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Hill Country's Delbert Wilson Testifies at Senate USF Hearing

Rural groups' joint testimony points to flawed FCC plan that undermines USF

Arlington, Va., (June 24, 2010) – In testimony today before the Senate Commerce Committee, Delbert Wilson, general manager of Hill Country Telephone Cooperative (Ingram, Texas) said the FCC's national broadband plan (NBP) fails to recognize the value of cost recovery mechanisms—including universal service—in bringing the promise of broadband to all Americans.

Wilson testified on behalf of the National Telecommunications Cooperative Association (NTCA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) and the Western Telecommunications Alliance (WTA) at the Senate hearing, "Universal Service: Transforming the High-Cost Fund for the Broadband Era."

Wilson told the committee that rural communications companies like Hill Country have transformed their networks from traditional switched voice systems into dynamic IP broadband networks—a costly task made possible by a set of time-tested tools that ensure such costs may be recovered. He said that rural providers long ago recognized the need to transform these tools to accommodate broadband network needs, but noted that NBP policies unnecessarily erode this cost recovery system.

"Regrettably, many Americans today are either unfamiliar with, or have forgotten, the value of these critical cost recovery mechanisms, not the least of which is universal service—the central focus of today's hearing," Wilson testified. "Indeed, the FCC—the very agency charged with carrying out our national universal service policy... appears to be part of this group."

Wilson outlined the rural associations' concerns with the NBP, specifically that the plan:

- 1) Fails to establish an environment that will yield job creation and subsequent economic development;

- 2) Fails to quickly act on expanding the contribution base of the universal service program which could ease the pressure on the contribution factor;
- 3) Discriminates against rural consumers, by proposing to fund rural networks at speed standards that will render them obsolete almost as soon as they are built;
- 4) Discards proven funding mechanisms that can easily be adapted to support broadband, and proposes replacing them with inherently unpredictable and unworkable economic models and reverse auctions;
- 5) Provides inadequate funding to support build-out and maintenance of broadband services in rural provider service areas;
- 6) Severely underestimates the vital role rural carriers of last resort play in the provision of broadband services to rural Americans; and,
- 7) Fails to recognize the critical nature of RoR regulation and how it yields rural infrastructure development.

“We had great hopes for the broadband plan and what it could mean for all Americans. Yet here we are again scrambling to fix an emerging federal policy that fails to comprehend the rural circumstance.” Wilson testified.

He said the rural associations have urged policy-makers to refrain from further consideration of the NBPs’ “unworkable approaches,” noting they will slow or even eliminate future broadband deployment and adoption.

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The National Telecommunications Cooperative Association is the premier association representing more than 560 locally owned and controlled telecommunications cooperatives and commercial companies throughout rural and small-town America. NTCA provides its members with legislative, regulatory and industry representation; meetings; publications and educational programs; and an array of employee benefit programs. Visit us at www.ntca.org.

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) represents more than 480 small, independently owned, local telecommunications companies serving primarily rural areas of the United States and Canada. OPASTCO membership includes both commercial companies and cooperatives, which range in size from fewer than 100 to 100,000 access lines, and collectively serve more than 5 million customers. OPASTCO represents rural telecommunications interests before federal regulatory bodies and Congress, provides publications, and holds two conventions annually in January and July of each year, addressing the needs of the small telecommunications industry. The association has an affiliate 501(c)(3) nonprofit, the Foundation for Rural Education and Development (FRED). Visit the OPASTCO Website at www.opastco.org

Western Telecommunications Alliance is a trade association whose membership is comprised of approximately 250 rural telecommunications carriers providing high-quality voice, video and data services throughout rural areas in the 24 states west of the

Mississippi River. On average, WTA member companies serve fewer than 3,000 access lines with fewer than 500 customers in each exchange. WTA's members serve some of the most rural and hard-to-serve communities in the country and are on the forefront of bringing 21st Century telecommunications services to rural America.