



**Power and Communications Contractors Association
Position Paper: Universal Service Fund Reform
November 2015**

The Power & Communication Contractors Association (PCCA) represents contractors, manufacturers, and suppliers that build and repair America's power and communications infrastructure, including electric transmission and distribution lines and substations and broadband, telephone, and cable television systems. PCCA members engage in directional drilling, local area and premises wiring, water and sewer utilities, and gas and oil pipelines. PCCA supports efforts by the Federal Communications Commission (FCC) to expand the scope and enhance the effectiveness of the Universal Service Fund (USF) by ensuring that rural carriers receive USF support when offering broadband-only service to customers who want it. This will help meet the goal of providing all Americans access to high-speed Internet service.

Consideration of Broadband-Only Service

Recent studies show that federal and state policies and programs have enabled a high percentage of telephone service deployment across the United States. Rural areas, where the capital costs of communications networks are compounded by the distances their facilities must cover, face challenges relating to divergent terrain and other geographic concerns. Cost recovery can also be problematic because of fewer users compared to municipalities and other urban areas. All of these factors lead to inherently higher costs than those in urban areas.

High-cost localities are currently supported by "user-fee" mechanisms but also require financial assistance from programs such as the USF. Current rules provide cost-recovery support to rural carriers only for networks that have underlying voice service, not for standalone broadband service. That system is becoming increasingly strained as more and more consumers reject landline voice service in favor of wireless and Internet-based alternatives. Cost recovery is crucial in high-cost rural markets because without it, broadband becomes too costly for the end consumer. Therefore, a standalone broadband option is needed now more than ever.

There is a broad, bipartisan consensus in Congress for addressing standalone broadband, and the FCC has committed to Congress to fix the "standalone broadband problem" by the end of 2015. PCCA supports that effort and believes that the rule changes needed to redirect funding to support standalone broadband facilities do not have to be overly complex. PCCA also believes the FCC could quickly implement other transformative changes along with a fix to the standalone broadband problem. For example, the FCC could move toward a more transparent and accurate model for carriers to take USF support on a voluntary basis, and it could adopt several other new limits and controls that would improve the efficiency and effectiveness of existing USF mechanisms.

The FCC has an opportunity to provide rural consumers the same flexibility as other Americans when choosing voice and broadband services, while providing rural carriers more assurance that unnecessary loopholes will not obstruct them from meeting consumer demand. PCCA supports expeditious approaches to USF reform to provide these critical financial resources to rural America.