

Competition benefits wireless consumers

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Letters to the Editor

To the Editor:

I write to respond to the "Lost billions demand regulatory reform" article that ran on Aug. 18, which properly highlights the need for Universal Service Fund ("USF") reform.

If there is one thing we can all agree on, it's the need for the FCC to continue its work to improve the USF. Unfortunately, the only "reform" proposal the FCC has offered since 2001 is a cap on the funds wireless companies can use to build networks in rural areas.

It is surprising that the "lost billions" article would advocate for an interim cap after noting that "virtually no USF funds are disbursed in our state" because a cap would only serve to perpetuate that situation with respect to wireless carriers.

A cap would hit Illinois consumers especially hard because they contribute an estimated \$267 million into the federal USF each year, yet the state currently draws out less than \$1 million to invest in wireless infrastructure development, and only in a small portion of the state's rural territory.

Currently, wireless carrier U.S. Cellular is awaiting a decision from the Illinois Commerce Commission on its eligibility to receive USF support, which would mean significant additional investment in wireless infrastructure to a substantial portion of the state's rural areas.

In stark contrast, Illinois wireline carriers receive more than \$65 million annually, for networks that were built decades ago. Since 1999, wireline companies nationwide have received more than \$22 billion in federal funds. Rural wireline carriers that operate in areas with limited competition have little incentive to operate efficiently. This is contrary to a core tenet of American business - that competition benefits consumers.

The 1996 Telecommunications Act was intended to break up monopolies and bring the benefits of competition to all Americans. At the time, rural Americans already had basic telephone service from a monopoly carrier. Drawing from the USF offered competitors a chance to break the wireline carriers' monopoly hold on rural areas.

Many rural consumers have since learned that wireless is an affordable alternative. However, a wireless alternative is only available in areas where a competing carrier can offer high-quality service. Without access to federal USF support, wireless carriers cannot deliver such service beyond the major cities and highways, where coverage

today is abundant.

Thus, it is hardly surprising that wireless carriers not receiving USF support serve more of their population than carriers that do receive USF support. The former serve more urban areas while the latter serve more rural areas. The fact that rural carriers serve fewer areas is precisely why USF support is needed - to help build networks in areas that would not otherwise support new construction.

The "lost billions" article incorrectly states that USF support to wireline carriers is capped.

In fact, wireline carriers may, and often do, draw increasing amounts from the federal USF. Moreover, wireline carriers do not lose USF support when they lose customers. Even as consumers "cut the cord," wireline USF support continues unabated at roughly \$3 billion per year. There is simply no justification for this.

The good news is that across the country, federal USF funds have enabled wireless companies to build new towers in communities that wouldn't otherwise have access - opening doors for new business growth, providing stronger E-911 technology for emergency response or disaster relief, and offering the mobility that consumers want in today's world.

Over time, the effect of these investments will be dramatic, as rural consumers begin to experience the benefits of mobile wireless communications everywhere they live, work and play.

All consumers deserve transparency when it comes to the use of their federal dollars, and most of all, they deserve the benefits that come with real competition: choices in providers and services, fair prices, and high quality service. Rural citizens deserve nothing less.

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