

For Immediate Release

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October 17, 2017

PSC Approves \$100 million for rural broadband investment in Montana

Helena, Mont. – The Montana Public Service Commission voted unanimously today to certify 20 companies and affiliates as eligible telecommunication carriers (ETCs), securing over \$100 million in federal funds to support the build out of broadband and voice networks in high cost areas across Montana.

“I’m pleased to see the ongoing commitment from these companies to expanding broadband access in our rural communities,” said Chairman Brad Johnson, R-East Helena. “Montana continues to lead the nation in the number of people who telecommute to work in part due to the widespread connectivity made possible by their hard work and dedication.”

The funds that each ETC is eligible to receive come from the Federal Communications Commission’s Universal Service Fund to improve communication infrastructure in unserved and underserved areas across the country.

The FCC’s Universal Service Fund includes four components: Connect America Fund, Low Income Assistance (Lifeline), E-Rate (schools and libraries), and Rural Healthcare, totaling approximately \$100 million available for broadband investment in Montana over the next year to the 20 certified ETCs.

All 20 ETC applicants met the requirements to receive universal service funding set by the Federal Communications Commission and the Montana Public Service Commission.

Commissioner Bob Lake, R-Hamilton, said the funding is essential to provide broadband service in areas where it would otherwise be cost prohibitive.

“We’re talking about geographies where the cost to build out fiber networks vastly exceeds the revenue a company could ever hope to receive from customers,” he said. “Ratepayers put money into this fund every month through a charge on their phone bill and without this support it simply wouldn’t be feasible for most carriers to make the investment needed to serve our rural communities.”

From 1998-2016 carriers in Montana received approximately \$1.5 billion in Universal Service Fund support. In contrast, Montanans contributed just over \$220 million to the fund over that same period.

The money is collected through an assessment on inter-state and inter-nation end-user revenues of telecommunication providers. Examples of entities that pay the fee are telecommunication carriers, including wireline and wireless companies, and interconnected Voice over Internet Protocol (VoIP) providers, including cable companies that provide voice service.

Carriers who accept the high-cost support resources from the Universal Service Fund are required to invest those resources in networks capable of both broadband and voice service in unserved and underserved parts of the state, primarily rural areas. In addition to fiber infrastructure, the USF funds are also used to improve cellular and traditional phone line services in underserved parts of Montana.

In a subsequent action, the Commission voted unanimously to initiate a process to review the PSC's role in the ETC re-certification process and associated Universal Service Programs. The Commission's review will examine whether or not the PSC should recommend changes to the program at the state and federal level, as well as the possibility of implementing additional state reporting requirements, or performance standards to monitor how the money is spent.

Speaking to his motion to open a docket on the matter, Commissioner Koopman, R-Bozeman, said he hopes the Commission's inquiry will focus on what he called the "negative consequences of federal support, versus relying on free market solutions."

"Like all federal subsidies, Universal Service Funds crowd out private investment, stifle innovation, and transfer wealth from one group of citizens to another," he said. "It's time for the Commission to examine the unintended consequences of Montana's continued reliance on this program, and whether or not those long-term, hidden costs outweigh the short-term, perceived benefits."

Attached is a list of ETCs certified for 2018.

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Made up of five elected commissioners, the PSC works to ensure that Montanans receive safe and reliable service from regulated public utilities while paying reasonable rates. Utilities regulated by the PSC generally include private investor-owned natural gas, electric, telephone, water, and sewer companies. In addition, the PSC regulates certain motor carriers, and oversees natural gas pipeline safety and intrastate railroad safety.