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Guest columnist

### FCC must protect consumer in telecom reforms

As the Federal Communications Commission considers reforms that will affect consumers' access to broadband and how much they pay, guest columnist Simon ffitich argues that telecom subsidies should have some consumer-minded strings attached.

By Simon Ffitch

Special to The Times



A DEBATE rages at the Federal Communications Commission that affects your pocketbook and your access to broadband. The FCC appears poised to adopt a plan from America's largest telecommunications companies, including AT&T and Verizon, that will add billions to phone bills, routing those dollars to some of the country's most profitable phone companies without any real accountability or oversight, and strip states of the ability to protect consumers.

For most of the past 100 years, "universal service" has been national policy for telecommunications. It has been a success, resulting in the reasonably affordable and reliable telephone service that is currently enjoyed by 96 percent of Americans. A fund paid for by telephone customers has subsidized the high cost of getting telephone lines to rural and remote communities.

While the universal-service fund worked well, it's time to reform the system. The goal is to strip out unnecessary industry subsidies, and to control the ballooning size of the fund that now costs consumers a surcharge of around 15 percent on most phone bills. It's also time to re-purpose the fund to support expansion of broadband communications.

Disturbingly, the FCC seems most interested in adopting the telecom industry's "America's Broadband Connectivity" or "ABC" plan that doesn't accomplish any of these goals, and in fact undermines them.

What's wrong with ABC? First, it will increase your phone bill. This runs contrary to one major goal of reform — to ease the burden that customers pay to support the system. Under the ABC plan, customers would see annual increases from \$2 billion to \$10 billion — as much as \$11 per month.

Second, the big companies getting this money would not be required to disclose what they earn from all sources of income, such as broadband or wireless, in order to qualify for support. It is a virtual certainty that massive subsidies would go to profitable companies, like AT&T and Verizon, who don't need it. Companies would have to provide less information on their income than a college student applying for financial aid. Instead of eliminating unnecessary subsidies for industry, a goal of reform, the ABC plan creates new ones.

Third, the ABC plan would eliminate the state's authority to protect telecommunications consumers and act as watchdogs over the use of universal-service funds. Industry wants the FCC to bar states from this long-established oversight role. State regulators would also lose the power to investigate and resolve consumer complaints about broadband and universal-service issues. The FCC does not have the resources to effectively take over these functions for all 50 states.

Finally, although a stated goal of the FCC's reform effort is to refocus universal-service funding to support broadband, the industry's ABC plan requires no real commitment to make broadband available to unserved and underserved communities. Companies would receive funds to provide broadband with upload and download speeds that are already obsolete. States would be given no real enforcement power.

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Fortunately, the FCC can choose a better path when it acts in October, as expected, to adopt reforms. The agency has received balanced reform proposals from state regulators and consumer groups that would control costs, eliminate unneeded industry subsidies, redirect support to broadband, and preserve the states' key role in protecting consumers and public funds.

At this key turning point in the history of telecommunications policy, the FCC must take seriously its obligation to make decisions that are in the public interest. Customer subsidies for universal access to telephone and broadband must provide results at a reasonable cost — and more, not less, accountability for the companies that stand to gain.

*Simon ffitch is the consumer advocate member of the Federal — State Joint Board on Universal Service, an advisory board to the FCC, and a senior assistant attorney general with the Public Counsel Unit, representing the customers of Washington state-regulated investor-owned utility companies.*