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## **Nation's utility consumer advocates: Consumers need a break on universal service charges**

**WASHINGTON – June 9, 2009** – Struggling with a national recession, consumers should not have to pay a proposed record-high assessment on the interstate portions of their telephone bills. Consumers need a break, the National Association of State Utility Consumer Advocates (NASUCA) told the Federal Communications Commission (FCC) today.

NASUCA filed its comments with the FCC in response to a projection that the contribution level for the Universal Service Fund will be 12.9 percent, the highest in history, for the third quarter of 2009. Every customer with a cellular and/or traditional home telephone line pays into the fund.

The contribution factor is an assessment on a customer's interstate and international portions of their telephone bills. Under FCC decisions, interstate portions to which the assessment is applied include 35 percent of cellular charges, 100 percent of interstate long-distance home telephone charges, and 100 percent of the subscriber line charge on local home telephone bills.

“With high unemployment levels, foreclosures across the nation and everyone's household budgets being stretched thin, we call on the FCC to reduce the proposed hike in the Universal Service Fund's contribution level,” said David Springe, consumer counsel for the State of Kansas and president of NASUCA. “The goals of the universal service fund are extremely important, but to demand that consumers pay the highest contribution level in history is to hurt the very customers we are trying to help.”

The projection – by the Universal Service Administrative Company (USAC) – will go into effect unless it is modified by the FCC by July 1.

NASUCA pointed out there are sources of revenue to consider beyond hitting consumers with higher fees. For example, according to USAC, it has \$1 billion in unused money for a schools and libraries fund. And based on the USAC 2008 Annual Report, there was a total of approximately \$5.726 billion in assets held for the Universal Service Fund as of Dec. 31, 2007. NASUCA believes that amount likely has grown since the end of 2007.

NASUCA calculated that \$651.3 million would reduce the projected 12.9 percent contribution factor to 12.3 percent; it would take \$1.35 billion to reduce the factor to 11.8 percent; \$1.95 billion to reduce the factor to 11.4 percent (the highest contribution factor to-date); and \$2.11 billion to maintain the factor at the current level of 11.3 percent. Any of those amounts could be covered by the fund's current assets, thus eliminating the need to increase the contribution.

The Universal Service Fund is administered by USAC under FCC oversight. For many years, federal universal support mechanisms have helped make telephone service affordable for low-income consumers and consumers who live in rural areas where the cost of providing service is high. Congress mandated in the Telecommunications Act of 1996 that universal service mechanisms also should include support for schools, libraries and rural health care providers.

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***About the National Association of State Utility Consumer Advocates (NASUCA)***

NASUCA is a non-profit, national organization of more than 40 state offices designated to represent consumers in state and federal utility proceedings. NASUCA regularly participates in proceedings before the FCC and other federal regulatory agencies.