



# Oregon Citizens' Utility Board

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## **Testimony of Samuel Pastrick**

### **Regarding HB 4079**

#### **Before the House Committee on Revenue**

#### **Chair Nathanson, Vice-Chair Marsh, Vice-Chair Reschke, and members of the Committee**

My name is Samuel Pastrick. I'm the Advocacy and Development Manager at Oregon Citizens' Utility Board (CUB). On CUB's behalf, I submit the following testimony in support of HB 4079 and encourage the committee's swift movement toward passage.

HB 4079 has two important goals: (1) Solve a long-standing fairness issue with the Oregon Universal Service Fund (OUSF); and (2) Establish a reliable funding stream for rural broadband deployment and planning grants.

The OUSF fairness issue reflects technological advances in the telecommunications industry since the Oregon legislature established the Fund in 1999. The Fund's purpose was and still is to ensure safe, reliable, and affordable advanced communication services across Oregon. But 20 years ago, "advanced communication services" referred largely to traditional landline telephone or "plain old telephone service" (POTS).

The 1999 OUSF bill ensured safe, reliable, and affordable POTS in all areas of the state by applying a small surcharge on the intrastate portion (calls delivered and received within state boundaries) of customer bills to appropriately compensate telephone companies for their carrier of last resort (COLR) obligations. However, this bill exempted wireless companies. And because the Internet was still gaining popularity, voice over internet protocol (VoIP) service was not yet a competitive alternative to POTS. The Oregon Public Utility Commission (PUC) administers the OUSF, and the surcharge is currently capped at 8.5 percent.

In 2020, the advanced communications landscape is radically different – particularly in that the number of wireless and VoIP lines in Oregon now far exceeds the 1999 peak for the number of POTS lines. Yet wireless and VoIP carriers continue to use the terrestrial networks built and

maintained by the telephone companies without compensation for that use. This dynamic presents an obvious fairness issue for both the telephone companies, many of which are rural local exchange carriers that have served their communities for decades, and their customers, many of whom are older, rural, and low-income.

RTIA will solve this fairness issue by spreading a lower, six percent surcharge across the intrastate portion of all voice customers' bills – including wireless and VoIP. This will stabilize the existing fund while generating approximately \$5 million annually for a new broadband infrastructure and planning grants program targeting rural Oregon communities.

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 and community planning grants, particularly in areas where the current market has ignored and will continue to ignore, but for some intervention.

Internet access service is an essential utility on equal footing with electricity, home heating and cooling, and water. Participation in a dynamic, 21st century economy, maintaining important social connections, engaging civically, and even seeking and receiving an increasing number of critical services, requires access to and use of internet access service.

In 2020, there is no questioning the importance of the Internet in our daily lives. Oregonians, particularly rural Oregonians, still have limited service availability. Limited infrastructure deployment and low subscription rates reflect this lack of availability, especially in certain Oregon counties.

Oregonians deserve better. The Legislature should modernize the OUSF to support broadband grants for un- and underserved areas. To be clear: The OUSF already supports broadband projects. This is consistent with Federal Universal Service Fund policy. However, only landline and certain VoIP providers pay for these projects, as well as the overall maintenance of the statewide network. This is an unfair and outdated approach.

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