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☛ Details: Audit Report 06-5: Universal Service Fund, Public Service Commission

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

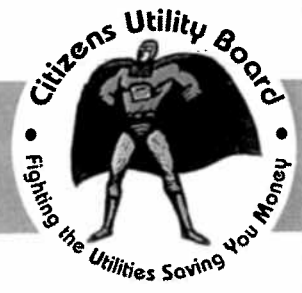
- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

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WISCONSIN CALLS

Customers for Affordable Local and Long Distance Service

*Wayne Corey
Charlie Koughly*

WISCONSIN CALLS

A State-Wide Coalition Dedicated to Local Phone Competition

WISCONSIN CALLS is a coalition of organizations and companies dedicated to improving service and promoting competition in the delivery of local and long distance telecommunications services.

WISCONSIN CALLS will actively support legislative and regulatory initiatives consistent with its mission to improve local phone service and promote local phone competition.

Current members include:

AARP Wisconsin
Citizens Utility Board
The Competitive Carrier Coalition
Wisconsin Alzheimers Association
Wisconsin Association of Accountants, Inc.
Wisconsin Independent Businesses, Inc.
Wisconsin Local Government Telecommunications Coalition
Wisconsin Rental Housing Legislative Council
Wisconsin Retired Educators' Association
Covad Communications Group
McLeodUSA
Norlight Telecommunications
Northern Telephone & Data
Powercom
TDS Metrocom
Time Warner Telecom





WISCONSIN CALLS

Customers for Affordable Local and Long Distance Service

WISCONSIN CALLS: STATE USF REFORMS NEEDED

Wisconsin has long been a leader in adopting pro-competitive telecommunications policies. Passage of 1993 Wis. Act 496, the Information Superhighway Act, was an important milestone in this effort. Nationally, the federal 1996 Telecommunications Act also sought to open up local telecom markets. Responding to these laws, wireline competitors rose to the challenge. By June 2005, they had captured 19% of the local market in this state.¹ These laws required incumbents to interconnect to competitors and to lease out parts of their networks at regulated wholesale rates.

The benefits of telecom competition are many, including lower prices, improved service quality, technical innovation and the fostering of new investment. Regrettably, however, recent FCC decisions have negatively impacted wireline competitors. The Public Service Commission's Order in 2004 raising wholesale rates charged to competitors by roughly 20% has had a similar effect.² At the same time, intermodal competition has been on the rise with new offerings from wireless companies and providers of Voice over Internet Protocol ("VoIP") services. It is a tough market in which every competitive advantage comes into play.

To ensure fair and vibrant competition, the Public Service Commission and other state policy makers should again assume the leadership mantle. Reforming our state's Universal Service Fund ("USF") is a good place to begin these efforts. With the recent changes in the telecom industry, it is now time to revisit decisions exempting certain carriers from paying into the state USF and to examine whether the state USF charges are too high. Rethinking the contribution methodology for USF is also important due to a shrinking base of intrastate revenues. Finally, permitting the unconditional use of a surcharge mechanism will give customers greater knowledge of the true costs of providing them telecommunications service and help them better in comparison price shopping when choosing providers.

1. Wireless companies should pay into the state USF.

Telecom providers who may be offering similar services are treated differently for purposes of state USF assessments. Current state USF contributors include local incumbent phone companies, wireline competitors and cable companies who have filed for certification to operate as telecommunications providers.³ Other companies, such as wireless and VoIP providers, do not pay state USF assessments. This creates inequity in the pricing of services, and such disparities can skew consumer choices. While the FCC has taken VoIP off the table for purposes of the state USF, the PSC can and should do something now about the disparity with wireless carriers.⁴

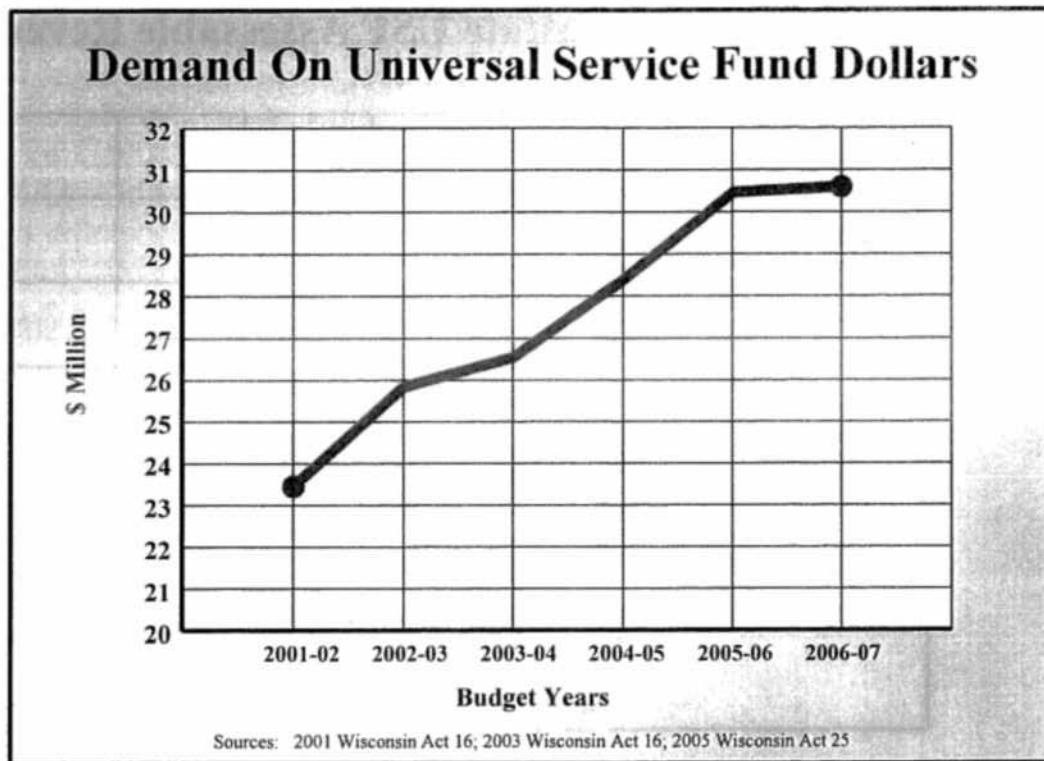
Under Wisconsin law, wireless companies must pay into the state USF if the PSC promulgates rules that designate wireless companies as eligible to receive state and federal USF monies for purposes of providing service in high-cost areas.⁵ Even though those rules are presently in place, wireless companies continue to be exempt from state USF requirements due to a Commission order in 2000 exempting wireless companies from state USF assessments on the grounds that “CMRS is still generally viewed as an adjunct to wire line services.”⁶ On December 20, 2001, the Commission continued this suspension.⁷

The PSC should reverse this decision. Simply put, times have changed. Nationally, there are now more wireless subscribers than switched access lines in service. As of June 30, 2005, there were 191.3 million mobile phone subscribers compared to 178.2 million end-user switched access lines in service.⁸ The PSC itself has stated that wireless service is a substitute for basic local exchange service.⁹ Additionally, a strong argument can be made that the PSC’s exemption of wireless carriers from USF assessments violates a federal law that requires “every telecommunications carrier that provides intrastate telecommunications services [to] contribute ... to the preservation and advancement of universal service” in a state that has established its own USF.¹⁰ Moreover, in 2005, the FCC preempted states from prohibiting or mandating the use of surcharges on wireless customer bills.¹¹ And our state legislature has now permitted companies to impose a USF surcharge on customer bills. These actions on customer bill surcharges may reduce or eliminate the concerns of wireless companies regarding state USF assessments.¹² Finally, it is important to note that wireless providers already pay into the federal USF.

2. Reducing demand on USF is important.

State policy makers should understand the competitive impacts of increasing state USF assessments. Higher USF assessments will further increase the bills of wireline customers but not customers of wireless or other non-cable intermodal telecom competitors. Such a result skews the competitive playing field.

The PSC has authority to collect annually more than \$30 million in state USF assessments.¹³ While many people may think that the fund is used exclusively to assist low-income persons to pay their phone bills, the majority of the fund is used for other purposes. Those purposes include paying for telecommunications services provided to the UW campuses of River Falls, Stout, Superior and Whitewater, and general state aid to public library systems. In recent years, state USF monies have been diverted to help offset the state’s general fund deficit, a loss of \$3,639,000 to the general fund in fiscal year 2002-03.¹⁴ State policy makers have also developed a new use for the USF – in essence a backdoor diversion – beginning in 2003 Act 33 with a \$2.1 million appropriation of USF monies to offset general tax fund revenue used for library aids.¹⁵ In the 2005 state budget, that amount increased by another \$4.2 million over the biennium, meaning that the state’s USF now pays 28.3% of library systems state aids.¹⁶



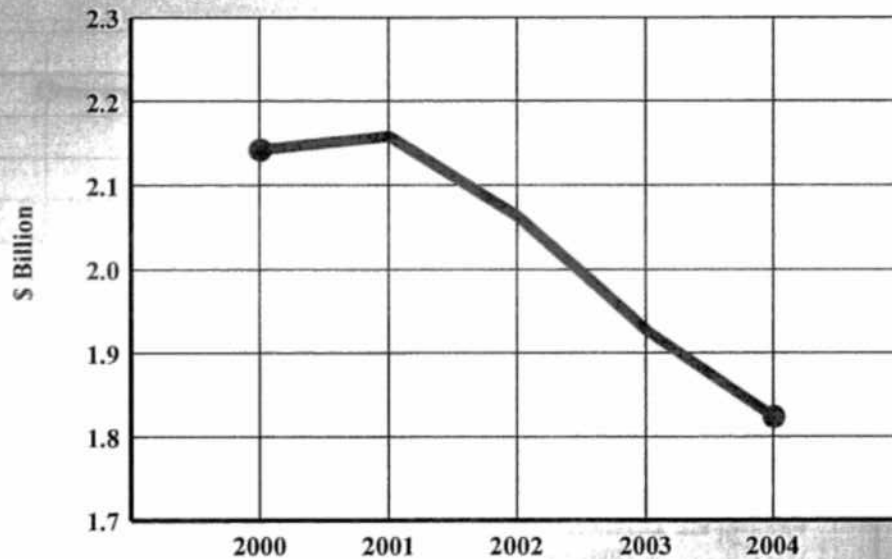
Before the state expands use of USF dollars, it should first carefully examine whether the programs currently funded make sense. Program audits to evaluate the appropriateness of continuing USF programs should be considered.¹⁷ As discussed below, the revenues upon which USF assessments are made are actually declining. Increased assessments on declining revenues can only heighten the competitive disparity between telecom providers who pay state USF assessments and those that do not.

3. Flexibility in assessment methods.

Wisconsin statutes require the PSC to levy USF assessments on intrastate revenues.¹⁸ While such an approach may have made sense at the time it was adopted, new trends of declining intrastate revenues suggest other options should be reviewed. State law should be amended to give the Commission the flexibility to explore other approaches.

In Wisconsin, the base of intrastate revenues upon which state USF contributions are assessed continues to shrink.¹⁹ These declines are shown graphically below:

Wisconsin Intrastate USF Assessable Revenues



Source: Public Service Commission of Wisconsin

A major factor accounting for this trend is undoubtedly that new unregulated companies and services are replacing the traditionally regulated and assessed services. More services that had been traditionally subject to USF are becoming unregulated or reclassified (DSL, broadband) so that the PSC's jurisdiction over those services is called into question.

The FCC has a similar method for making assessments to the federal USF in that it bases its assessments on interstate revenues. Yet it too has expressed concern with the decline in interstate revenues for interexchange carriers for purposes of making assessments for the federal USF contributions.²⁰ It attributes such declines to a number of factors, including the development of new technologies.²¹ In response, the FCC is reexamining its revenue-based contribution method and looking at other options that would cast the net wider, and broaden the base of contributors. The FCC may move to a financing system based on connections – telecom providers would pay based on the number of telephone numbers assigned to them or based on the communications capacity they purchase or some hybrid approach.²² This approach would ensure that providers of similar services (such as VoIP providers who use telephone numbers) would also contribute to the federal USF.

Importantly, if state assessable USF revenues are declining while demand for state USF services is growing, the inevitable result will be increased state USF assessments on those providers paying into the USF. Without action to prevent this outcome, the resulting disparity in pricing will only grow between providers who pay state USF assessments and those who don't, further skewing the competitive playing field.

4. USF surcharges should be transparent.

Customers deserve to know what they are paying for. An important step towards implementing this important principle was made last session in 2005 Act 25 which required telecommunications companies to impose surcharges on customer bills if those utilities raised rates to offset their state USF assessments. Unfortunately, the resulting language was less than optimal. Surcharges shown on customer bills could only be for non-PSC USF programs (e.g., TEACH and telecommunications services provided to certain UW campuses). To facilitate apples-to-apples comparison shopping by customers, state policy makers should permit the use of surcharges.

Recommendations

- The PSC should end the exemption for the wireless industry granted in Docket 05-GF-104 and begin to assess the wireless industry for state USF contributions.
- State policy makers should thoroughly review the currently funded USF programs to see if they still make sense to fund. Audits conducted by the Legislative Audit Bureau would be one means of such a review.
- The PSC should be active at the FCC to ensure that changes made to the federal USF do not impact the continued viability of the state USF and to consider changes to mirror the FCC's contribution methodology for the state fund.
- State policy makers in the next biennial budget should amend Wis. Stat. § 196.218(3)(a)3m to allow the PSC flexibility to implement alternative USF contribution mechanisms, such as a per number assessment.
- Amend Wis. Stat. § 196.218(3)(e) and (f) to permit USF surcharges on customer bills for all state USF assessments.

¹ Local Telephone Competition: Status as of June 30, 2005, Industry Analysis and Technology Division, Federal Communications Commission Wireline Competition Bureau (April 2006).

² Final Decision, *Petition of Wisconsin Bell, Inc., d/b/a SBC Wisconsin, to Establish Rates and Costs for Unbundled Network Elements*, Docket No. 6720-TI-187 (October 13, 2004).

³ Cable companies such as Charter offer a VoIP product but have voluntarily sought certification from the state as providers subject to state USF assessments.

⁴ The FCC has pre-empted states from imposing state certification and other requirements on VoIP providers such as Vonage. See *Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission*, Federal Communications Commission, WC Docket No. 03-211 (November 12, 2004).

⁵ Wis. Stat. §§ 196.202(2); 196.218(3).

⁶ See *Administration of the Universal Service Fund*, Order, Docket No. 05-GF-104 (November 8, 2000).

⁷ See *Administration of the Universal Service Fund*, Order, Docket No. 05-GF-104 (December 20, 2001). The Commission said the suspension was to continue while it reviewed the PSC's rule on the universal service fund. That review has never been completed.

⁸ *FCC Report on Local Telephone Competition: Status as of June 30, 2005*, Tables 1 and 14.

⁹ *Petition of SBC Wisconsin for Suspension of Wisconsin Statute sec. 196.196(1) with Regard to Basic Local Exchange Service*, Final Decision at 5, Docket No. 6720-TI-196 (November 25, 2005).

¹⁰ 47 U.S.C. § 254 (f). See also *In the Matter of Petition of Pittencrieff Communications, Inc. For Declaratory Ruling Regarding Preemption of the Texas Public Utility Regulatory Act of 1995*, FCC 97-343 ¶ 26 (1997) (“[S]ection 254(f) specifically requires universal service contributions from all intrastate telecommunications carriers, which would include CMRS [wireless] providers”).

¹¹ Second Report And Order, Declaratory Ruling, And Second Further Notice Of Proposed Rulemaking, *In the Matter of Truth-in-Billing and Billing Format, National Association of State Utility Consumer Advocates’ Petition for Declaratory Ruling Regarding Truth-in-Billing*, CC Docket No. 98-170 and CG Docket No. 04-208, FCC 05-55 ¶ 32 (March 10, 2005). In making this determination, the FCC specifically clarified that nothing in its order disturbed the states’ ability to require wireless carriers to contribute to state universal support mechanisms. *Id.* The FCC’s *Truth-in Billing* order has been appealed. *National Association of State Utility Consumer Advocates v. FCC*, No. 05-11682-DD (11th Cir.).

¹² The wireless companies had objected to the state USF assessment on the ground that they could not collect the fees as a surcharge on customer bills. Email from Public Service Commission staff (January 5, 2006).

¹³ 2005 Act 25.

¹⁴ Legislative Audit Bureau, *Universal Service Fund Audit*, Report 05-14 at 38 (September 2005).

¹⁵ *Id.* at 7.

¹⁶ The following chart provides state USF appropriation schedules from the last three budgets:

| Statute | Statute Title | 2001 Act 16 | | 2003 Act 16 | | 2005 Act 25 | |
|----------------|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
| 20.155 (1)(g) | Universal Telecommunications Service | \$6,880,000 | \$6,880,000 | \$5,000,000 | \$6,000,000 | \$6,000,000 | \$6,000,000 |
| 20.255 (3)(g) | Periodical and Reference Information Databases | \$1,773,500 | \$1,850,200 | \$1,886,800 | \$1,943,500 | \$1,992,500 | \$2,030,500 |
| 20.255 (3)(gm) | Supplemental Aid to Public Library Systems | --- | --- | \$2,111,900 | \$2,111,900 | \$4,223,800 | \$4,223,800 |
| 20.275 (1)(g) | Computer Training | \$175,000 | \$175,000 | --- | --- | --- | --- |
| 20.285 (1)(g) | UW Telecommunications Services | \$1,054,800 | \$1,054,800 | \$1,054,800 | \$1,054,800 | \$1,054,800 | \$1,054,800 |
| 20.505 (4)(s) | Telecommunications Access; school districts * | \$8,393,300 | \$9,813,700 | \$10,893,400 | \$11,324,200 | \$11,330,100 | \$11,330,100 |
| 20.505 (4)(t) | Telecommunications Access; private & technical colleges & libraries | \$3,978,000 | \$4,670,000 | \$4,735,500 | \$5,066,000 | \$5,066,000 | \$5,066,000 |
| 20.505 (4)(tm) | Telecommunications Access; private schools | \$908,100 | \$1,340,600 | \$708,100 | \$701,300 | \$701,300 | \$701,300 |
| 20.505 (4)(tu) | Telecommunications Access; state schools | \$64,900 | \$70,000 | \$75,000 | \$68,200 | \$68,200 | \$68,200 |
| 20.505 (4)(tw) | Telecommunications Access; secured correctional facilities | \$251,100 | \$233,400 | \$112,500 | \$102,300 | \$102,300 | \$102,300 |
| | TOTALS | \$23,478,700 | \$25,887,700 | \$26,578,100 | \$28,372,200 | \$30,539,000 | \$30,577,000 |

* The appropriations for 20.505 (4)(s) - (4)(tm) were initially numbered 20.275 (1)(s) - (1)(tw). For ease of reference, the new appropriations statutory cites are used.

¹⁷ Wis. Stat. § 196.218(2)(d) requires annual audits of USF. The Legislative Audit Bureau should be asked to include an evaluative component analyzing whether continuation of certain USF programs is appropriate. Presently, the LAB audits focus on program expenditures.

¹⁸ Wis. Stat. § 196.218(3)(a)3m.

¹⁹ Email from PSC Staff, April 18, 2006. Wisconsin intrastate USF assessable revenues declined from \$2,162,576,000 in 2001 to \$1,825,007,000 in 2004, the most recent year for which data is available.

²⁰ *Further Notice of Proposed Rulemaking and Report and Order*, FCC 02-43 ¶ 7 (April 14, 2002).

²¹ *Id.*

²² *Id.*

Wisconsin CALLS is a coalition of customer groups and competitive local exchange carriers who have joined to promote state policies that foster competition in the local phone market. CALLS members believe that competition in local phone markets leads to lower prices, better service, spurs investment and creates jobs.

CALLS members include:

| | | |
|--|--|---------------------|
| AARP Wisconsin | Wisconsin Independent Businesses, Inc. | TDS Metrocom |
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| Wisconsin Association of Accountants, Inc. | Covad Communications Group | McLeodUSA |
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The 411 Report

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www.wisconsincalls.org

(608) 204-0065

June 2006 Vol. 4, No. 6

Rural Broadband Bill Enacted

Rural communities in Wisconsin may soon see improved access to broadband Internet services, under a new law that provides tax incentives to telecom companies that deploy broadband services in areas currently with no more than one broadband provider. The

Under the new law, telecom providers that deploy broadband services in under-served and un-served communities will be eligible for a sales and use tax exemption of up to 5.5 percent for three years with a 15-year tax carry-forward. This incentive is



Governor Jim Doyle



Senator Ted Kanavas



Rep. Phil Montgomery



Rep. Brett Davis

bill, SB 483, was co-authored by Senator Ted Kanavas (R-Brookfield) and Representatives Phil Montgomery (R-Ashwaubenon) and Brett Davis (R-Oregon), and was signed into law by Governor Doyle last month as 2005 Wisconsin Act 479, the Broadband Deployment Act.

According to Representative Montgomery, Chair of the Assembly Energy & Utilities Committee, 14 percent of Wisconsin zip codes have one or fewer broadband providers. "The incentives found in the Broadband Deployment Act will encourage companies to deploy broadband in areas where they would not otherwise," said Montgomery.

intended to spur private investment by communications providers in areas that may otherwise be uneconomical to serve due to lower population densities and/or distance from existing facilities.

The bill won bipartisan legislative support, with 106 legislators in favor and 20 opposed, as well as broad stakeholder support from incumbent and competitive local exchange carriers alike.

"This legislation will assist TDS in completing our corporate efforts to deploy ubiquitous high-speed Internet in our Wisconsin markets," said Drew Petersen of TDS Telecom. "It is an excellent legislative example of a public/private partnership that can stimulate economic development and broadband deployment."

Sensenbrenner Acts to Protect Net Neutrality

Chairman of the House Committee on the Judiciary F. James Sensenbrenner (R-Wisconsin) last month introduced the Internet Freedom and Nondiscrimination Act of 2006 (HR 5417).

The measure, which received committee approval by a vote of 20 to 13, would amend the Clayton Act to provide protection for consumers and competitive

telecom providers from discriminatory or anticompetitive behavior by companies that control access to the Internet.

The proposed bill would add a new section to the Clayton Act called Discrimination by Broadband Network Providers. This section states "it shall be unlawful for any broadband network provider—

(1) to fail to provide its broadband network services on reasonable and nondiscriminatory terms and conditions...;

(2) to refuse to interconnect its facilities with the facilities of another

see *Net Neutrality* next page

Home Broadband Adoption Accelerating

The number of Americans who subscribe to broadband Internet service at home increased 40 percent—from 60 million to 84 million—between March 2005 and March 2006, according to a report by the Pew Internet & American Life Project.

The report, *Home Broadband Adoption 2006*, provides an overview of how Americans are increasingly turning to broadband Internet services at home. Report highlights include:

- 42% of all American adults had a broadband connection as of March 2006, up from 30% one year earlier;
- Broadband adoption increased 40% between March 2005 and March 2006, double the 20% increase that occurred in the previous 12 months;
- Internet penetration in the U.S. grew from 66% to 73% between March 2005 and 2006, with home broadband representing nearly half of the new subscribers.
- Broadband adoption for the year ending March 2006 grew by
 - 68% among people living in households with annual incomes between \$40,000 and \$50,000;
 - 121% among African American subscribers;
 - 70% among those with less than a high-school education;
 - 63% among senior citizens.

The report also found that, as of March 2006, DSL connections represented 50% of all home broadband connections surpassing cable modems' 41% market share.

Just 3 years earlier, data showed that 67% of home broadband subscribers used cable modems, and just 28% used DSL.

For the *Home Broadband Adoption 2006* report, visit http://www.pewinternet.org/pdfs/PIP_Broadband_trends2006.pdf

Net Neutrality

(continued from page 1)

provider of broadband network services on reasonable and nondiscriminatory terms or conditions;

“(3)(A) to block, to impair, to discriminate against, or to interfere with the ability of any person to use a broadband network service to access, to use, to send, to receive, or to offer lawful content, applications or services over the Internet; or (B) to impose an additional charge to avoid any conduct that is prohibited by this subsection.”

The amendment would also require that “[i]f a broadband network provider prioritizes or offers enhanced quality of service to data of a particular type, it must prioritize or offer enhanced quality of service to all data of that type (regardless of the origin or ownership of such data) without imposing a surcharge or other consideration for such prioritization or enhanced quality of service.”

Rep. Sensenbrenner attempted to attach the bill this month to a broader piece of telecommunications legislation—HR 5252, the *Communications Opportunity, Promotion, and Enhancement (or COPE) Act of 2006*—which did not substantively address the Net Neutrality issue.

The House Rules Committee, however, ruled the Sensenbrenner amendment “non-germane,” and the COPE Act passed in the House without it on June 8 by a vote of 321 to 101.



F. James Sensenbrenner, Jr.
U.S. Congressman (R-Wisconsin)

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May 2006 Vol. 4, No. 5

State USF Reform Needed

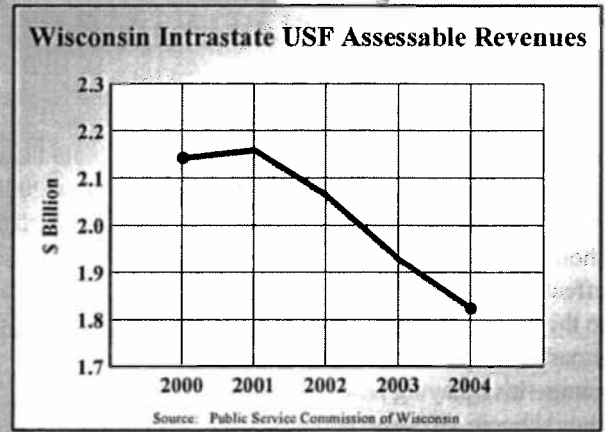
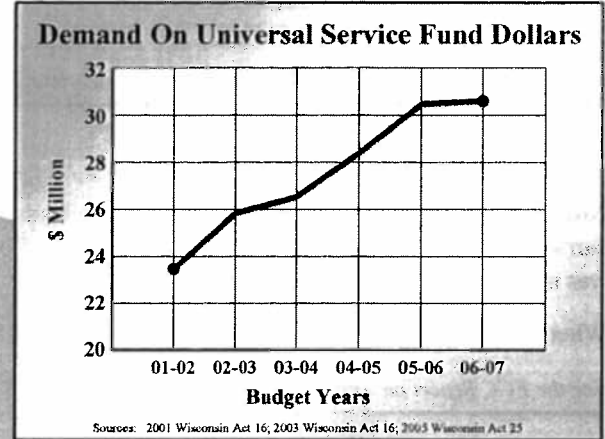
Between 2001 and 2004, Universal Service Fund (USF) appropriations increased more than 20 percent, while the assessable revenues that support the system decreased more than 15 percent. The state USF must be reformed in order to control this unsustainable trend and maintain the system's viability.

The state USF was established by 1993 Wisconsin Act 496 to ensure that all state residents receive essential telecommunication services and have access to advanced telecom capabilities. The USF supports several programs created by the PSC, including programs for low-income customers, persons with disabilities, non-profit organizations and public interest payphones. The USF also supports non-PSC programs, including some TEACH programs, telecom systems at four UW campuses, and the BadgerLink-Library Aids programs.

The USF is funded through assessments on revenues of Incumbent and Competitive Local Exchange Carriers (ILECs & CLECs). Overall revenues for these types of carriers have fallen in recent years, as more consumers have turned to alternative services, such as wireless or Voice over Internet Protocol (VoIP)—which are not assessed for state USF. (Cable companies provide a type of VoIP service, but they are registered as CLECs in Wisconsin and pay into the USF fund.) The demands on USF dollars, however, have not lessened accordingly, but have steadily increased, placing a growing strain on a shrinking pool of revenues.

This increasing burden placed on ILECs and CLECs to fund the state USF program skews competitive choice. Providers that don't pay into the fund will be able to price their products at less cost to the consumer, all other things being equal.

see *USF Reform Needed* next page



Extent of Broadband Deployment Difficult to Assess

A report issued this month by the U.S. Government Accountability Office (GAO) found that, while broadband deployment in the U.S. is extensive, the FCC data on availability of broadband networks has some weaknesses.

In accordance with a mandate included in the Internet Tax Nondiscrimination Act of 2004, the GAO performed the study to examine the factors affecting broadband deployment and consumer purchase of broadband services. The report found extensive consumer use of broadband,

with about 30 million American households subscribing. The study also found that consumers with high incomes and college degrees are far more likely to purchase broadband services, and although prices have been declining, that the cost of broadband services remains a barrier for some consumers.

The GAO reported that the data provided by the FCC on availability of broadband networks may not accurately depict local

deployment for residential service, particularly in rural areas. As of July 2005, the FCC found that 99% of all Americans live in the 95% of zip codes where at least one broadband provider exists.

While this data does indicate extensive broadband deployment, the GAO report cautions that it is based on where subscribers are served, not where providers have deployed broadband, and therefore should not be used as an accurate measure of broadband deployment.

For the GAO Report on Broadband Deployment in the U.S., visit <http://www.gao.gov/new.items/d06426.pdf>

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FCC Reports On Phone Number Utilization

The Federal Communications Commission reported this month that new rules for more efficiently distributing available 10-digit telephone numbers made it unnecessary to distribute nearly 200 million numbers.

The report, *Numbering Utilization in the United States as of June 30, 2005*, provides a summary of how the North American Numbering Plan (NANP) Administrator controls the abundant, yet finite, number of 10-digit telephone numbers, as well as how many of the numbers currently distributed are actually assigned to end-users.

Until recently, local telephone companies were given numbers in blocks of 10,000. Each block of 10,000 included the same area code and first three digits of the telephone number, and all possible combinations of numbers for the last four digits. However, with the recent boom in wireless subscribers and carrier switching, the remaining supply of unassigned area codes was more rapidly diminishing.

When the NANP was created in 1947, only 78 active area codes

were distributed to carriers in the U.S. By 1989, that number had increased to 114, and nearly doubled to 223 in the 1990s.

In response to this trend, the FCC established new rules for utilizing 10-digit phone numbers more efficiently. Instead of distributing blocks of 10,000 numbers and risking a significant portion of those numbers going unused, NANP now distributes numbers to carriers in blocks of 1,000.

The FCC also requires carriers to return unneeded telephone numbers to NANP so they can be reassigned to other carriers. More than 10 million numbers were returned to NANP in 2005.

Statistical highlights in the report include:

- Reporting carriers have over 1.3 billion telephone numbers—43% of which are assigned to customers (utilization rate)
- Overall ILEC utilization rate: 52.8%
- Overall CLEC utilization rate: 18.1%
- Overall Cellular/PCS carrier utilization rate: 56.9%

For the FCC Report on Numbering Utilization in the U.S. as of June 2005, visit http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-265170A1.pdf

USF Reform Needed

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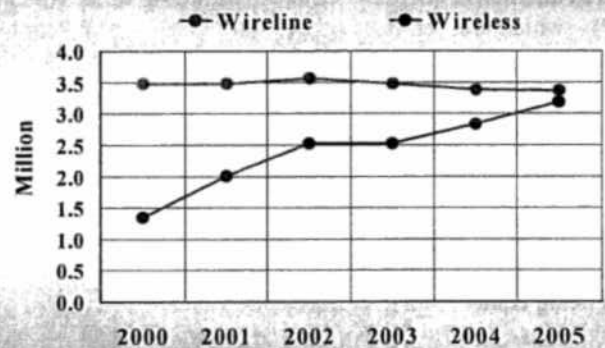
The state USF system is in need of long- and near-term reforms. Long term, the programs that are funded by USF dollars should be thoroughly evaluated for their effectiveness as well as their relevance to the USF system. Short term, to broaden the pool and even out the competitive playing field, the State should begin assessing wireless providers for USF.

Wireless providers have been protected from state USF assessments, even though wireless subscriptions in Wisconsin have

more than doubled since 2000 and almost matched the number of wireline subscriptions midway through 2005. (See chart.)

According to the FCC report, *Local Telephone Competition: Status as of June 30, 2005*, wireless subscriptions in the U.S. exceeded wireline subscriptions by more than 13 million.

Wisconsin Wireline vs. Wireless Subscribers



Source: FCC Local Telephone Competition: Status as of June 30, 2005

Federal regulators assess wireless providers for the federal USF. Wisconsin should follow suit.

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CALLS members include:

| | | |
|--|----------------------------------|---------------------|
| AARP Wisconsin | Covad Communications Group | TDS Metrocom |
| Citizens Utility Board | Norlight Telecommunications | Time Warner Telecom |
| Wisconsin Independent Businesses, Inc. | Northern Telephone & Data | McLeodUSA |
| Wisconsin Association of Accountants, Inc. | Wisconsin Alzheimers Association | Powercom |
| Wisconsin Local Government Telecom Coalition | Wisconsin Apartment Association | |



The 411 Report

WISCONSIN CALLS

Customers for Affordable Local and Long Distance Service

A State-Wide
Coalition Dedicated
to Local Phone Competition

www.wisconsincalls.org

(608) 204-0065

April 2006 Vol. 4, No. 4

FCC Report Masks Decline Of Competitive Telecom Alternatives

On its surface, a report issued this month by the Federal Communications Commission would seem to herald good news for competitive telecom companies. The document, *Local Telephone Competition: Status as of June 30, 2005*, shows competitors' share of Wisconsin's local phone market increasing from 18% in December 2004 to 19% in June 2005.

That gain, however, actually masks a disturbing trend that is also revealed in the report—competitive choice in telecom is actually declining with consumers, especially in the residential market, which is likely to face a duopoly between Ma Bell and cable.

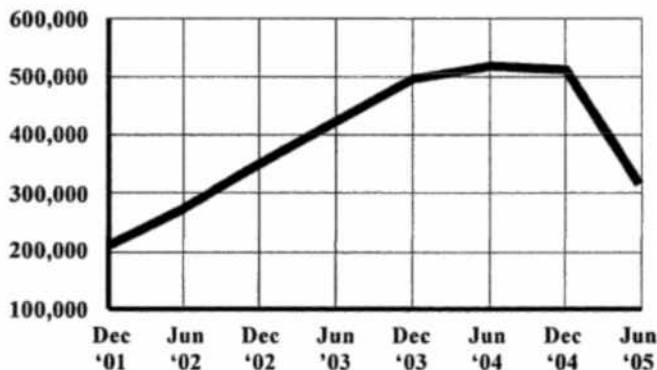
The decline in competitive choices in telecom was starkly revealed by the report's findings that the number of access lines

served by competitors using unbundled network elements (UNEs) fell sharply in Wisconsin, from more than 500,000 in December 2004, to just over 300,000 six months later. UNEs are the parts of the incumbent's network that must be leased to competitors at regulated wholesale prices. This decline in UNEs came as the 20% wholesale rate increase granted in October 2004 by the Public Service Commission of Wisconsin to SBC (now AT&T) took effect. Prior to this rate increase, CLECs' use of UNEs had steadily increased each 6-month reporting period since June 1998.

Despite this decline in wholesale activity, the report showed a 1% gain in market-share for competitors. This gain was likely achieved by cable companies who do not depend on AT&T last-mile facilities to reach their customers. Consistent with this conclusion, the report indicates that the number of Wisconsin CLEC-owned lines increased by nearly 8 times, from 36,829 lines in December 2004 to 286,209 six months later. This growth is most likely attributable to increased entry into the local phone market by cable companies. While the FCC report does not break down the number of CLEC-served lines by technology for each state, coaxial cable technology accounted for more than 70% of the national growth in lines served by competitors.

This latest report by the FCC saw an increase in the number of reporting incumbent and competitive local exchange carriers, from 22 Wisconsin carriers reporting in December 2004, to 81 carriers reporting six months later (30 additional ILECs and 29 additional CLECs). The FCC did not previously collect data from carriers serving less than 10,000 switched access lines in a particular state, leaving many small carriers unrepresented. Starting with the June 2005 reporting, all carriers are required to participate.

Switched Access Lines Served By
Wisconsin CLECs Using UNEs



For the FCC Report on Local Telephone Competition as of June 30, 2005, visit http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-264742A1.pdf

Wisconsin Broadband Use Climbing

State policy makers from both parties recognize the importance of broadband deployment for Wisconsin's economic development.

Governor Jim Doyle called for universal broadband deployment in his *Grow Wisconsin* package. And this session, Senator Ted Kanavas and Representative Phil Montgomery spearheaded tax credit

legislation to provide telecom companies with incentives to make broadband available in areas that it might otherwise be uneconomic to serve.

The good news is that Wisconsin saw continued growth in high-speed service lines during the first six months of 2005 according to a report issued this month by the Federal Communications

Commission. More than 80,000 new broadband lines were brought into service since December 2004, representing an increase of over 12 percent—less than half a percent behind national average growth. The FCC reports on broadband availability every six months.

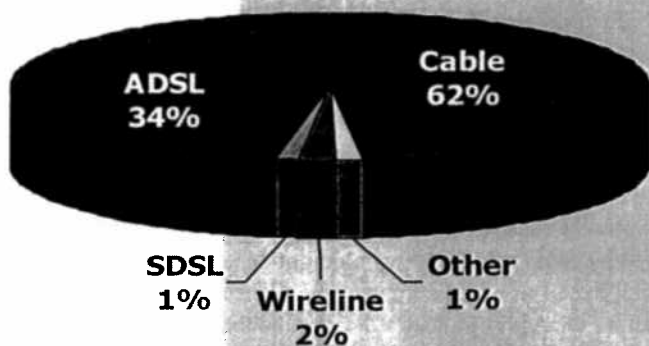
see *Wisconsin Broadband* next page

Wisconsin Broadband Growth Continues

(continued from page 1)

According to the FCC, of the 732,706 high-speed lines in service in this state, cable modem service accounted for nearly 450,000 of this total, with DSL providers at nearly 250,000 and fixed wireless at a paltry 960. (See accompanying pie chart below.)

Wisconsin High-Speed Lines By Technology

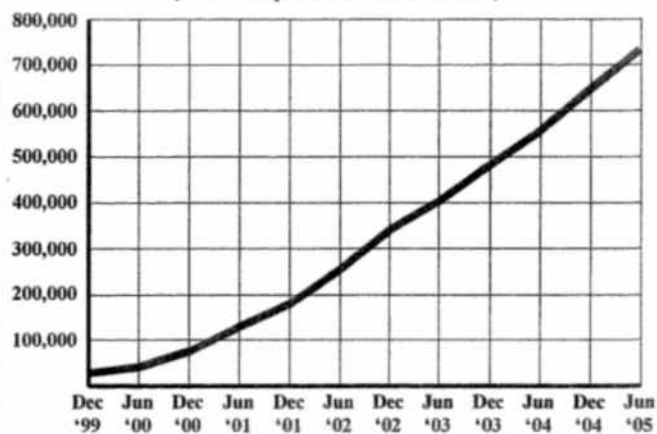


Cable modem service is available to almost 100% of cable TV customers but incumbent phone companies only offer DSL service to 75% of their customers. Residential broadband connections accounted for 93% of the broadband lines in service in this state. (See accompanying pie chart to right.)

At least one broadband provider is present in 98% of all Wisconsin zip codes. But there remain significant gaps. It is assumed that the mere presence of a broadband provider in a zip code does not mean that the provider can serve everyone in that

High-Speed Lines in Wisconsin

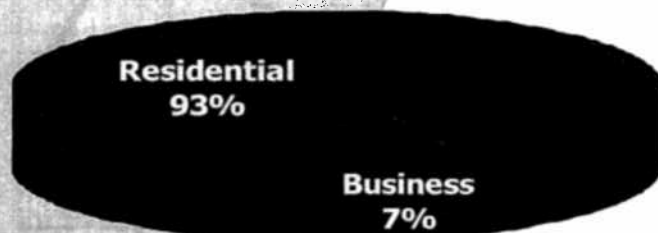
(over 200kbps in at least one direction)



zip code. And, it is important to note that the most prevalent forms of broadband connections—cable modem and DSL service—are not available in many areas if national numbers hold true for Wisconsin. Cable modem service, for instance, was unavailable in 37.9% of all zip codes. DSL service was unavailable in 22% of all zip codes. The FCC report did not provide this breakdown for each state.

The number of broadband service providers reporting as of June 2005 nearly doubled over the December 2004 report—from 40 to 75. Facilities-based providers with fewer than 250 subscribers were not previously required to participate in the report. As of June 2005, all providers are required to report to the FCC.

Wisconsin High-Speed Lines By User Type



For the FCC Report on High-Speed Internet Access as of June 30, 2005, visit http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-264744A1.pdf

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March 2006 Vol. 4, No. 3

Ma Bell Making A Comeback

The new AT&T, formerly SBC, announced this month that it would purchase fellow RBOC BellSouth Corporation for \$67 billion in stock.

Following SBC's \$25 billion purchase of its share of AT&T Wireless in February 2004, and its \$16 billion purchase of AT&T Corporation (and its name) in November 2005, the company had purchased its way to being the largest telecommunications provider in the U.S. If its acquisition of BellSouth is given regulatory approval, the new AT&T would be, by far, the largest of the three remaining "baby Bells" created by the 1984 breakup of the Ma Bell monopoly.

Upon merger approval, the new AT&T would also surpass Comcast Corporation as the largest supplier of broadband Internet access in the U.S., serving a combined 9.8 million DSL lines (as of year end 2005), compared to Comcast's 8.5 million subscribers.

The cost of the proposed acquisition doesn't stop at the \$67 billion in stock. AT&T will also be taking on over \$22 billion in debt from BellSouth and its share of Cingular Wireless, bringing the tab up to nearly \$90 billion.

The costs, however, are not all dollars and cents. AT&T also announced that it would cut 10,000 jobs over the next three years if the deal goes through.

These cuts are in addition to the 26,000 job cuts the company announced following the SBC-AT&T merger.

AT&T expects the merger to produce cost savings of \$2 to \$3 billion a year as a result of reduced labor costs and consolidation of redundant network and workforce functions.

The Consumer Federation of America and Consumers Union announced this month that they would urge the Department of Justice to reject the merger.

"Telecommunications has now gone from a regulated monopoly to an unregulated duopoly with just two major players," said Mark Cooper, director of consumer research for CFA. "Consumers know that is not enough competition to lower their prices and drive innovation, especially when the two companies providing Internet access have a long history of anti-competitive, anti-consumer behavior."

AT&T expects the deal to close within 12 months.

Humpty
Dumpty's
Back
Together
Again...

Debate Over Universal Service Reform

A debate over the Federal Universal Service Fund (USF) program is unfolding and gaining steam. The program, created by the 1996 Telecom Act, was designed to promote the availability of quality telecommunications services at affordable rates for all consumers throughout the U.S. Now, policymakers, regulators and consumer groups are coming to the table to address how, if at all, the USF program should be restructured.

The *Keep USF Fair Coalition* issued a report last month entitled Exposing the Hoax: The Phony "Crisis" of the

Universal Service Fund, in which it criticized FCC Chairman Kevin Martin for manufacturing a "phony crisis" to garner support for a plan that the coalition argues is anti-consumer and would raise phone taxes for 43 million U.S. households—most of them low-income seniors, rural residents and minorities.

The report states: "The currently consumer-friendly 'pay for what you use' approach to funding the [USF] would be replaced under the Martin plan with a regressive, flat-fee arrangement of \$1-\$2 or more per phone line –

regardless of whether or not consumers even make a long-distance call. For a consumer who now dials only a handful of long-distance calls per year and pays correspondingly low USF taxes, the effective tax rate under the Martin plan would soar by more than 1,000 percent on an annual basis!"

The Coalition proposes a "technology-neutral approach" to expanding the USF contribution base to include not just traditional telephone service, but also advanced telecommunications

see *Future of USF* next page

Stakeholders Reach Out On Net Neutrality

A group of sixty-four Internet stakeholders—including COMPTTEL, Amazon, Microsoft, the CFA, eBay and TiVo—sent a letter this month to members of the House Committee on Energy & Commerce regarding the importance of maintaining Net Neutrality as the country's telecommunications policies are updated. The following is the text from the letter:

"We are a broad based group of Internet consumers, content providers, service, device and application companies that believe that unless Congress acts, the Internet is at risk of losing the openness that has made it an engine for phenomenal social and economic growth. We are writing to urge that Congress take steps now to preserve this fundamental underpinning of the Internet and to assure the Internet remains a platform open to innovation and progress.

"Specifically, as Congress considers legislation to update the nation's telecommunications policy, it must recognize that the Internet's open architecture and the pre-existing legal framework that created the Internet should not be just "hoped for" in a broadband world. The essential elements must be guaranteed by a meaningful and enforceable net neutrality requirement.

Visit http://www.comptelascet.org/public-policy/federal-legislative/documents/2006/netneutrality_march1_2006.pdf for complete stakeholder letter re: Net Neutrality.

"The open architecture of the Internet has always let providers, as well as individual innovators, share, offer and create the content, devices, applications, and services that the marketplace desires. Consumers in the marketplace, and not network operators, should decide what content and services succeed or fail. The end-to-end design of the Internet was made possible by the non-discriminatory framework that has long been the bedrock of U.S. telecommunications policy. It is this framework that has prevented gatekeepers on the Internet and guaranteed the innovation and economic success that has driven the American economy over the past decade.

"While it is appropriate for Congress to develop new legislation to promote competition among broadband networks, it must also ensure that consumers and providers continue to have the right to use those networks to send and receive content, and to use applications and services, without interference by network operators. As Internet pioneer Vint Cerf said, the Internet is, and must remain, "innovation without permission."

"We stand ready to work with you to pass legislation that will continue the successful legal policies that are essential to allowing the broadband Internet to thrive."

Future Of Universal Service

(continued from page 1)

technologies such as Voice over Internet Protocol (VoIP). The report states that "[u]nder an expanded USF revenue base, the USF contribution would have dropped this year from the current 10.2 percent...to roughly 7 percent," substantially reducing the overall consumer burden for funding USF.

A report by the Pacific Research Institute (PRI), however, argues that USF program spending has spiraled out of control—nearly doubling in the last 8 years—and is in need of fundamental restructuring by Congress.

"Because of lax oversight and short-sighted regulations, billions of dollars have been redistributed through the [USF] to finance wasteful carriers and fraudulent vendors," said PRI Technology Studies policy fellow Vince Vasquez. "To bail out USF from its reckless spending habits, program proponents now want to create new taxes and regulations on high-tech services, raking in billions more to

sustain disastrous policies."

PRI's report, entitled Digital Welfare: The Failure of the Universal Service System, describes USF program spending as "reckless," and argues that extending the program to include advanced communication services such as VoIP would do nothing to fix the program and would only serve as a hurdle for developing technologies.

PRI recommends USF policy reforms such as increased transparency, technology-neutral vouchers for the neediest consumers, and rules that ensure public accountability and safeguard cutting-edge technologies.

Visit <http://keepusffair.org> for the KUSFF Coalition's report on USF, and <http://www.pacificresearch.org> for PRI's report on USF.

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| Wisconsin Association of Accountants, Inc. | Wisconsin Alzheimers Association | Charter Fiberlink |
| Wisconsin Local Government Telecom Coalition | Wisconsin Apartment Association | Powercom |

Universal Service Fund

A Look At Needed Reforms



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Wisconsin CALLS

- Wisconsin CALLS is a coalition of organizations and companies dedicated to improving service and promoting competition in the delivery of local and long distance telecommunications services. Members include:
 - AARP Wisconsin
 - Citizens Utility Board
 - Wisconsin Independent Businesses, Inc.
 - Wisconsin Association of Accountants, Inc.
 - Wisconsin Retired Educators' Association
 - Wisconsin Alzheimers Association
 - Wisconsin Apartment Association
 - Wisconsin Local Government Telecommunications Coalition
 - TDS Metrocom
 - Time Warner Telecom
 - Covad Communications Group
 - McLeodUSA
 - Norlight Telecommunications
 - Northern Telephone & Data
 - Powercom



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Universal Service Fund

- Established by 1993 Wisconsin Act 496
- Purpose: to ensure that all state residents receive essential telecommunication services and have access to advanced telecommunication capabilities.



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PSC-Directed USF Programs

- High Rate Assistance Credit – partial credit of local telephone rates
- Telecommunications Equipment Purchase Program – financial assistance for persons with disabilities
- Lifeline – (low income) support for basic local service
- Link-Up America – (low income) waives certain charges associated with establishing or moving telephone service.
- Rate-Shock Mitigation – rate credits for customers to temporarily mitigate the effect of large increases in authorized telephone rates
- Access Program or Project by Nonprofit Groups – funding to nonprofits to facilitate the provision of affordable access to telecommunications and information services
- **★** Medical Telecommunications Equipment – grants to nonprofit medical/health organizations for purchase of telecom equipment
- Public Interest Pay Telephone – payments to telephone companies to make available public pay phone services in specific areas
- Two-Line Voice Carryover – waives charges for a second telephone line used by hearing-impaired customers for teletype service



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Non-PSC-Directed USF Programs

- TEACH/DOA Program:
 - Educational Telecommunications Access – subsidized access to new data lines for direct Internet access and two-way interactive video links
- DPI Programs:
 - Newsline – funds a contract with the National Federation of the Blind to provide access to audio versions of major national newspapers
 - BadgerLink – funds a contract with vendors that provide statewide access to reference databases of magazines and newspapers through BadgerLink
 - ? – Supplemental Aid to Public Library Systems – funds aids payments to public library systems.
- UW System Program:
 - ? – UW System BadgerNet Access – BadgerNet access support for 4 UW campuses



The Problem

- State demand on USF dollars is growing while revenues are shrinking.



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USF Appropriations

| Statute | Statute Title | 2001 Act 16 | | 2003 Act 16 | | 2005 Act 25 | |
|----------------|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
| 20.155 (1)(g) | Universal Telecommunications Service | \$6,880,000 | \$6,880,000 | \$5,000,000 | \$6,000,000 | \$6,000,000 | \$6,000,000 |
| 20.255 (3)(g) | Periodical and Reference Information Databases | \$1,773,500 | \$1,850,200 | \$1,886,900 | \$1,943,500 | \$1,992,500 | \$2,030,500 |
| 20.255 (3)(gm) | Supplemental Aid to Public Library Systems | --- | --- | \$2,111,900 | \$2,111,900 | \$4,223,800 | \$4,223,800 |
| 20.275 (1)(g) | Computer Training | \$175,000 | \$175,000 | --- | --- | --- | --- |
| 20.285 (1)(g) | UW Telecommunications Services | \$1,054,800 | \$1,054,800 | \$1,054,800 | \$1,054,800 | \$1,054,800 | \$1,054,800 |
| 20.505 (4)(s) | Telecommunications Access; school districts * | \$8,393,300 | \$9,613,700 | \$10,893,400 | \$11,324,200 | \$11,330,100 | \$11,330,100 |
| 20.505 (4)(t) | Telecommunications Access; private & technical colleges & libraries | \$3,978,000 | \$4,670,000 | \$4,735,500 | \$5,066,000 | \$5,066,000 | \$5,066,000 |
| 20.505 (4)(tm) | Telecommunications Access; private schools | \$908,100 | \$1,340,600 | \$708,100 | \$701,300 | \$701,300 | \$701,300 |
| 20.505 (4)(tu) | Telecommunications Access; state schools | \$64,900 | \$70,000 | \$75,000 | \$68,200 | \$68,200 | \$68,200 |
| 20.505 (4)(tw) | Telecommunications Access; secured correctional facilities | \$251,100 | \$233,400 | \$112,500 | \$102,300 | \$102,300 | \$102,300 |
| | TOTALS | \$23,478,700 | \$25,887,700 | \$26,578,100 | \$28,372,200 | \$30,539,000 | \$30,577,000 |

* The appropriations for 20.505 (4)(s) - (4)(tm) were initially numbered 20.275 (1)(s) - (1)(tw). For ease of reference, the new appropriations statutory cites are used.

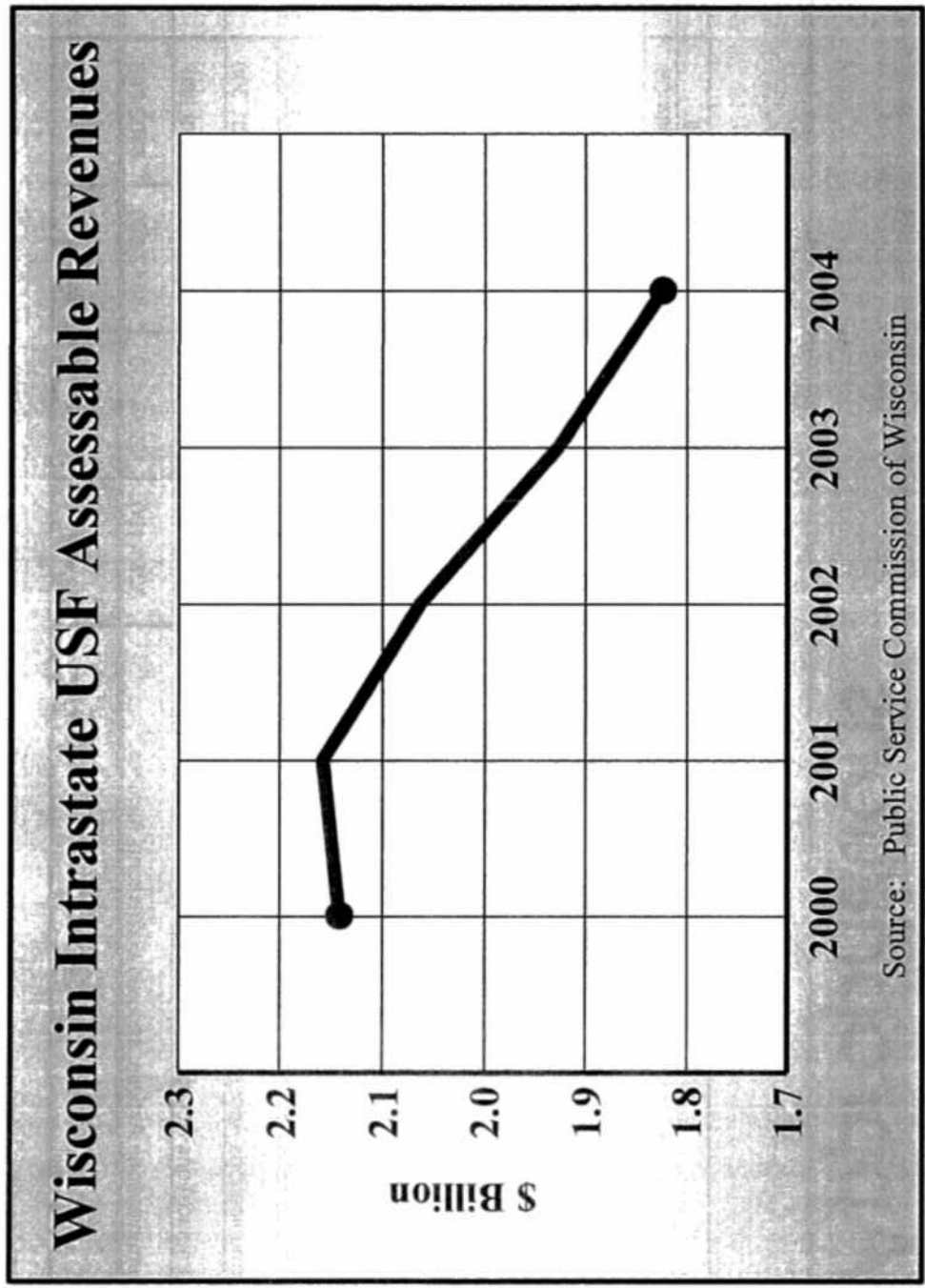


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Customers for Affordable Local and Long Distance Service

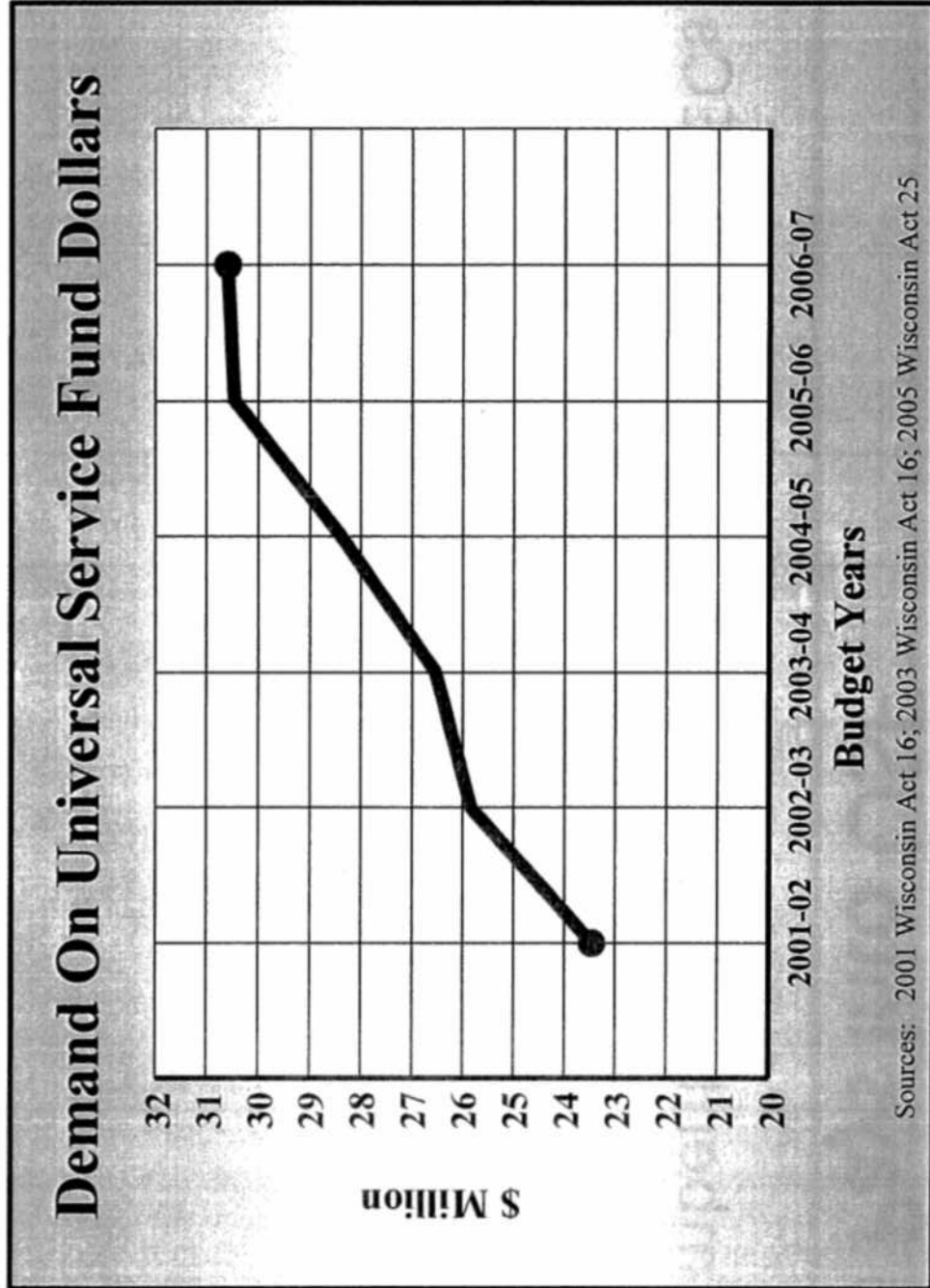
More customers
are
not
adding
any
revenue
(
same
rate
revenue
is
falling)

Intrastate Revenues Are Falling



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State USF Assessments Are Growing



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Who Pays Into USF

- Incumbent Local Exchange Carriers (ILECs)
- Competitive Local Exchange Carriers (CLECs)
- Cable companies that have filed for certification to operate as telecommunications providers



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Who Does Not Pay

- Wireless Providers
- Voice over Internet Protocol (VoIP) Providers



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The Harm

- Skews Competitive Choices –

Providers that don't pay into the fund will be able to price their products at less cost to the consumer, all other things being equal.



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Compliance With Federal Law

- A state exemption for wireless carriers from USF assessments is contrary to federal law.

U.S. Code: Title 47, 254(f) – State Authority

“A State may adopt regulations not inconsistent with the Commission’s rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State...”



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Solutions

- Wireless carriers should pay into the State USF
 - They pay into the Federal USF
 - The PSC can order them to pay
 - The PSC has already found that wireless is a substitute for basic local exchange service (BLES)

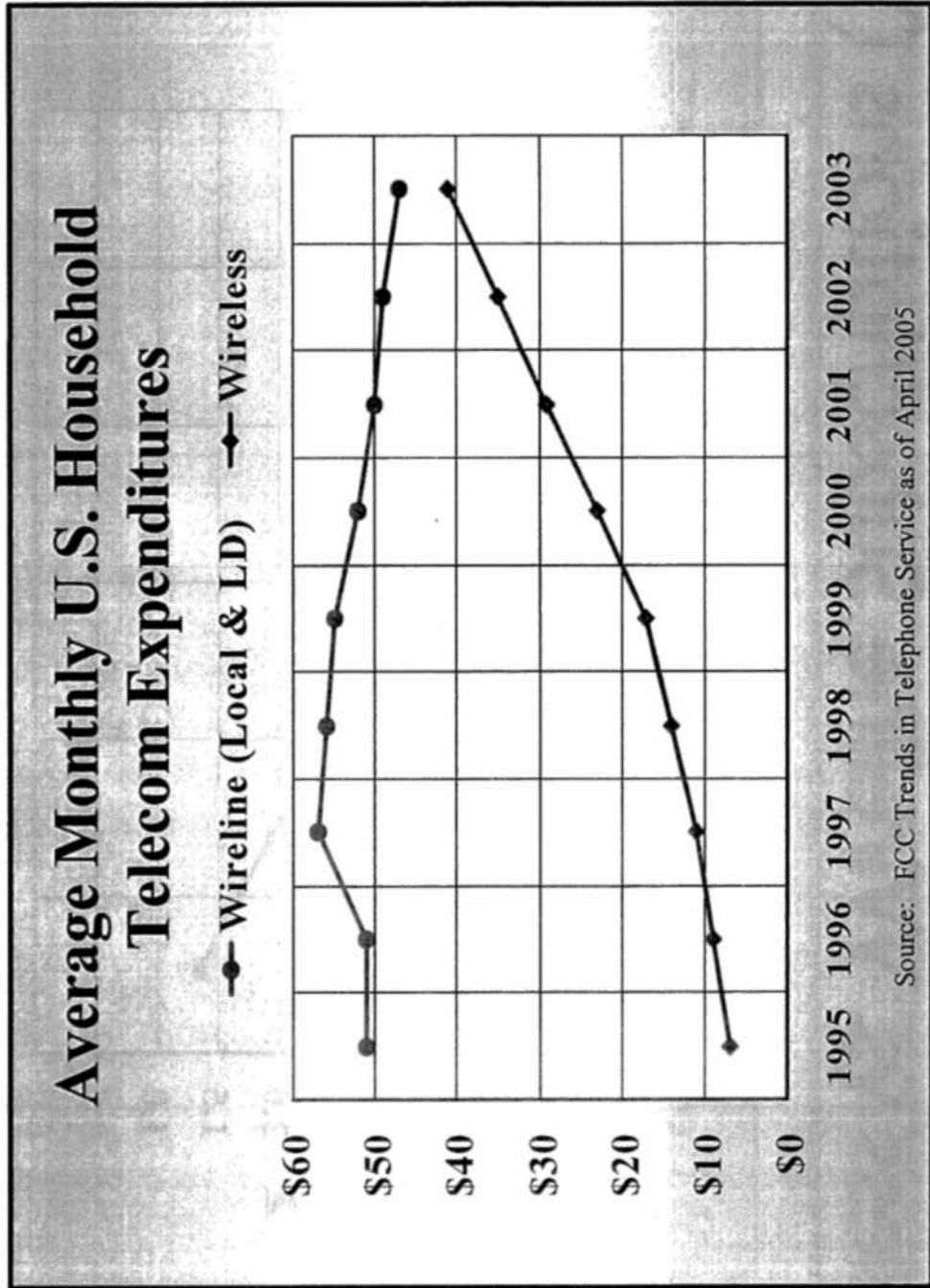
“Wireless customers...are substituting wireless service for residential BLES by ‘cutting the cord’.... Therefore, it is reasonable and in the public interest to consider wireless service as a substitute for stand-alone BLES.”

Public Service Commission of Wisconsin
Docket 6720-TI-196, Final Order, 11/25/2005
Findings of Fact #8



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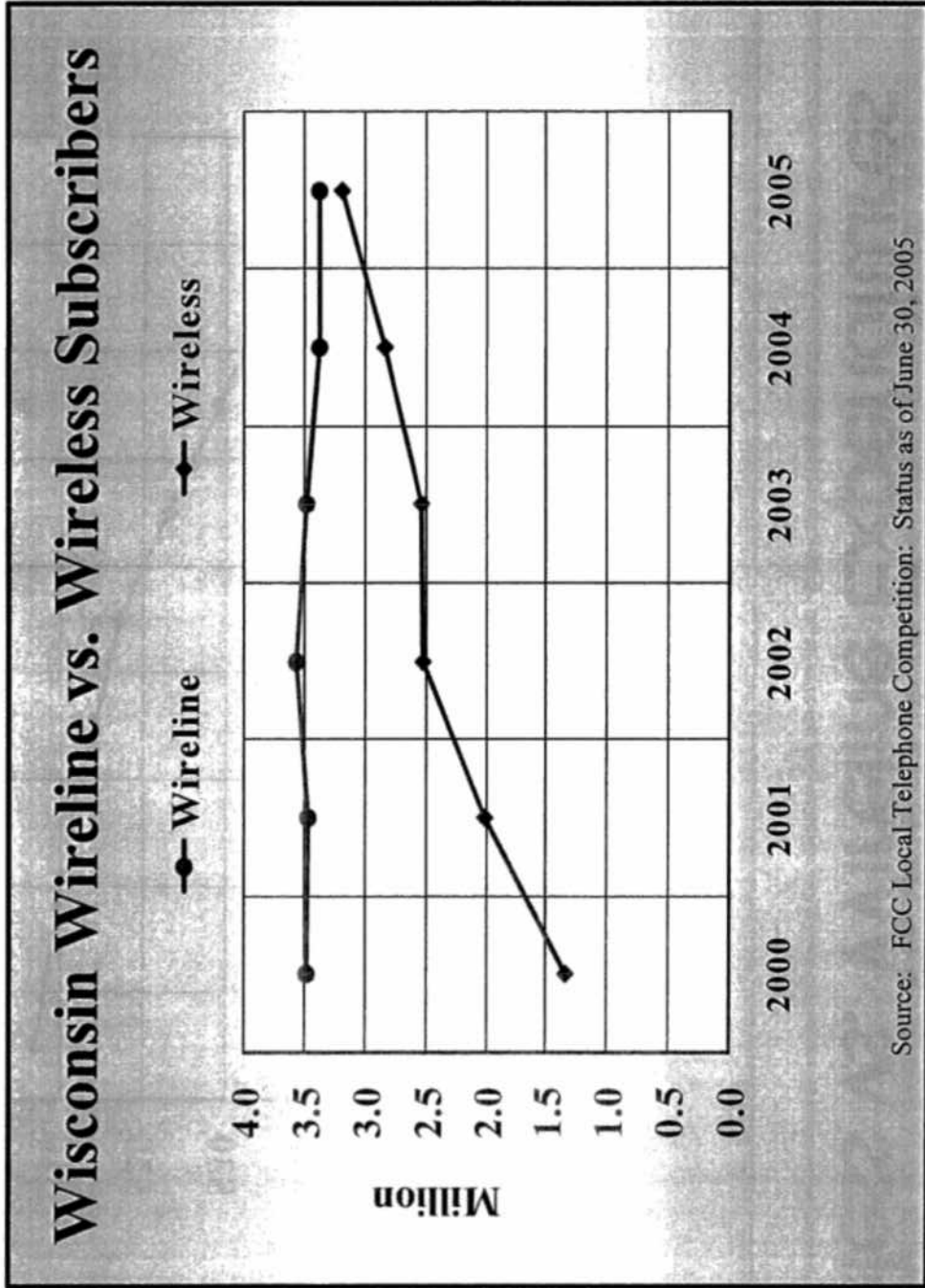
Wireless vs. Wireline Expenditures



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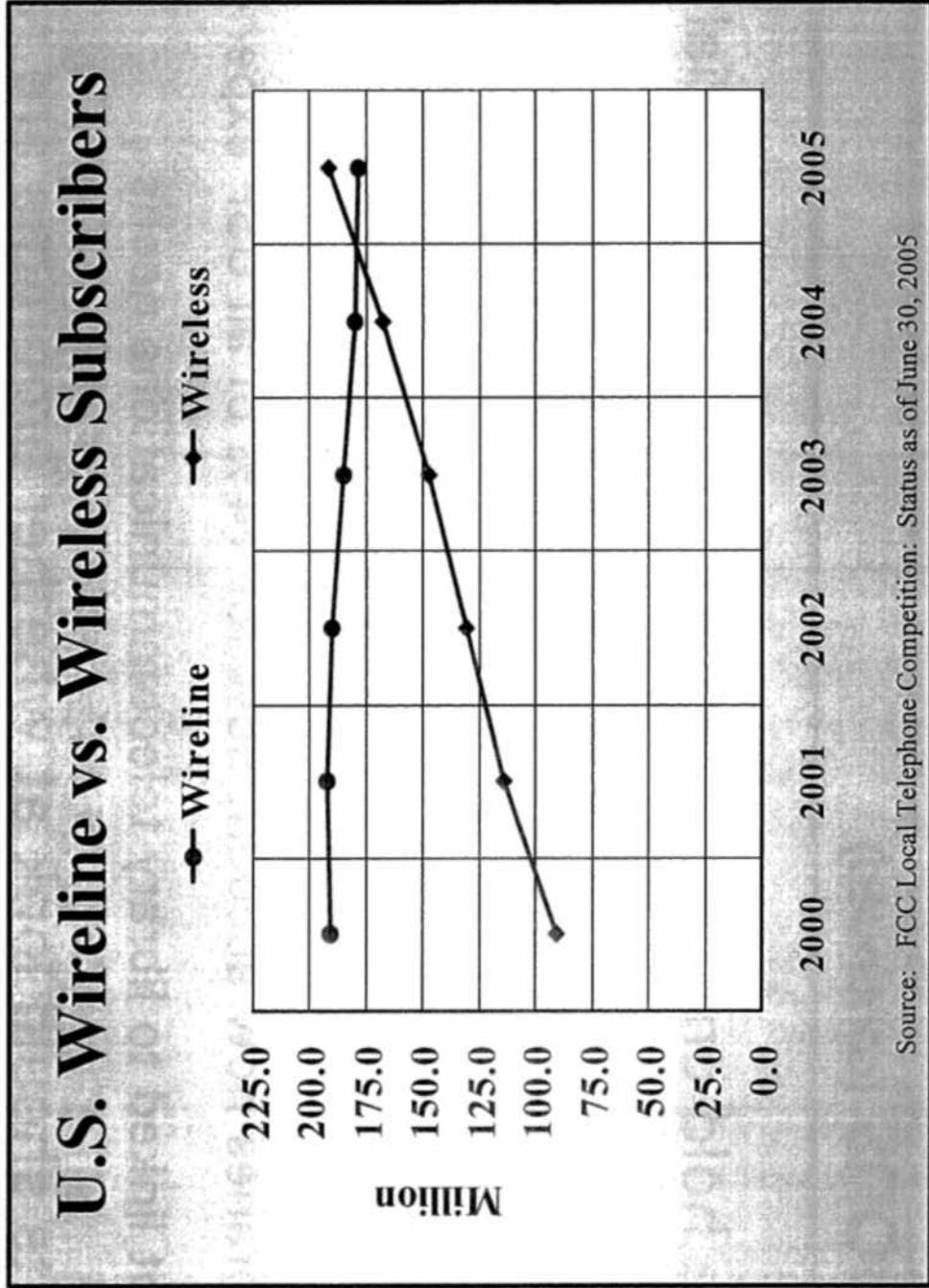
Wireless vs. Wireline Subscriptions (WI)



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Wireless vs. Wireline Subscriptions (U.S.)



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Solutions (continued)

- Put a hold on expanding USF for nonessential applications
 - BadgerLink – Is this program of use in an era of widespread information sharing on the Internet?
- Evaluate existing programs
 - Libraries now account now for 14% of all USF expenditures
 - Not linked to library telecommunications needs
- Audits should look at whether programs are really needed



Evaluate Existing Programs



WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION - DIVISION FOR LIBRARIES, TECHNOLOGY, AND COMMUNITY LEARNING

What is BadgerLink?

BadgerLink is a project of the Wisconsin Department of Public Instruction (DPI), Division for Libraries, Technology, and Community Learning. Its goal is to provide access to quality online information resources for Wisconsin residents in cooperation with the state's public, school, academic, and special libraries and Internet Service Providers. BadgerLink resources are available through this site and through links on many library web pages. Most libraries also provide access to BadgerLink from public access computers within the library.

The Department of Public Instruction currently contracts with two vendors (EBSCO and ProQuest) to provide access to articles from thousands of newspaper and periodical titles, image files, and other reference materials. Through EBSCO, users can search over 6,000 magazine and journal titles, over half of which are available in full-text. ProQuest provides access to a dozen Wisconsin newspapers in addition to over 500 regional, national and international publications. BadgerLink also connects users to WISCAT, the online catalog of WI library holdings, and provides a directory of links to library, education, government, and general reference sites which may be of interest to our online community.

BadgerLink services began in July, 1998. The project is funded through the Wisconsin Universal Service Fund and costs approximately \$1.85 million per year.

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Solutions (continued)

- In the face of change in technology and federal regulation, grant the PSC flexibility in how to fund the state's USF.
 - The feds see declining *interstate* revenues.
 - Under consideration at the FCC – telecom providers pay into federal USF based on the number of telephone numbers assigned to them or on the communicating capacity they provide or some hybrid.
 - State needs flexibility to piggyback onto possible federal reforms.



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Solutions *(continued)*

- Give the PSC flexibility:
 - Wis. Stat. 196.218(3)(a)3m is amended to read:
3m. Contributions under this paragraph may be based ~~only~~ on the gross operating revenues from the provision of broadcast services identified by the commission under subd. 2. and on intrastate telecommunications services in this state of the telecommunications providers subject to the contribution or on such other method as developed by the Commission.



Solutions (continued)

- The PSC should be active at the FCC to ensure federal changes do not negatively impact the continued viability of the state USF



Solutions *(continued)*

- Allow state USF surcharges to be transparent
 - Customers deserve to know what they are paying for
 - Transparency in billing facilitates competitive choice
- 2005 Wisconsin Act 25 requires surcharges
 - If telco's raised rates to cover USF assessments
 - Can only show surcharges for non-PSC USF assessments, not PSC USF assessments



Solutions (continued)

- A statutory fix:
 - Sections 196.218(3)(e) and (f) is amended to read:
 - (e) ~~Except as provided in par. (f) and s. 196.196(2)(d), a~~ A telecommunications provider or other person ~~may not~~ may establish a surcharge on customers' bills to collect from customers contributions required under this subsection.
 - (f) ~~Notwithstanding ss. 196.196(1) and (5)(d)2., 196.20(2m), (5) and (6), 196.213 and 196.215, a telecommunications utility that provides local exchange service may make adjustments to local exchange service rates for the purpose of recovering the portion of its contributions to the universal service fund that is determined by the commission under par. (a)4. A telecommunications utility that adjusts local exchange service rates for the purpose of recovering all or any amount of that portion shall identify on customer bills a single amount that is the total amount of the adjustment. The public service commission shall provide telecommunications utilities the information necessary to identify such surcharge amounts on customer bills.~~
 - Purpose: To permit a surcharge for state USF assessments and to provide that the surcharge is for all USF programs, not just non-PSC USF programs as under current law.



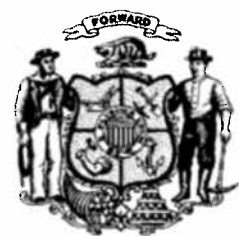
Summary Review

- The PSC should lift the suspension for the wireless industry granted in Docket 05-GF-104 and begin to assess the wireless industry for state USF contributions.
- State policy makers should thoroughly review the currently funded USF programs to see if they still make sense to fund. Audits conducted by the Legislative Audit Bureau would be one means of such a review.
- The PSC should be active at the FCC to ensure that changes made to the federal USF do not impact the continued viability of the state USF and to consider changes to mirror the FCC's contribution methodology for the state fund.
- Amend Wis. Stat. § 196.218(3)(a)3m to grant the PSC flexibility it needs to implement alternative USF contribution mechanisms, such as a per number assessment.
- Amend Wis. Stat. § 196.218(3)(e) and (f) to allow USF surcharges on customer bills for all state USF assessments.





WISCONSIN STATE LEGISLATURE



- PSC has the power to exempt
- Carol-Sue will send letter (drafted by ?) to PSC
- ? talk to colleagues about co-signing letter

Anita Sprenger @PSC