

## **SUMMARY OF FCC COMMISSIONER AJIT PAI'S REMARKS BEFORE THE 2014 SPRING MEETING OF WTA – ADVOCATES FOR RURAL BROADBAND**

On April 9, 2014, Commissioner Ajit Pai of the FCC delivered remarks at the Spring Conference of WTA – Advocates for Rural Broadband. During his address, he emphasized that the FCC must take seriously the promise of the Communications Act to “make available, so far as possible, to all the people of the United States . . . a rapid, efficient, Nation-wide, and world-wide wide and radio communication service with adequate facilities at reasonable charges.” He then offered a number of proposals for doing just that.

### Summary of Proposals

- *Rate Floor.* Freeze the FCC-imposed rate floor indefinitely and reexamine the underlying policy.
  - The rate floor will increase the rates that over one million rural consumers pay for telephone service by up to 46 percent.
  - Incomes in rural America lag far behind those in urban areas, so higher rates in rural America are not comparable to higher rates in the cities.
  - Federal law does not mandate this result; it instead calls for “affordable” rates.
  - The rate floor intrudes on the traditional state role; state commissions have long adjusted rates to reflect local circumstances.
  - No federal benefit: The rate floor increases rural rates *without* saving the Universal Service Fund (USF) any money.
  - Numerous entities, including WTA, NTCA, NECA, ERTA, Independent Telecom Associations of Montana, Colorado, Idaho, Nevada, Oregon, and Washington, Washington’s state commission, and the National Tribal Telecommunications Association, have all questioned the rate floor.
- *QRA Benchmarks.* Strike the QRA benchmarks from the books.
  - They harmed rural investment and created regulatory uncertainty without saving the USF any money.
- *Helping Small Carriers Gain Scale.* Streamline FCC review of transactions involving geographically adjacent rural carriers seeking to merge.
  - Allowing such transactions can increase carrier efficiency and further broadband deployment in unserved communities.
- *Reducing Paperwork Burdens.* Small carriers are facing death by 1,000 paper cuts.
  - Consolidate certification and reporting deadlines to ease compliance costs.
  - Reconsider requirement for carriers to file 5-year plans when fate of USF support for broadband is still uncertain in rural areas.