



Oregon Citizens' Utility Board

610 SW Broadway, Suite 400
Portland, OR 97205

(503) 227-1984
www.oregoncub.org

02/11/2019

**Testimony of Samuel Pastrick, Oregon Citizens' Utility Board
Before the House Committee on Economic Development
Re: Oregon House Bill 2184**

My name is Samuel Patrick. I'm the Outreach Manager at Oregon Citizens' Utility Board (CUB). Oregon voters founded CUB by way of the State's ballot initiative process in 1984 to represent the interests of residential customers of Oregon's regulated energy and telecommunications utilities.

Speaking for CUB, I happily submit the following written and verbal testimony to encourage the Committee's support for HB 2184 with the -2 Amendment.

In short, CUB endorses HB 2184 for three primary reasons:

1. HB 2184 would remedy a 20-year inequality among landline and other voice customers in terms of paying for maintenance and deployment of infrastructure throughout the State, but especially in rural areas, supporting voice services beyond traditional, copper landline.
2. HB 2184 would effectively lower costs for Oregon landline customers, many of whom live in rural, economically challenged areas, by sharing the cost burden of maintaining statewide infrastructure necessary for high-quality voice services.
3. HB 2184 both recognizes the need for Oregon to remedy the digital divide and proposes a prudent solution in the form of a Broadband Grants Program that would prioritize un-and-underserved areas of our State, most of which exist outside of high-density, urban cores due to mitigating service-delivery economics.

Recognizing the importance of ubiquitous, high-quality and low-cost landline telephone service, the Oregon legislature established the Oregon Universal Service Fund (OUSF) in 1999 and instructed the Oregon Public Utility Commission to oversee the Fund. In creating the OUSF, the Legislature recognized two key points: (1) the economics of delivering voice service to communities throughout the State; and (2) nascent voice service technologies warranted exceptions (at the time).

20 years later, the economics of voice service delivery remain the same. Voice service technologies, however, especially wireless and over Internet Protocol (IP), are no longer nascent but continue to utilize infrastructure maintained by landline companies and, more importantly, their customers. This represents an unfair situation, though one for which a straightforward solution exists. HB 2184 is

that solution because the bill would apply a lower surcharge to landline customers while applying this lower rate to both wireless and Voice over IP customers.

HB 2184 would cap both the surcharge (7 percent) and overall fund (40 million) while maintaining needed funds (30 million) for the existing 'high-cost' program. Funds raised beyond those required to maintain high-cost voice support (approximately 10 million annually) would be allocated toward 'broadband grants', with priority of such grants given to rural schools, as well as un or under-served locations.

This last point regarding broadband grants is critical. Beyond the need for the Legislature to fix the inherent 'cost-sharing' inequality among landline and non-landline voice customers, the Legislature should further modernize the OUSF to support broadband infrastructure projects – particularly in areas where the current market has ignored and will continue to ignore but for targeted intervention.

In summary, CUB strongly encourages the Committee's support for HB 2184 with the -2 Amendment. I'm happy and available, of course, to answer any questions.

Respectfully,

Samuel Pastrick
Outreach Manager
Oregon CUB