



House Revenue Committee

HB 4079

Testimony of Brant Wolf

Oregon Telecommunications Association

February 4, 2020

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

For the reasons detailed in my written and oral testimony, The OTA requests that this Committee give positive consideration to HB 4079. HB 4079 eliminates existing language in ORS 759.425 (7) which provides an exemption to wireless carriers from contributing to the Oregon Universal Service Fund (OUSF). The proposed legislation will allow Oregon Universal Service Fund (OUSF) funds to support continued deployment and maintenance of high speed broadband capable 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, in part, is in return for the mandated obligation to serve (Carrier of Last Resort or COLR found in ORS 759.506) and is a replacement for implied support that was formerly received through access charges. Support is provided to the carriers 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. It is also important to note that before any rural carrier receives OUSF support, all other forms of federal support are taken into account by OPUC Staff.

The proposed legislation does not seek and will not result in a larger surcharge amount. In fact, the legislation will result in a lower surcharge amount on over one million Oregonians currently paying this fee on their telecommunications bills.

OTA members believe asking the wireless industry to contribute to the OUSF is fully justified. Wireless carriers utilize the landline network in order to complete calls, text messages, etc. Formerly, access charges were paid to use rural landline networks. That method of compensation has been changed to an explicit USF form of compensation that in Oregon, the wireless carriers have not had to pay for almost 20 years. In short, the landline customers have been subsidizing the mobile carrier industry in Oregon for many years.

Additionally, HB 4079 would create a broadband grant program utilizing OUSF funds. Historically, the legislature has appropriated general fund dollars to support individual requests for assistance related to broadband projects. These project requests receive very little scrutiny by the legislature prior to the appropriation and to date, little if any follow up. The OTA believes that creating a professionalized broadband grant program will help eliminate duplicative spending by carefully scrutinizing requests for funds.

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 the proposed legislation 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 with an exemption for wireless carriers
- Current support amounts total approximately 27 million and will be reduced by OPUC stipulation to 21.6 million by 2021. Passage of the legislation would result in a fund capped at 28 million dollars
- The current surcharge rate is 8.5% and is capped at 8.5% by law. The surcharge is assessed on wireline telephone customers and certain VoIP providers, not wireless or video service
- The largest contributors to the fund are CenturyLink, Comcast and Frontier Communications
- Wireless providers use the landline network supported by the OUSF to complete calls, transmit data and other uses
- The surcharge does not apply to internet access service, only voice service

Thank you for your consideration of this testimony and HB 4079. When the appropriate time comes, the OTA urges this Committee to pass HB 4079 to the Ways and Means Committee with a positive recommendation.

Cellular Network

