

# Chicago Tribune

FOUNDED JUNE 10, 1847

SCOTT C. SMITH, *Publisher* ANN MARIE LIPINSKI, *Editor*

R. BRUCE DOLD, *Editorial Page Editor*

GEORGE DE LAMA, *Managing Editor: News* JAMES WARREN, *Managing Editor: Features*

TIMOTHY J. McNULTY, *Public Editor*

## EDITORIALS

# Phone fees and fairness

Minier Police Chief Daryl Weseloh has a problem. Cell phone service in his small town (pop. 1,300) about 18 miles east of Bloomington/Normal is so spotty it's sometimes hard for citizens to contact the cops, and even for the chief to communicate with his deputies. A woman called 911 from her car to report she was having a heart attack, but the call went dead and police had no idea where she was.

U.S. Cellular has a solution. It wants to tap into something called the federal universal service fund, which was created in part to bring modern telecommunications to sparsely populated areas of the country that can't afford the improvements on their own.

Most people probably don't notice the federal USF charge tucked in phone bills with all the other incomprehensible fees and taxes. In Illinois, it amounts to 57 cents on a \$45 bill for wired telephone service and 94 cents on a \$60 wireless bill. But it adds up. All told, telephone customers pay about \$7.3 billion a year into the fund.

Here's the aggravating part. Illinois phone customers paid \$267 million into this fund in 2005, but they get virtually nothing back from it for wireless service improvements. The carriers share some blame for that. Until now, they haven't shown interest in improving rural service in Illinois.

U.S. Cellular filed with the Illinois Commerce Commission to do so only in February. The company wants to build 121 cell towers—at a cost of around \$350,000 per tower—in rural parts of Illinois over the next five years, if it can draw money from the USF. One would help Minier and Chief Weseloh.

But now the Federal Communications Commission wants to freeze wireless subsidies from the USF at last year's level. A freeze on the fund would effectively seal out Illinois and delay service upgrades to places such as Minier. The FCC says a freeze would be temporary while it figures

out a way to change the USF.

Change is needed. The USF funnels too much money to rural phone companies and too little to modern services in rural areas. George Mason University economics professor Thomas Hazlett looked at the USF's rural phone subsidies last year. He determined it would be cheaper to give rural

residents satellite phone service at a cost of \$800 a year than to continue subsidizing rural phone companies. The most egregious example Hazlett cited was a Hawaiian phone company that got \$16.5 million in USF subsidies in 2005—\$13,345 for each of its 1,238 lines.

Illinois has its own examples: The Home Telephone Co. in St. Jacob collected \$1.8 million in 2005—\$1,755 for each of the town's 1,039 phone lines. The Leaf River Telephone Co. collected nearly \$850,000—\$1,467 for each of its 579 lines. Madison Telephone Co. serves a cluster of small Macoupin County towns including Bunker Hills, Mt. Olive, Benld, Mt. Clare and Sawyer-ville. It collected nearly \$3.7 million in 2005—\$2,310 for each line.

The USF can't continue to lavish subsidies on rural wired phone companies. There has got to be a better way. And FCC Chairman Kevin Martin may have one. He has proposed competitive bidding to provide universal services in a given region. That sounds wise.

A freeze, though, shouldn't lock out needed service improvements while the federal regulatory process slowly grinds toward change. Minier and a lot of other small towns are waiting.

---

### *Don't freeze out Minier*

---