

**Testimony of Tim Morstad**  
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**AARP Texas**  
**Business and Commerce Committee Hearing**  
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*Analyze the impact and viability of the Texas Universal Service Fund and Provider of Last Resort requirements; Make recommendations to ensure adequate and affordable access for consumers*

- *AARP maintains that COLR obligations continue to be relevant in many Texas communities:* Based on the information that PUC Executive Director Brian Lloyd presented on August 14, 2012, as of then, there were 273 Texas exchanges (out of a total of 583) that were still regulated and so where COLR obligations apply.
  - *Rural exchanges likely have the fewest alternatives and the least reliable wireless service:* These exchanges likely are rural ones, where there are few or inferior alternatives (spotty wireless service, perhaps the cable company has not yet offered service, it is unlikely that other competitors have entered these markets) and so these are communities where consumers particularly rely on basic landline service to reach essential public safety and other services. Unlike their urban/suburban counterparts, homes and businesses would have even fewer alternatives for reliable affordable phone service.
  - *The premature elimination of COLR could eliminate an affordable way for consumers in rural communities to have broadband wireline access to the Internet:* If carriers' COLR obligations are eliminated prematurely, the copper network may be in jeopardy, which, in turn, could mean that rural consumers' options to subscribe to digital subscriber line (DSL) service could be in jeopardy. Instead, carriers' wireless affiliates may offer wireless broadband access to the Internet, but this option is much more costly for consumers because it is "metered" meaning that consumers pay monthly bills based on how much they use their access to the Internet. Particularly if cable companies do not yet offer broadband access to the Internet, rural communities would be harmed by the potential loss of DSL because, unlike their suburban and urban counterparts, they would not have a landline option. This would harm households and businesses/economic development in rural areas.
  - *There is significant uncertainty at the federal level.* The FCC's "Connect America Fund" programs (intended to encourage broadband deployment throughout the country) are new and it is too soon to tell how these programs will

affect communities, and how they will affect the achievement of the goals of SB 980. This is a time of great uncertainty because the FCC has only just begun to implement its ambitious “Connect America Fund.” The FCC’s Order, which is hundreds of pages long, includes many complex components relating to “intercarrier compensation,” reform of the existing universal service support for voice service (the “high cost fund”), and encouraging broadband deployment in unserved areas (wireline and wireless).

- *Texas should protect the goals of universal voice service (and ensure that it remains reliable and affordable) even as it pursues broadband deployment.*
- *Before making further changes to the telecom statute with respect to TUSF and COLR the State Legislature and the Public Utility Commission should first assess the impact of deregulation and elimination of COLR obligations across exchanges.*