



John Sisemore  
AT&T Services, Inc.  
162 Roseheart  
San Antonio, TX 78259

T: (210) 545-3519  
M: (214) 202-5076  
john.sisemore@att.com

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Commissioner Paul Kjellander  
Commissioner Kristine Raper  
Commissioner Eric Anderson  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83720-0074  
Email: [secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

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IDAHO PUBLIC  
UTILITIES COMMISSION

RE: Case No. GNR-T-17-05, Public Workshops re Idaho Universal Service Fund, Order No. 33951

Dear Commissioners:

On behalf of the certificated AT&T Companies in Idaho, together with AT&T wireless providers, including AT&T Corp., SBC Long Distance, LLC, Teleport Communications America, LLC, New Cingular Wireless PCS, LLC, d/b/a AT&T Mobility, and Cricket Wireless, LLC (collectively, "AT&T" or the "AT&T Companies"), we respectfully submit this letter in response to the Idaho Public Utilities Commission ("Commission") request for position papers addressing the ongoing viability of the Idaho Universal Service Fund ("IUSF"), potential solutions and outcomes, and other issues outlined in the Commission's Notice of Public Workshops and Order No. 33951 dated December 21, 2017.

As an initial matter, AT&T appreciates Staff's acknowledgment of its jurisdictional limitations at the January 17, 2018 workshop and that legislative action is likely necessary for any significant reform of the IUSF.

While AT&T neither supports nor opposes a retirement of the IUSF, should the IUSF be reformed, the first task is to specify measurable objectives of the IUSF, then to identify the smallest IUSF needed to achieve these objectives, recognizing that the IUSF imposes burdens on contributing providers, and ultimately their customers. The IUSF should be designed to account for, and to avoid duplicating, any federal USF funding and support mechanisms, as well as Idaho recipients' other revenues. If the state intends to continue to assess telecommunications customers to fund the IUSF, it should calculate the assessment rate necessary to support the IUSF's funding goals. However, the legislature may consider supporting the IUSF through the general fund, which would provide a broader, and therefore more stable and competitively neutral, base that is less burdensome on current consumers of

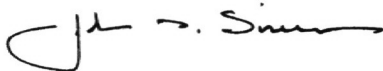
telecommunications and that is more equitably spread across all consumers that benefit from having a more robust broadband ecosystem.

Any legislative effort made to reform the IUSF should be aligned with the federal USF scheme, accounting for the parameters set by 47 USC § 254(f), which prohibits states from adopting USF funding mechanisms that “rely on or burden” federal USF support mechanisms, and for related FCC orders and judicial decisions that also address state USFs and their support mechanisms. Any attempt to reform the IUSF should also aim to minimize administrative burdens on contributing providers and recipients.

Finally, if there is some legislative action that contemplates a larger fund with a broader base and distribution, AT&T recommends establishing a cap and a sunset for the IUSF. Because Idaho’s consumers ultimately bear the costs of funding the IUSF, the objectives of the IUSF should be clearly articulated, and the state’s progress in achieving those objectives should be regularly monitored. A sunset date for the fund should be specified to ensure that the continuing need for support is periodically evaluated; and every carrier receiving support should be required to demonstrate a need for that support. Moreover, to the extent carriers receive federal funding, laws and rules should be promulgated that guarantee the efficient use of IUSF funds that do not duplicate distribution of federal funds. If the Idaho legislature pursues IUSF reform, we recommend that Idaho account for the federal support received currently and in the future by Idaho carriers when determining the appropriate size of the IUSF.

AT&T appreciates the opportunity to offer comment on this issue. We are committed to delivering high-quality communications services to the people of the State of Idaho, both rural and non-rural alike, and look forward to participating in the February 28, 2018 workshop for further discussion.

Sincerely,



John D. Sisemore  
Director - Regulatory

cc: Carolee Hall, ID PUC (via email)  
Margaret M. Thomson, Esq., AT&T (via email)  
Tara N. Thue, AT&T (via email)