

August 10, 2012

VIA E-MAIL (records@utc.wa.gov)

Mr. David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
PO Box 47250
Olympia, WA 98504

Re: Docket No. UT 100562 (Policy Statement to Review State Universal Service Policies)

Dear Mr. Danner,

Please find enclosed comments by CTIA-The Wireless Association® (“CTIA”) on the Discussion Draft submitted in the above-referenced docket.

If you should have any questions, please do not hesitate to contact me at (202) 736-3246.

Sincerely,



Jackie McCarthy
Director of State Regulatory Affairs

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Policy Statement to Review State
Universal Service Policies

Docket UT-100562

COMMENTS OF CTIA-THE WIRELESS ASSOCIATION® ON THE DISCUSSION DRAFT
OF AGENCY REQUEST LEGISLATION SUBMITTED BY THE COMMISSION

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Director of State Regulatory Affairs
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Dated: August 10, 2012

Comments of CTIA-The Wireless Association® on the
Discussion Draft of Agency Request Legislation

Docket No. UT-100562

CTIA-The Wireless Association® (“CTIA”)¹ respectfully submits these comments regarding the draft legislation (the “Discussion Draft”) prepared by the Washington Utilities and Transportation Commission (the “Commission”) to establish a state Universal Service Fund (“USF”). CTIA cautions the Commission to be mindful in recommending the establishment of a state USF which will place an additional charge on Washington wireless consumers, who are already subject to among the nation’s highest tax rates. If the Commission ultimately determines that a state USF is necessary, such a mechanism should be limited so as to minimize the burden on consumers statewide. The Commission should not lose sight of who would fund the Washington USF – other Washingtonians.

In any discussion of USF, it is critical to remember that the purpose of universal service supporting the public network is to benefit the consumer, not the carrier.² The Discussion Draft proposes a state USF through assessments on a broad class of consumers, including wireless consumers, who bear 44% of the current federal USF contribution burden.³

Today, Washington wireless consumers pay a combined state and federal tax rate of 24.55%, which means that Washington has the highest-taxed wireless service in the nation.⁴

Taken together, these taxes and fees impact a growing number of consumers. CTIA

¹ CTIA is an international organization representing the wireless communications industry. Membership in the association includes wireless carriers and their suppliers, as well as providers and manufacturers of wireless data services and products. CTIA advocates on behalf of its members at all levels of government. The association also coordinates the industry’s voluntary best practices and initiatives, and sponsors the leading North American wireless trade shows. CTIA was founded in 1984 and is based in Washington, D.C.

² See *Rural Cellular Ass’n v. FCC*, 588 F.3d 1095, 1103 (D.C. Cir. 2009), quoting *Alenco Comm’s v. FCC*, 201 F.3d 608, 621 (5th Cir. 2000).

³ See Comments of CTIA, FCC Dockets WC 06-122 and GN 09-51 at 6-7 (July 9, 2012), available at: http://files.ctia.org/pdf/filings/120709_CTIA_Contribution_Comments_FINAL_-_816986_1.pdf.

⁴ Forthcoming report by Scott Mackey, KSE Partners LLP, Montpelier, VT. For methodology, see “A Growing Burden: Taxes and Fees on Wireless Service,” in *State Tax Notes*, Vol. 59, No. 7 (Feb. 14, 2011).

respectfully submits that the State should look to reduce wireless consumers' burden from taxes and assessments, and, therefore, the Commission should carefully weigh the benefits of a state USF against the burden of proposing another assessment on wireless carriers for a state USF.

The Discussion Draft proposes a state USF with support limited to “incumbent local exchange carriers serving fewer than two percent of the access lines in the State of Washington”⁵ that meet certain undefined eligibility criteria. The FCC’s ICC/USF Order provides approximately \$2 billion in support for areas served by federal rate of return (“ROR”) carriers, including those targeted for support in the Discussion Draft. Like all carriers, wireless providers face significant changes to USF support mechanisms in light of the FCC ICC/USF Order, including a substantial reduction in high-cost support for mobile deployment in Washington, despite the fact that today’s consumers have shown their marked preference for mobile services.⁶ Ongoing federal support for ROR carriers in Washington is likely to be significant in accomplishing the Commission’s goals of ensuring robust and reasonably-priced service. As such, any state USF must be narrowly tailored to address only compelling consumer needs not being addressed at the federal level.

CTIA looks forward to additional opportunities to address these issues on behalf of its members at the Commission, and thanks the Commission for the opportunity to submit these comments.

⁵Discussion Draft Sec. 3(5).