

DC Update: Dollars and Burdens

Broadband Association of North Dakota (BAND)

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RLEC USF

- **ACAM 1 and 2, and E-ACAM**
 - 2026/2028/2038 Terms
 - Enhanced ACAM-
 - Support adjustments before end of 2025
 - PFR issues – overlap; 20% loss; buildout timing; grant-funded builds
 - ACAM 1& 2 – what next?
- **CAF-BLS and HCLS**
 - Issues
 - Buildout and overlap
 - BCM?
 - What else comes next?

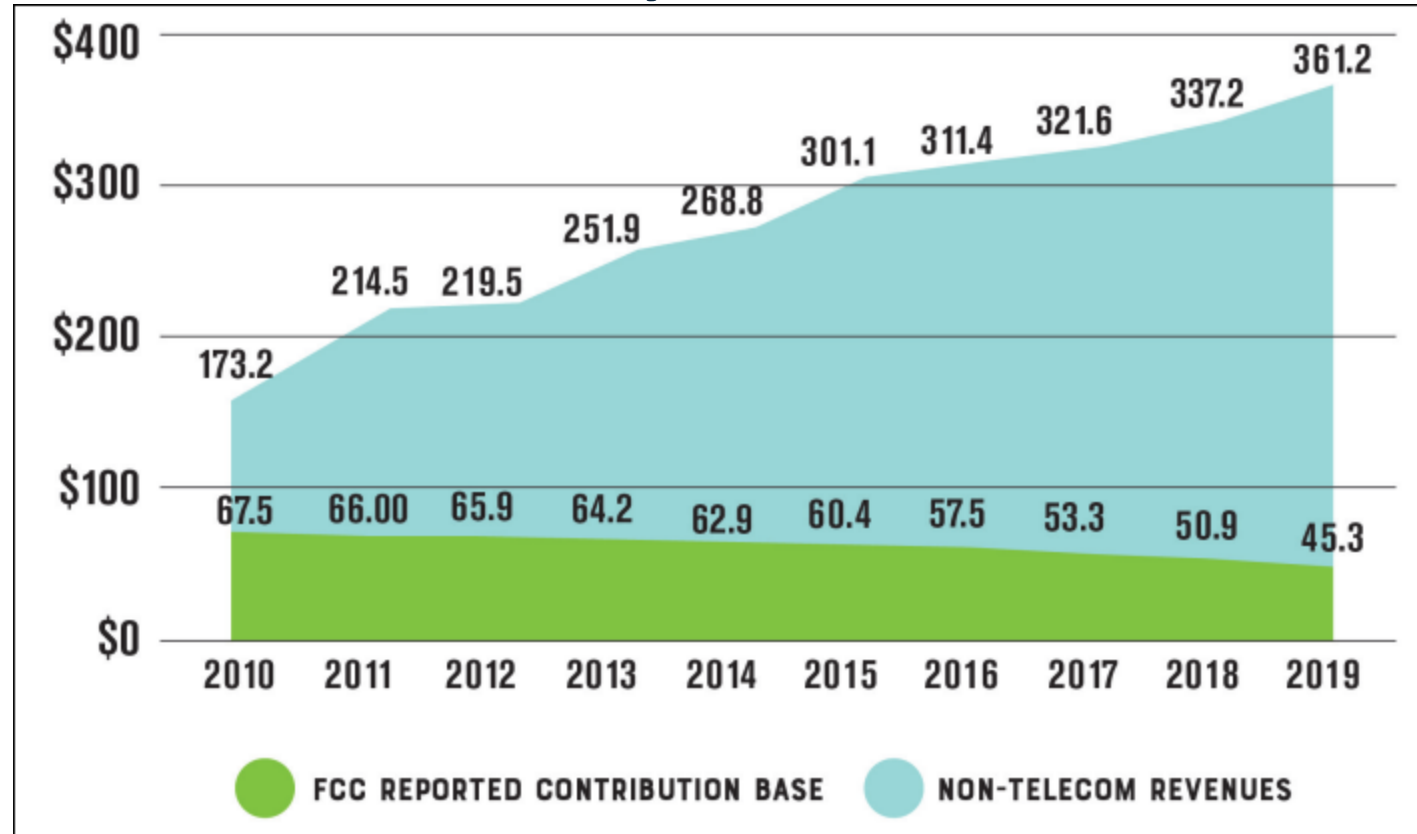


Other USF Distribution Issues

- **“RDOF 2”?? Not going to happen . . . BEAD etc.**
- **Future of USF/NOI**
 - Penalty of Building Too Well
 - Sustainability support? Replacement capital?
 - Model vs actual cost vs something else?
 - Fix likely means embracing a “POLR” concept – *but it could mean welcoming in other ETCs . . .*
- **E-Rate – buses/hotspot, and overbuilding concerns**
- **ACP wind-down – not USF, but a critical piece of the puzzle**



How to Pay for All of this?



Source: USForward Report



How to Pay for All of this?

- **Reform Ideas**

- **Broadband Revenues – USForward Report**

- Funded by NTCA, INCOMPAS, and SHLB Coalition
- Call to Action backed by 340+ organizations
- Found contribution factor could be reduced from ~30% to ~3.5%
- Stable, more equitable, fast, and transparent

- **Broadband Connections – BRG Report**

- Funded by NTCA
- Found no material impact on adoption/retention based upon \$0.80 charge



How to Pay for All of this?

- **Reform Ideas**
 - Telephone Numbers
 - Big Tech
 - FCC Report to Congress
 - Strand Consulting Report – Funded by NTCA, USTelecom, and WTA
 - Legislative Efforts
 - Appropriations
 - ACP as the “Canary in the Coal Mine”



Digital Discrimination

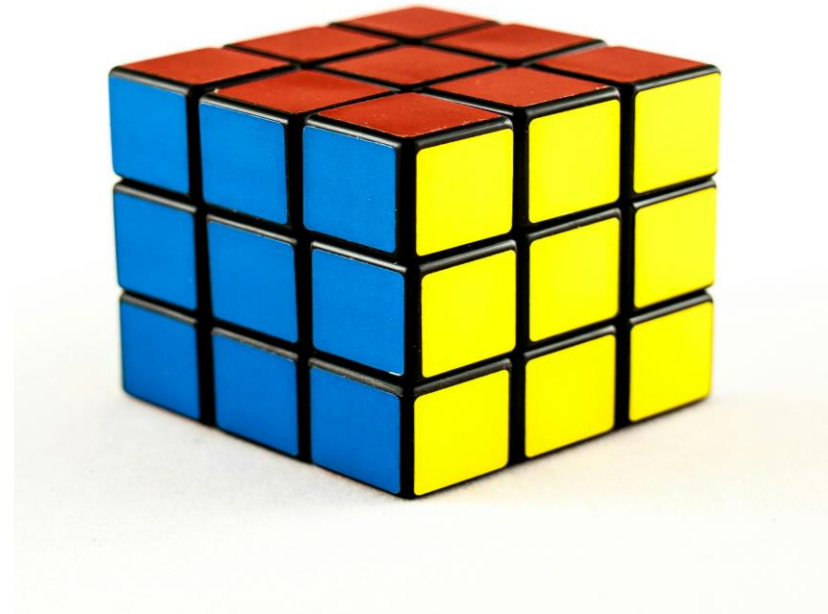
- IJJA directive to prevent and eliminate “digital discrimination of access”
 - Intended to address “policies or practices, not justified by genuine issues of technical or economic feasibility that differentially impact consumers’ access to broadband **based on** their income level, race, ethnicity, color, religion or national origin, or are intended to have such differential impact. ”
 - FCC adopted a discriminatory intent **or** impact standard.
 - Latter means business decision set in motion with any discriminatory intent but nonetheless hinder equal access.
 - Order stresses that companies can still make business/profit-related decisions but they also need to be aware of potential for discriminatory impact and seek to minimize it as much as possible.
 - Compliance with USF buildout obligations is not a “safe harbor” – only shifts the burden to complainant.



Digital Elimination



- Disparate impact standard
- Wide net of covered entities
 - Contractors, MDU owners, municipalities
- Broad scope of corporate practices
 - Credit checks, marketing
- Unclear standards of “feasibility” and “success”



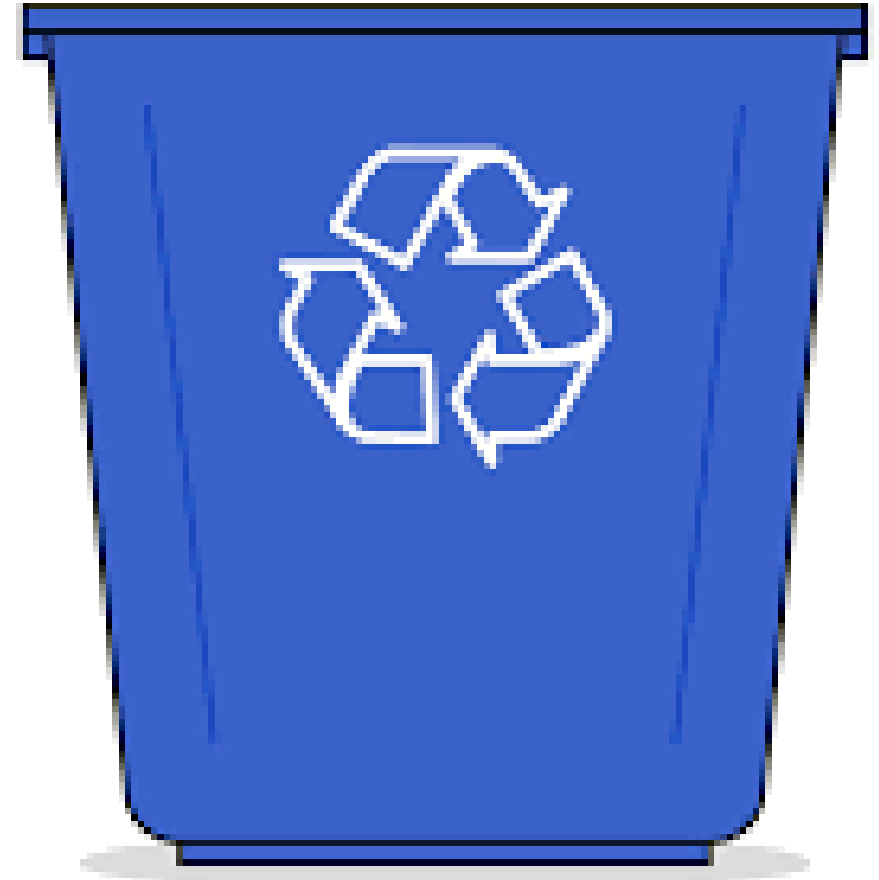


FNPRM

- * Reporting requirements
- * Formal internal compliance and review processes

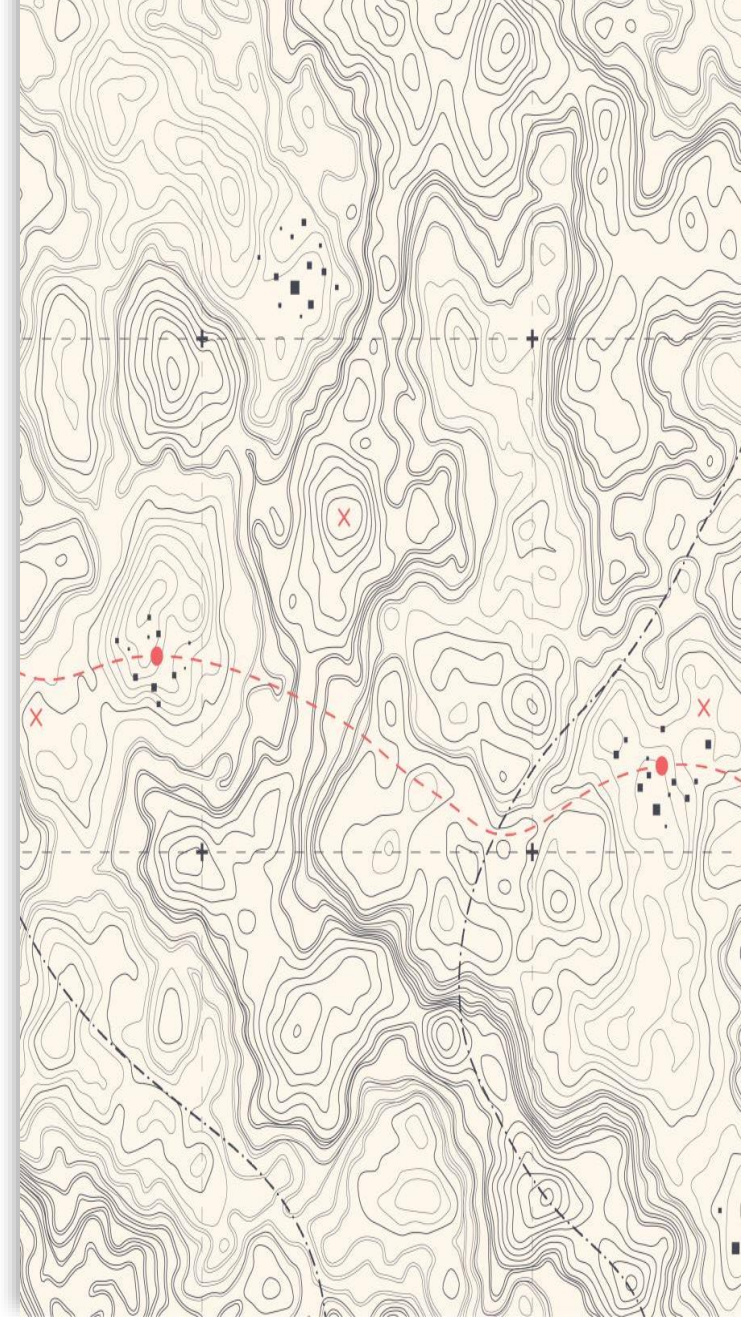
Net neutrality

- FCC's binary view of the internet
- NTCA
 - *The customer facing market is operating and should be left alone*
 - *A regulatory backstop should ensure access to network platforms*
 - *And . . . USF – the FCC ceded its role in contribution reform*



National Broadband Map

- NTCA recommendations to fix problems within the National Broadband Map.
- Such as:
 - 1) Reporting standards on actual performance not just advertisement.
 - 2) Create public “heat maps” highlighting where numerous challenges and crowdsourcing concerns arise.
 - 3) Allow performance data to inform challenges.
 - 4) Allow for consequences for chronic overreporting of coverage.
 - 5) Do not reduce or eliminate funding for an area based upon coverage claims unless, under objective technical standards, the reporting provider can serve EVERY customer in that area.





And now,
here come
the lawyers!!!



USF Court Challenge

- **Judicial Challenges**

- Non-delegation doctrine and “intelligible principles”
- Arguments about special “tax” treatment and USAC role

- **Status**

- 5th, 6th, and 11th circuit decisions
- BUT: 5th circuit rehearing and 11th circuit concurrences
- DC circuit oral argument
- Supreme Court denied “cert”

Digital Discrimination: The appeals

- ~20 parties – telecom, construction, business
- NTCA files amicus brief
 - 60506 - technical deployment issues
 - Rate regulation beyond statute, conflicts with other laws
 - Unreasonable standard for technical, economic infeasibility
- Oral arguments scheduled for September



Net Neutrality: The appeals



- Challenged in seven courts, lottery picks the 6th circuit
- Perceived as good for the industry (though perhaps a less-than-complimentary commentary on larger issues)
- FCC requests transfer to D.C. Circuit, petitioners oppose
- Briefing schedule TBD

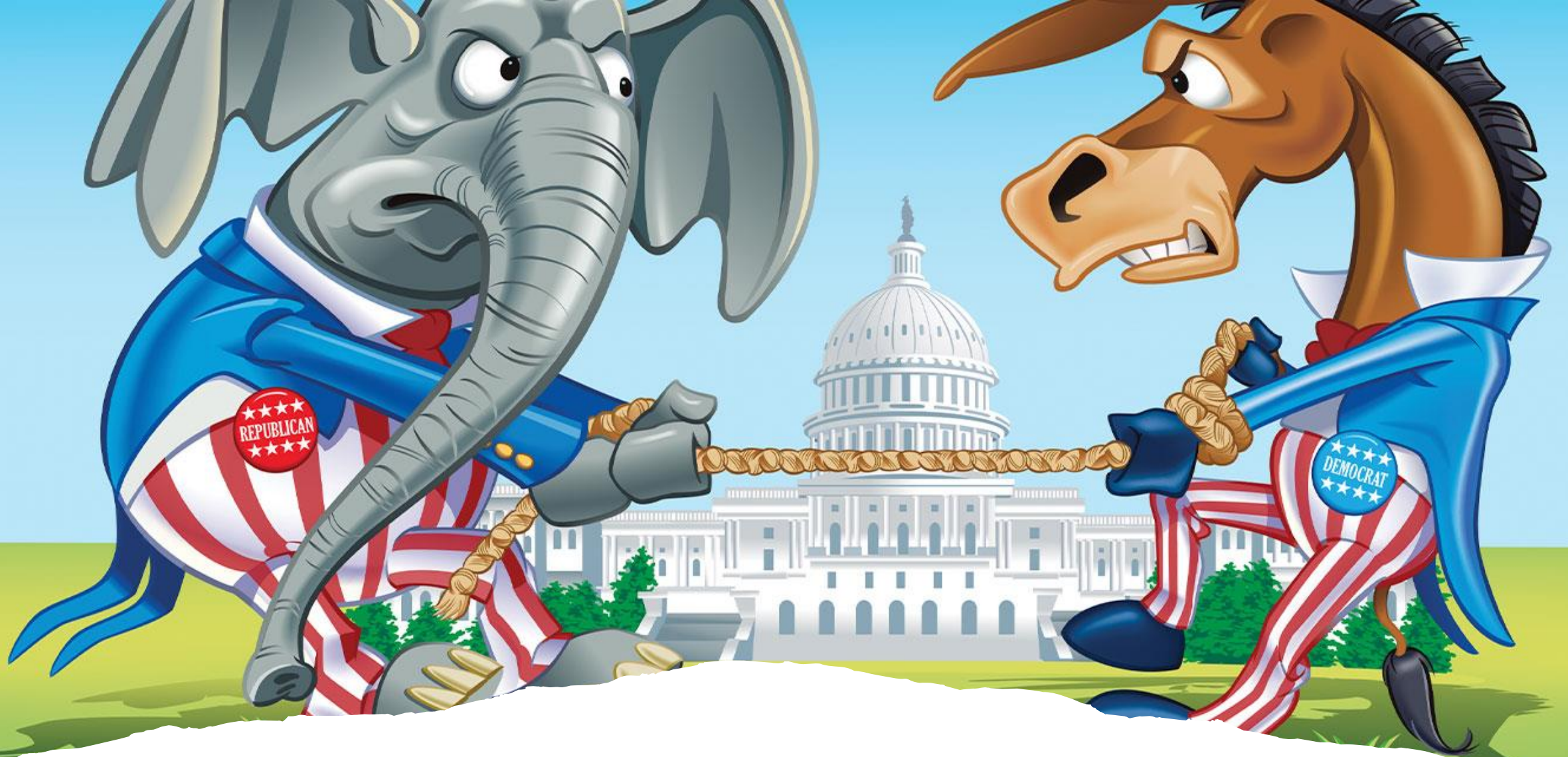


Lopper Bright Enterprises

v.

Raimondo



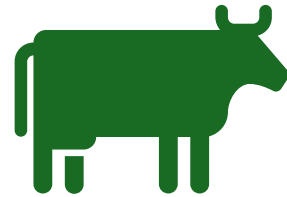


WHAT TO EXPECT IN A DIVIDED CONGRESS?

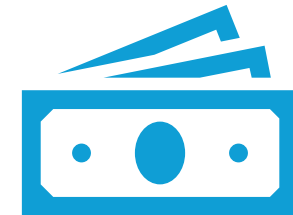
NTCA'S Legislative Priorities



USF Reform



Farm Bill



Taxation of Broadband Grants

Universal Service Contribution Reform

Reforming Broadband Connectivity Act (S. 975 and H.R. 1812)

- Directs the FCC to reform the USF contribution system by including internet service providers
- Introduced by Senators Amy Klobuchar (D-MN) and John Thune (R-SD) and Representative Neguse (D-CO)

Funding Affordable Internet with Reliable (FAIR) Contributions Act (S. 856)

- Directs the FCC to study the feasibility of funding the USF through contributions through edge providers
- Introduced by Senator Wicker (R-MI)

Lowering Broadband for Consumers Act (S. 3321)

- Directs the FCC to reform USF contribution system by including both internet service providers and edge providers
- Introduced by Senator Mullin (R-OK)

NTCA Farm Bill Priorities

Close Coordination

Address Permitting
Delays

Matching Funds

No provider
preference based
on corporate
structure

Taxation of Broadband Grants

Broadband Grant Tax Treatment Act (S.341/H.R889)

- Excludes broadband grants from 21% income tax
- Introduced by Senators Warner (D-VA) and Moran (R-KS) and Representatives Kelly (R-PA) and Panetta (D-CA)

Accelerate Long-Term Investment Growth Now (ALIGN) Act (S.1117/H.R. 2406)

- Permanently extends bonus depreciation
- Introduced by Senator Lankford (R-OK) and Representative Arrington (R-TX)



Other Priorities

Rip and Replace

Supporting full funding for the FCC's Secure and Trusted Communications Networks Reimbursement Program

ACP

Supporting reauthorization and a funding extension

ACCESS Rural America Act

Amends the Exchange Act to grant providers an exemption from certain unreasonable Security and Exchange Commission reporting requirements



CYBERSHARE

A Cyber-Threat information sharing platform for small communications providers to receive and share actionable threat information