



October 2, 2017

The Honorable Ben Ray Lujan
United States House of Representatives
2231 Rayburn House Office Building
Washington, DC 20515

Subject: FCC Universal Service Fund

Dear Representative Lujan:

This is to urge your office to communicate to the Federal Communications Commission (FCC) your opposition to its transfer of Federal Universal Service Fund (USF) reserves to the U.S. Treasury.

In a recent GAO Report, it was found that the Universal Service Administrative Company (USAC), contracted to manage the receipt and distribution of USF revenues, has accumulated \$9 Billion in reserve and had invested those monies rather than, at GAO's recommendation, depositing them in the U.S. Treasury.

Treasury is not the proper place to manage monies raised to support the provision of reliable and affordable telecommunications services in rural areas of New Mexico and the rest of the Nation. The FCC's USF program must continue to have direct access to those monies and must distribute them to rural local exchange carriers as intended, not to hold them in reserve. And, this is our main concern: the FCC has reduced financial support significantly for my company and many others nationally while having available to it enough Fund revenues to restore much needed support for those companies and their subscribers for several years to come. By setting a \$4 Billion national cap on support given to all rural local exchange carriers, and then, through an alternative funding plan enacted last year, further reduced USF support to over 800 rural companies, many operating in some of the most rural districts in America, the FCC has placed at risk reliable telecommunications services to many areas of rural America. Furthermore, the FCC has raised its requirements for broadband speeds twice in two years with no additional support granted any of these rural companies.

After an additional, recent investment of \$2 Million in our infrastructure from a USDA/RUS loan, our company is working to meet all of the FCC broadband

requirements for our customers, but the added investment and the reduction in support that we have experienced in the last two years make it difficult at times to “make ends meet.” The support we have been receiving to provide high speed broadband and quality local service to our tribal customers has been reduced by nearly \$1 Million over the last two years. It is impossible for a company our size, with our higher-than-most cost of operating on tribal lands, to remain unaffected by such a large decrease in operating support.

The FCC should require that USAC use the \$9 Billion in reserve to supplement the support given to the rural carriers, restoring support at least to levels back in 2011. Those \$9 Billion could go a long way over the next 4-6 years to help rural customers obtain broadband service at levels available in many urban areas.

The FCC has directed USAC to begin the process of transferring the funds without any public or stakeholder input. I urge you to contact the FCC to register your opposition to transferring these USF dollars to the U.S. Treasury and ask that the FCC return those revenues to the programs for which they were intended.

Thank you for your consideration. If you have any questions, feel free to contact me.

A handwritten signature in black ink, appearing to read "John Badal". The signature is stylized with a large initial "J" and a long horizontal stroke extending to the right.

John Badal, CEO