



Keep Small Town America Connected

What is the Universal Service Fund “USF”?

The “Universal Service Fund” (USF) - a program administered by the Federal Communications Commission (FCC) and funded by companies providing telephone service across the country - has been essential in providing telecommunications services to residents of rural, hard to serve places.

On October 27, 2011, the FCC approved a six-year transfer process that would transition money from the Universal Service Fund to a new \$4.5 billion per year Connect America Fund for broadband Internet expansion, effectively putting an end to the USF by 2018.

What is the “Connect America Fund & Intercarrier Compensation Reform Order”?

On October 27, 2011, the FCC adopted its “Connect America Fund & Intercarrier Compensation Reform Order” which established a \$4.5 billion Connect America Fund to expand broadband access to seven million unserved rural Americans, replacing the Universal Service Fund’s high-cost support and explicitly endorsing broadband as a universal service. The Connect America Fund also includes \$500 million for mobile broadband, of which \$100 million is set aside for mobile broadband on tribal lands.

How is the FCC’s “Reform” going to effect Rural America?

Implementation of the Order as written will result in some or all of the following devastating consequences:

- Over the next few years, a large percentage of small companies across the nation will either be driven into bankruptcy or forced to merge. As these small companies close their doors, connectivity to wireless tower sites will go dark, causing wireless customers to lose service along with wireline customers in rural areas. With mergers, the larger entity tends to keep more money for new construction in the urban areas, allowing rural networks to deteriorate.
- Emergency 911 services may no longer exist for some rural consumers.
- Well-paying jobs will be lost in the rural communities served by the small companies in spite of the questionable claim by the FCC that the Order will create 500,000 additional jobs. The economic development efforts of these communities will come to an abrupt end with no broadband to attract new businesses and new residents. Hundreds of schools, several colleges, and a host of healthcare providers will, over time, lose their lifeline to the Internet.
- The rural broadband network will deteriorate in spite of the FCC’s claim that the Order will result in 7 million new rural customers connected to the broadband network over the next six years.
- Small companies will be forced to default on RUS loans that were used to finance the deployment of the rural broadband networks.
- Rural customers will experience substantial rate increases which are mandated by the FCC, despite its claim that “for the vast majority of consumers, rates should decline or stay the same.”
- Many new regulatory filings and certification requirements will be imposed on small companies resulting in significant increases in what is already an over-burdened FCC oversight process.

What could happen to My Town?

If small telephone companies were to merge or forced into bankruptcy, the current networks that supply telephone, television, and broadband Internet services could deteriorate due to lack of maintenance and funds to invest into the network. Many jobs would be lost throughout the town if the network was not functional. Local businesses could not operate without telephone or Internet services. New businesses would not be attracted to the area, harming the local economy. Schools and hospitals would not be able to operate. Industries like energy, agriculture, national defense would be put into jeopardy.

What can I do to protect My Small Town?

We have enclosed a postage-paid postcard for you to sign and write your own comments. We will make these available to all of the necessary parties. Our company’s association with the Small Company Coalition will help us continue to use every effort to secure the best possible outcome for our customers.

