

HB 2091 A

Senate Business and Transportation Committee

Testimony of Brant Wolf

Oregon Telecommunications Association

April 24th, 2017

The Oregon Telecommunications Association (OTA) represents telecommunications carriers that provide service throughout Oregon.

HB 2091 encourages the Oregon Public Utility Commission (OPUC) to allow Oregon Universal Service Fund (OUSF) funds to support continued deployment and maintenance of high speed broadband networks in rural Oregon. OUSF support is specifically dedicated to rural Oregon, it does not provide support to urban areas.

OUSF support is not a windfall for carriers. The support is in return for the mandated obligation to serve (Carrier of Last Resort or COLR) and is a replacement for implied support that was formerly received through access charges. Support is provided on a two year lag and is based on information reported to OPUC Staff. Support is not speculative in any way and the fund is carefully managed by OPUC Staff.

Rather than submit pages of written testimony what follows are bullet points meant to provide background on the OUSF generally as well as the effect of HB 2091 if signed into law. My hope is both to answer questions you might have and prompt further discussion.

- The OUSF was created by the Legislature in 1999.
- Current OUSF support is targeted towards plain old telephone service (POTS) or dial tone service. While POTS is still vitally important, access to high speed broadband is critical to business, education health care and individual Oregonians.
- Current support amounts total approximately 30 million and will be reduced by OPUC stipulation to 21.6 million by 2021.
- The current surcharge rate is 8.5% and is capped at 8.5% by OPUC stipulation until 2021. The surcharge is assessed on wireline telephone customers, not wireless or video service.
- The largest contributors to the fund are CenturyLink, Comcast and Frontier Communications

HB 2091 does not seek and will not result in a larger surcharge amount or a larger OUSF pool of dollars. If passed with amendments it would actually cap the surcharge at its current level. It merely encourages OPUC to allow the current support amount to be used for support of broadband capable networks in rural Oregon.