



SMALL COMPANY COALITION

WE BUILT IT, WE MAINTAIN IT, WE VALUE IT!

The Small Company Coalition (SCC), an alliance of rural telecommunications and broadband Internet service providers from across the United States, supplies advanced telecommunications services to rural and remote communities. As service providers and business executives, 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 various analyses with respect to 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 require all users of the national broadband network to 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, while also verifying that funds are not used to over-build existing high-speed Internet facilities. With the deployment of Broadband Equity Access and Development (BEAD) Program funding, this oversight is crucial. 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.

Additionally, in order to avoid “building bridges to nowhere,” for facilities constructed with government funding, careful consideration must be given to ensure that such facilities will be sustainable. In other words, there must be adequate recurring revenue derived from customers on the newly-built network to finance the ongoing maintenance and other operating expenses necessary to sustain the facilities.

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 of the need to hold the FCC accountable. One of the founding principles of the SCC was to hold the FCC accountable. Over the years, there have been numerous examples of the FCC's inability or unwillingness to render timely decisions and imposing unnecessary regulations on the small broadband providers. For example, the broadband performance measures testing requirement is an example of an ongoing trend of increased federal regulations with little to no value delivered to the end-user.

Furthermore, the FCC's recent Enhanced Alternative Connect America Model (E-ACAM) offer to the remaining legacy small companies was another example of how the FCC tends to operate, only giving companies four weeks to make a decision that will impact their revenues for the next 15 years. Additionally, the inaccuracies of the FCC's broadband mapping data persist, which could result in overbuilding and subsidizing competition in the rural territories served by the small companies. Finally, the FCC's pending rules to "prevent and eliminate digital discrimination" are ambiguous and unnecessary, especially with respect to the small broadband providers.

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.

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.