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VPS Consulting Memo

Potential USF Funding Reductions Due to Unsubsidized Competitors

The Federal Communications Commission (FCC) is to eliminate Universal Service Fund (USF) high-cost support to Eligible Telecommunications Carriers (ETCs) in areas where an *unsubsidized competitor* is currently providing service. This applies to programs such as A-CAM, CAF-BLS, and The Alaska Plan-Phase 1. The current definition of *unsubsidized competitor* is "a facilities-based provider of residential fixed voice and broadband service that does not receive high-cost support."[1] Typically, for an ETC to lose USF funding, the unsubsidized competitor must meet the service quality standards of the relevant high-cost program (such as speed, latency, and capacity requirements) and cover a certain portion of the ETC's area (percentage based or location specific).[2]

VPS Advocacy on Behalf of High-Cost Recipients

Many of Vantage Point Solutions' (VPS) clients rely on high-cost USF support to fund infrastructure and ongoing operations. Therefore, the definition of *unsubsidized competitor* is crucial. VPS is focused on advocating for refinement of the term and any potential qualifications to meet such definition under FCC guidelines.

Areas of advocacy include, among others:

1. Maintaining a voice requirement in the definition of *unsubsidized competitor*;
2. Requiring verification of service quality standards (including certification by company officer);
3. Removing providers using unlicensed spectrum (and *licensed by rule*) from eligibility as an *unsubsidized competitor*; and
4. Requiring rate comparability among the ETC and *unsubsidized competitor*.

If you have any questions or need assistance, please contact the following VPS staff members:

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[1] 47 C.F.R. § 54.5.
[2] *See generally* 47 C.F.R. § 54.319 (relating to CAF BLS).

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