

THE MONTANA PUBLIC SERVICE COMMISSION AND BROADBAND

What is Broadband (Mbps is the abbreviation for Megabits per Second)?

- FCC-2010 Broadband Availability Report 4 Mbps down and 1 Mbps Up
- FCC -2011 USF/ICC Transformation Order 4 Mbps down and 1 Mbps Up
- FCC – 2014 Seventh Order on Reconsideration 10 Mbps down and 1 Mbps up
- FCC – 2015 Broadband Availability Report 25 Mbps down and 3 Mbps up
- European Union “Basic Broadband” < 30 Mbps down
- European Union “Fast Broadband” > 30 Mbps down but < 100 Mbps down

What is the Role of the Montana Public Service Commission (PSC) regarding Broadband in Montana?

The PSC has no jurisdiction over Broadband. Until February 26, 2015, Internet or Broadband service was classified as an information service under Title I of the 1934 Communications Act and states had no jurisdiction. On February 26, 2015, the FCC voted to reclassify internet service under Title II and treat internet service providers (ISPs) as telecommunications common carriers. However, that reclassification does not give states any authority over ISPs.

The role of the PSC regarding Broadband is that the PSC serves as the “gatekeeper” as to which Montana telecommunications companies have access to the Federal Universal Service Fund which, among other things provides funding for voice and broadband services in rural and high-cost areas.

The **Universal Service Fund (USF)** is a system of telecommunications subsidies and fees managed by the United States Federal Communications Commission (FCC) intended to promote universal access to telecommunications services in the United States. The FCC established the fund in 1997 in compliance with the Telecommunications Act of 1996. The fund reported a total of \$8.33 billion in disbursements in 2013 divided among its four programs. The fund is supported by charging telecommunications companies a fee which is set quarterly. As of the second quarter of 2015, the rate is 17.4% of a telecom company's interstate end-user revenues.

- Connect America Fund (formally known as High-Cost Support) for high cost and rural areas
- Lifeline (for low-income consumers), including initiatives to expand phone service for residents of Tribal lands
- Schools and Libraries (E-rate)
- Rural Health Care

In order for a telecommunications carrier to receive funding from any of the four USC programs, they must be designated as an Eligible Telecommunications Carriers (ETC). The FCC has

Montana Economic Affairs Interim Committee
August 31, 2015

delegated to state Commissions, such as the PSC, the obligation to annually certify ETCs by October 1, for USF support for the following calendar year. ETCs are subject to certain FCC requirements which must be met before the PSC certifies them for annual support. Montana currently has twenty-six ETCs certified by the PSC.

In 2013 Montana ETCs received \$2.1 million in Low-Income Support, \$5.1 million in Schools and Libraries Support, \$1.0 million in Rural Care Support, and \$87.8 million in High-Cost Support for a total of \$95.9 million in total USF support. In 2014 High Cost Support increased to \$89.6 Million. The table on the last page of this document shows High-Support received by each ETC and Montana in total for the years 2003-2014.

Originally, High-Cost Support was to be used to deploy and support voice grade networks and advanced services. In November 2011 the FCC changed the required use of the support to deploy, maintain, and operate networks capable of both voice and broadband. The current standard set by the FCC for supported broadband is 10 Mbps down and 1 Mbps up.

Gary Duncan
PSC Telecommunications Staff
406-444-6189
gduncan@mt.gov

Montana Economic Affairs Interim Committee
August 31, 2015

Montana Total High Cost Support Payments by Study Area (\$Millions)													
USAC Disbursement Reports													
													11 Year
	<u>Incumbent Local Exchange Carriers</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
1	Blackfoot Telephone Cooperative, Inc.	4.9	4.8	4.8	5.1	5.0	4.4	4.7	4.4	3.9	4.1	4.4	50.5
2	Hot Springs Tel. Company	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.6	6.7
3	Interbel Telephone Cooperative	3.1	3.1	3.2	3.1	2.9	2.8	2.9	2.8	3.3	3.7	3.7	34.6
4	Lincoln Telephone Company	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	4.3
5	Mid-Rivers Telephone Cooperative	6.2	6.0	5.7	5.3	5.2	5.2	4.7	4.3	2.8	3.1	2.4	50.9
6	Nemont Telephone Cooperative	4.3	4.3	3.9	3.6	4.9	5.8	6.5	5.7	7.1	9.1	8.9	64.1
7	Northern Telephone Cooperative	1.5	1.5	1.7	1.9	1.9	1.7	1.4	1.6	1.3	1.4	1.5	17.4
8	CenturyTel	2.2	4.7	3.4	4.1	4.2	4.1	2.6	3.3	3.3	3.3	3.2	38.4
9	Project Telephone Company	3.5	3.5	3.3	3.4	3.3	3.2	3.2	3.7	3.9	3.7	4.3	39.0
10	Range Telephone Cooperative	1.9	1.8	1.6	1.4	1.6	1.5	1.7	1.7	1.5	1.7	1.6	18.0
11	Ronan Telephone Company	0.6	0.6	0.7	0.6	0.6	0.6	0.5	0.4	0.5	0.6	0.6	6.3
12	Southern Montana Telephone Company	0.8	0.8	0.9	0.9	1.2	1.5	1.8	2.7	3.2	3.0	3.0	19.8
13	3-Rivers Telephone Cooperative, Inc.	8.4	7.1	6.5	6.5	5.8	7.6	11.5	12.9	8.5	8.3	10.8	93.9
14	Triangle Telephone Cooperative	3.6	4.1	4.3	4.1	4.9	5.3	6.2	8.4	10.5	12.4	12.7	76.5
15	Blackfoot Telephone (Clark Fork)	6.1	5.1	4.7	3.8	4.2	3.7	3.8	3.7	2.9	2.6	2.7	43.3
16	Central Montana Communications	3.8	4.0	4.3	4.9	5.0	6.0	6.6	8.1	7.9	9.1	9.9	69.6
17	Citizens Telephone Company	1.7	1.5	1.3	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.8	11.2
18	<u>Qwest Corporation</u>	<u>17.4</u>	<u>16.9</u>	<u>16.5</u>	<u>14.8</u>	<u>13.7</u>	<u>12.8</u>	<u>11.3</u>	<u>9.8</u>	<u>11.9</u>	<u>10.0</u>	<u>9.8</u>	<u>144.9</u>
	Total ILEC	70.9	70.7	67.8	65.6	66.4	68.0	71.2	75.4	74.3	77.8	81.3	789.4
	<u>Competitive Local Exchange Carriers</u>												
1	Mid-Rivers CETC	1.1	1.2	1.3	1.3	1.2	0.9	0.9	0.9	0.8	0.6	0.4	10.6
2	3-Rivers CETC	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.2	1.5
3	Alltel Wireless CETC (now AT&T)	0.0	2.6	6.9	4.5	3.9	2.9	1.4	-0.4	0.0	0.0	0.0	21.8
4	Cable & Communications Wireless CETC	0.0	0.1	1.0	1.1	1.0	0.8	0.8	1.0	0.8	0.6	0.5	7.7
5	Sagebrush Cellular CETC	0.0	0.0	2.0	4.4	4.8	4.0	6.9	6.4	6.2	5.7	3.0	43.4
6	Range CETC	0.0	0.0	0.2	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.7	2.2
7	Triangle Communications Systems	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.8
8	Comnet Wireless	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9
9	Western Wireless	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
10	iSmart Mobile dba Bik Sky Mobile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	<u>MTPCS dba Chinook/CellularOne</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1.7</u>	<u>2.9</u>	<u>4.1</u>	<u>4.8</u>	<u>3.9</u>	<u>2.9</u>	<u>1.4</u>	<u>21.7</u>
	Total CETC	1.2	4.1	11.6	11.8	13.0	11.8	14.4	13.0	11.9	9.9	8.3	111.0
	<u>Total Montana High Cost Support</u>	<u>72.1</u>	<u>74.8</u>	<u>79.4</u>	<u>77.4</u>	<u>79.4</u>	<u>79.8</u>	<u>85.6</u>	<u>88.4</u>	<u>86.2</u>	<u>87.7</u>	<u>89.6</u>	<u>900.4</u>

Montana Economic Affairs Interim Committee
August 31, 2015

Montana Economic Affairs Interim Committee
August 31, 2015