. Cellular. - Editor.)