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**VIA ELECTRONIC MAIL**

to Sophia Varnasidis, Clerk, at [sophia.varnasidis@mail.house.gov](mailto:sophia.varnasidis@mail.house.gov)

Subcommittee on Indian and Alaska Native Affairs  
House Committee on Natural Resources  
1324 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Young, Ranking Member Hanabusa, and Members of the Subcommittee:

The Indian Affairs Subcommittee's update hearing on the impact of the FCC's Universal Service and Intercarrier Compensation "Transformation Order," held June 18, 2013, provided a much-needed measuring stick to monitor the progress of the Commission's reforms to date. Conducted as a follow-up to last year's June 8 meeting on the same subject, Chairman of the Subcommittee, Congressman Don Young (AK), had this to say:

It has been over a year since our last hearing on this issue and I wish that I could say that a lot of progress has been made on the issues we discussed. I wish I could say that the Universal Service Fund was as robust as it used to be. I wish I could say that the FCC listened to the concerns of this Committee and was actively making changes. Unfortunately, the issues we discussed over a year ago are still a problem, and we also have all new problems stemming from these FCC reforms.

While this statement may be news to some in Congress, to many in the rural telecommunications industry, it is not only obvious, but was foreseen prior to the initial hearing one year ago. During that hearing, Mr. Geoffrey Blackwell, Chief of the Office of Native Affairs and Policy (ONAP), assured Congress that the Commission was "working with" small companies to correct and assuage various data flaws, debt service concerns, and a host of other issues related to the Order. Over the course of the following year, the FCC was quick to recite the same coverall—"We're aware of X and continue to work/meet with Y," etc., etc.

The exception to this rule of vapid rhetoric perhaps came in the recent follow-up hearing, to which the FCC declined an invitation to testify. Naturally, this begs the question: Are they no longer working with us?

Ironically, though, the FCC's "work" has wrought havoc on the industry, while "working with us" has produced no discernible change. It goes without saying that the rural industry would have been better off without all of this "help" foisted upon the industry in the 2011 Transformation Order. All one need do is look back to lender data from the Rural Utilities Service and private banks to confirm that rural broadband investment has almost ground to a halt as a result of the Transformation Order.

In the interim, however, the FCC's blatant disregard of industry input and studied attempts to ignore relevant data suggests a surprising lack of accountability. However, the FCC's refusal to face these well demonstrated facts and our nation's elected officials have real world consequences. Companies that have played by the rules and invested in good faith are facing confiscatory circumstances in which cost recovery is being rescinded on an *ex post facto* basis.

This Congress must ask itself the same question posed by the progenitors of the universal service concept: are all Americans indeed worth serving? If the answer is still "yes," and if broadband technology is as important to today's Americans as telecommunications were to yesterday's, then it is time for our elected officials to put *our* money where our mouths are, and back into the rural territories which have long been our national breadbasket.

In closing, and against this background, we anticipate working further with the Subcommittee and its members toward more accountability and transparency from the agency.

Respectfully submitted,

**THE SMALL COMPANY COALITION**

By:   
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