

### **Carrier of Last Resort (COLR)**

- Derived from traditional common carrier principles
- Company granted exclusive franchise, but must serve everybody at just and reasonable prices
- In the communications sector, applies to telephone (voice) service
- Explicit, implicit, limited, or nonexistent; varies by state and impacted by competition and broadband availability

### **COLRs in Vermont**

- **9** incumbent local exchange carriers (ILECs) – legacy providers delivering plain old telephone service (POTS)
- Required to provide voice service to newly constructed homes
- Construction and service subsidies are available (see below)
- Operate in distinct service territories covering the whole State
  - **1** regional bell operating company (RBOC) – basic local exchange service is price-capped, otherwise have flexibility under an incentive regulation plan (IRP)
  - **8** independent telephone companies – not price regulated; only service quality
- Need PUC approval to withdraw from serving customers
- Must be designated an eligible telecommunications carrier (ETC) by PUC to receive federal funding (214), such as:
  - Offer services supported by federal universal service support mechanisms
  - Advertise the availability and costs of its services
  - The designation must be consistent with the public interest, convenience, and necessity

### **Federal Construction Subsidies**

- Administered by the Universal Service Administrative Co. (USAC) under contract with the FCC
- High-Cost Program (including Connect America Fund, Rural Digital Opportunity Fund, 5G Fund)
  - Designed to ensure that consumers in rural, insular, and high-cost areas have access to modern communications networks capable of providing voice and broadband service, both fixed and mobile, at rates that are reasonably comparable to those in urban areas
  - The program fulfills this universal service goal by allowing eligible carriers who serve these areas to recover some of their costs from the federal Universal Service Fund

### **Vermont Construction Subsidies**

- High-Cost Program – Established in 1994, but currently does not receive VUSF funding

### **Federal Service Subsidies for Low-Income Households**

- Federal Lifeline Program
- \$9.25/month for voice and broadband

### **State Service Subsidies for Low-Income Households**

- VT Lifeline Program - \$4.25/month, voice-only supplement to federal Lifeline

*Note – Not all COLRs or ETCs are incumbent, legacy telephone providers*