



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F.2d 385 (D.C. Circ 1974).

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## **FCC TAKES ACTION TO CAP HIGH COST SUPPORT UNDER THE UNIVERSAL SERVICE FUND**

### ***Interim Cap Will Keep Costs Down For Consumers Pending Comprehensive Reform***

Washington, D.C. – The Federal Communications Commission today adopted an interim cap on payments to competitive eligible telecommunications carriers (ETCs) under the Universal Service Fund (USF). The Commission's actions are intended to stem the explosive growth of USF while the Commission pursues comprehensive reform of the program.

Total annual support for competitive ETCs will be capped at the level of support that they were eligible to receive in each state during March 2008.

Currently, consumers pay more than 11 percent in USF fees on their interstate phone bills. Growth in contributions to the fund is largely attributable to competitive ETCs, who receive USF support based not on their actual costs, but on the costs of the incumbent provider, even if the competitive ETC's costs of providing service are lower. USF payments to competitive ETCs have grown from approximately \$1.5 million in 2000 to more than \$1 billion in 2007. Left unchecked, this staggering growth threatens the sustainability of the USF program and forces consumers to pay excessive and ever-increasing contributions to the fund.

The order contains limited exceptions from the cap: Competitive ETCs serving tribal lands or Alaska Native regions may continue to receive traditional support at uncapped levels for serving those historically underserved areas. Also, competitive ETCs that file their own cost data may obtain an exemption from the cap. Finally, the order addresses a number of pending competitive ETC petitions, while making clear that such petitions will not increase the amount of the adopted cap.

Action by the Commission, April 29, 2008, by Order (FCC 08-122). Chairman Martin, Commissioners Tate and McDowell, with Commissioners Copps and Adelstein dissenting. Separate statements issued by Chairman Martin, Commissioners Copps, Adelstein, Tate and McDowell.

Docket Nos.: 05-337, 96-45

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