

TC-1 Resolution to Ensure that Recipients of Universal Service Fund Support Continue to Be Held to a High Standard and to Prevent Waste, Fraud, and Abuse

Whereas on June 11, 2020, North Carolina Congressman G. K. Butterfield introduced H.R. 7160, which would eliminate the statutory requirement that a recipient of Universal Service Fund (“USF”) support for the provision of broadband service must be designated as an Eligible Telecommunications Carrier (“ETC”) in order to receive such funding;

Whereas on June 24, 2020, House Majority Whip James E. Clyburn introduced H.R. 7302, the Accessible, Affordable Internet for All Act, which seeks to establish a \$100 billion investment into broadband infrastructure for unserved and underserved communities and to ensure that the resulting internet service is affordable:

Whereas H.R. 7302 contains provisions which allow for providers to receive USF support without being designated ETCs in order to receive such funding;

Whereas a Federal Communications Commissioner has made misleading remarks about the role of State Public Utility Commissions in designating and overseeing ETCs in connection with his advocacy to eliminate the ETC designation requirement;

Whereas since 1996 the Federal Communications Commission (“FCC”) and State Public Utility Commissions, by Congressional design, have partnered in administering USF programs, including designating and monitoring ETCs;

Whereas States have a critical interest in assuring that all households and businesses gain access to affordable, reliable broadband and consequently a critical interest in ensuring compliance with program requirements and rooting out waste, fraud, and abuse in USF-supported projects to build out broadband networks;

Whereas States have played and continue to play an essential role in identifying waste, fraud, and abuse in USF programs, through their oversight of ETCs and general jurisdiction over telecommunications service, as the FCC has acknowledged time and again; *and*

Whereas eliminating the ETC designation requirement for broadband service providers would strip States of their authority to review the fitness and public service bona fides of potential USF support recipients, substituting for that review only a cursory demonstration of creditworthiness, and would hamper States’ ability to ensure compliance with program requirements and to identify and curb waste, fraud, and abuse; *now, therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners (“NARUC”), convened at its 2020 Summer Policy Summit conducted virtually, urges Congress and the FCC to maintain the role of State Public Utility Commissions in the designation of ETCs for all Universal Service Fund programs; *and be it further*

Resolved that NARUC urges the FCC to adopt the position of Chairman Pai, who said in response to a 2016 proposal to eliminate the States’ role in designating ETCs: “We need more cops on the

beat, not fewer. And the state commissions thus far have the best track record. . . . States are still the best cops on the beat;” *and be it further*

Resolved that NARUC urges the FCC to continue to cooperate with the States and acknowledge States’ significant role in closing the digital divide and in all Universal Service Fund programs.

Sponsored by the Committee on Telecommunications

Adopted by the NARUC Board of Directors on July 22, 2020