The Small Company Coalition (SCC), an alliance of rural telecommunication and broadband Internet service providers from across the United States, supplies advanced telecommunications services to rural and remote communities. As service providers and business owners, we are well acquainted with the unique challenges presented by both the logistics of furnishing such services, as well as how public policy and government actions impact our members' ability to operate.

The SCC was formed in 2012 to work collaboratively with the FCC and Congress. We bring real-world experience to the table and dedicate significant time and resources to analyzing our businesses and the regulatory constraints under which we operate. We work to develop productive responses to issues we encounter and share such solutions with responsible officials.

In this spirit, we have performed several analyses of issues encountered by our members, including the sustainability of the Universal Service Fund (USF), the effective distribution of funding dedicated to broadband infrastructure, contributions reform, and the multitude of FCC reporting requirements, among others.

The SCC believes the following principles and policy proposals embody the best interests of all Americans, not just those in rural communities:

1) **All users of the broadband network should pay for their usage.** With the current mechanisms, several entities—namely, Big Tech and Big Streamers—enjoy a free ride on networks built by broadband providers across the nation. These providers, which include SCC members, must pay for the deployment and continued maintenance of these networks while the aforementioned companies profit from their usage. Congress and the FCC must enact meaningful contributions reform which would see all users of the national broadband network pay for its construction and upkeep.

2) **Ensure effective targeting of rural broadband funding.** We are fortunate to live and serve in a time when national broadband connectivity is a bipartisan priority. However, with increased federal funding comes the potential for waste, fraud, and abuse. All such funds must be monitored closely to ensure that the end-goal of serving communities with state-of-the-art broadband infrastructure is met. Absent rigorous protocols to award money to proven, capable service providers, exorbitant amounts of money may be spent in vain with our unserved and underserved communities remaining on the wrong side of the Digital Divide.

3) **Regulatory requirements should not interfere with companies' ability to provide broadband service to our communities.** While accountability is crucial within all federally-managed programs, where possible, overlapping and outdated regulatory requirements should be aggressively streamlined or abolished. Any new reporting requirements should be viewed from a value-added perspective and evaluated against the time they take to complete. For example, we contend that the proposed "broadband nutrition labels" offer little value to the end-user, who already has access to all relevant information containing their broadband connection; however, the reporting burden borne by the provider to the regulatory agency is especially onerous. Furthermore, the performance measurement testing currently underway is another example of a

burdensome set of new regulatory requirements that are increasing the cost of doing business both in time and money, without producing meaningful value to customers.

4) **Raise awareness on shrinking High-Cost Loop Support (HCLS) fund and its effect on recipients.** There are numerous problems with the HCLS fund stemming from the Rural Growth Factor and Budget Control Mechanism. Additionally, the 5% reduction of the frozen 2011 revenue base stemming from the FCC's USF/ICC Transformation Order should be eliminated. With respect to this mechanism, it is estimated that the small carriers are losing approximately $20M per year. If these components are left unaddressed, many service providers will risk their ability to continue providing this vital broadband service to their customers. Furthermore, retention of these outdated funding cuts runs incongruously with the policy goals of increased broadband funding.

We are encouraged by the current legislative environment, which recognizes the crucial need for national connectivity and the economic, educational, and myriad other opportunities it brings to our communities. However, we must administer all funding programs with a careful eye not to unduly burden broadband providers with excessive paperwork, as well as vigilantly ensure that federal money reaches its intended targets.

We are grateful to the FCC for considering our recommendations. For further information concerning the SCC and our efforts on behalf of the rural customers we serve across the country, please visit our website at: www.smallcompanycoalition.com.