



2135 South Ammon Road, Ammon, Idaho 83406

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IDAHO PUBLIC  
UTILITIES COMMISSION

Wednesday, January 31, 2018

Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720-0074

RE: Case #GNR-T-17-05, Order # 33951 Position Paper

Dear IPUC Commissioners and Staff,

The unsustainable state of the Idaho Universal Service Fund (IUSF) substantiates the need to develop a new model that addresses the changes affecting the current model.

Unexpected technology improvements are affecting the IUSF by enabling service competition in a traditionally monopolistic model. These competing services often make use of the same underlying infrastructure as the regulated service, providing adequate equal functionality to the consumer for a lesser cost. Increasing the contributors to the IUSF pool to include these new technology providers like VoIP and wireless will not halt service evolution or the established trend of repurposing infrastructure formerly dedicated to an analog service to data.

Additionally, introducing new contributors to the pool will likely create increased complexity as pressure to provide parity between fund 'contributors' and fund 'recipients' evolves. All of the foregoing demonstrates the need to unbundle services from infrastructure, as the 'essential service' provided today is the infrastructure, not any specific service. This is especially true with the rapid evolution of services and functionality happening across our communications infrastructure today.

The fact that disruptive technologies such as VoIP and mobile wireless services have been built on top of infrastructure constructed and supported with public contributions by means of the universal service fund must be recognized. Unbundling the services from the infrastructure has occurred technically and economically, but has not been reflected in universal service support. Therefore, a new model is required. The new model should include infrastructure cost recovery, while at the same time unbundling services from the supported infrastructure. This would have the effect of opening up the services, not the infrastructure, to competition for the benefit of the infrastructure owner and the public contributors supporting the infrastructure.

These realities suggest that the State recognize Broadband as an essential service, and require utility treatment for the high cost wireline infrastructure. Failure to treat the infrastructure as the regulated utility and continuing to tie cost recovery to either the service or operations will tie universal support benefits to that regulated service's market. This will have the already-observed effect of encouraging disruption as technology becomes motivated to



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deliver the same functionality outside of the regulated service, and will entice an artificial consumer shift to avoid the fees necessary to support wireline ubiquity. Any such model will prove unsustainable in the face of technology advancement.

Finally, we believe that the State should include a broad and diverse set of stakeholders in the development of this new model, which also needs to include logical migration paths for infrastructure owners to systematically transition from the current model to this new model as desired.

The City of Ammon has a vested interest in seeing that smart solutions are implemented to resolve the issues facing the IUSF. We would appreciate an opportunity to participate in the development of these solutions.

Sincerely,

A handwritten signature in black ink that reads "Sean Coletti". The signature is fluid and cursive, with a large loop at the end of the last name.

Sean Coletti  
Mayor, City of Ammon

A handwritten signature in blue ink that reads "Bruce Patterson". The signature is cursive and somewhat stylized, with a long horizontal stroke at the end.

Bruce Patterson  
Technology Director, City of Ammon