



SouthernLINC[®]

Wireless

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USF Reform and the Need for Additional USAC Transparency

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Universal Service Is The Goal

- The public interest is served by the universal availability of affordable service
 - The greater the number of people on the network, the more useful the network is
 - Universal availability of essential telecommunications services is crucial for education, public health, public safety and the economy
- The universal service fund supports the provision of services where they otherwise would not be available or affordable



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A Coherent National Strategy Is Crucial

- The universal service support mechanisms will play a crucial role in the national strategy mandated by the economic stimulus legislation
- The universal service support mechanisms should compliment the funding made available in the stimulus legislation
- The perfect should not be the enemy of the good



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Clearing Obstacles Should Be the Focus

- The best way to achieve universal service is to focus on removing the obstacles that service providers face
- We must ask why certain areas are unserved or underserved and identify the specific obstacles to serving those areas
 - Obstacles to universal wireless service in unserved or underserved areas can include:
 - Lack of available spectrum
 - Lack of funding for capital expenditures (e.g., significant backhaul or transport costs)
 - Lack of funding for operational expenditures
 - Burdensome, costly, lengthy, discriminatory, vague or arbitrary regulatory requirements (e.g., the interim funding cap)
 - Unavailability of Roaming
 - Unavailability of Handsets
 - Lack of sufficient access to necessary rights of way or slow permit approvals process
- Once the obstacles to universal service have been identified, those obstacles should be eliminated to the greatest extent possible
- Under no circumstances should government rules and policies create additional obstacles to service deployment



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The National USF Strategy Must Recognize The Importance of Wireless Services

- Wireless services are crucial for overall economic growth
 - In 2004, productivity gains resulting from the availability of wireless services amounted to more than \$8 billion
 - 40% of employers believe that wireless services are so valuable that they purchase wireless services for their employees
- The wireless industry also creates jobs directly
 - 500,000 employees are directly employed by the wireless industry
 - An additional 1 million individuals are employed by companies that support the wireless industry



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The Competitive ETC Funding Cap Must Be Eliminated

- The competitive cap is fundamentally inconsistent with the goals of the Universal Service program
- The Commission not only should lift the cap immediately, but also reject reform proposals that are based upon continued application of the cap
- In the interim, the petition filed by Corr Wireless should be granted



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USAC Should Operate With Greater Transparency and Consistency

- SouthernLINC Wireless shares the concerns expressed by Centennial and others about the lack of transparency in the administration of high-cost support
- Information ETCs need for planning and compliance is often difficult to obtain from USAC
- The lack of transparency has been exacerbated by imposition of the cap on funding for competitive ETCs
- The FCC should grant Centennial's Petition and improve the transparency and consistency with which USAC administers the USF



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The FCC Should Resolve Ambiguity Regarding Line 9 of FCC Form 497

- AT&T's appeal of an audit finding that AT&T improperly failed to use Line 9 of FCC Form 497 remains pending
 - USAC reportedly is telling competitive ETCs that Line 9 on FCC Form 497 is mandatory
 - Requiring completion of Line 9 is inconsistent with the plain meaning of the Form 497 instructions
 - The FCC Form 497 instructions for Line 9 provide no guidance on how to determine the dollar amount to be entered
- The FCC should provide USAC and ETCs with guidance regarding Line 9



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Lifeline Program Accounting Practices Are Unduly Onerous and Complicated

- USAC's use of an algorithm to calculate future Lifeline payments is inefficient
 - Requires constant true-up between the support amount determined by the algorithm and the amount requested by the ETC on Form 497
 - Results in needlessly complicated accounting and can result in an ETC "over recovering" Lifeline support
 - Opens an ETC up to adverse audit findings by USAC, internal, or external auditors
- The Commission should simplify the method by which Lifeline support payments are distributed



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Summary

- The FCC should develop a coherent national universal service and broadband strategy that recognizes the importance of competitive wireless services
- The clearing of obstacles to providing affordable, universal service should be the focus of the national strategy
- The discriminatory cap on competitive ETC funding must be lifted
- The petitions filed by Corr Wireless and Centennial should be granted
- USAC should be required to operate with greater transparency and consistency



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