

October 15, 2019

FCC Commissioners
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

RE: August 7, 2014, FCC Referral to the Joint Board on Universal Service Relating to USF Contribution Methodology

Dear FCC Commissioners:

In 2014 the Commission, recognizing an ever-increasing USF contribution factor on consumers' telephone bills, wisely referred the question of reforming the USF contribution methodology to the federal-state Joint Board on Universal Service.

Through 2016 the Joint Board worked diligently and collaboratively on this referral by evaluating numerous scenarios for a revised contribution methodology. Other than a meeting in the summer of 2017 with Commissioner O'Reilly to share thoughts on how to proceed, no progress was made in 2017 toward forming a recommendation.

This lack of progress in 2017 was frustrating to the State Members of the Joint Board. We have taken this referral seriously and are committed to seeing reform of the contribution methodology. Given the extent of analysis conducted by Joint Board members and staff and the desire to jump start the Joint Board process, the State Members of the Joint Board submitted our proposed contribution methodology recommendation to our federal colleagues on January 30, 2018. No response was received from our federal colleagues to this proposal nor was any further work done on the referral in 2018.

In February of 2019 the State Members met with our federal colleagues for the first time since the summer of 2017. Commissioner O'Reilly made it clear that he would not consider the State Member recommendation. We discussed other options to research and agreed to meet again to evaluate those options in July of 2019. Unfortunately, that meeting did not occur and the State Members have not received any communication from our federal colleagues since the meeting in February.

After five years of work on this issue the State Members believe we have completed our obligation under the 2014 referral. We see nothing productive coming from prolonging the silence between the State Members and our federal colleagues. The attached recommendation (the same that was provided to our federal colleagues in January 2018) is our final product.

The USF fee percentage at the time of the 2014 referral was 15.7%. Today it is 25%. That continued increase is unsustainable and patently unfair to telephone subscribers. We encourage the FCC to move forward with the State Member recommendation.

To be clear, we still strongly believe in the value of the Joint Board process. We believe that the best decisions can be made through thorough give and take discussions between state and federal

commissioners who respect each other and each other's points of view. We look forward to a time when that process can once again be vigorous, vibrant, and productive.

This communication is signed by the three remaining members of the Joint Board. The attached recommendation was also supported by former State Members Elin Katz and Gregg Sayre, who have moved on to other positions.

Sincerely,



Chris Nelson
South Dakota Public Utilities Commission



Sally Talberg
Michigan Public Service Commission

(Signature Authorized)

Steve Bloom
Oregon Public Utilities Commission

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