

## Old Rules Don't Support New Realities

The Colorado Telecommunications Association (CTA) just celebrated its 50th year of service. Many of our members are family owned or cooperatives that have been in existence for more than a half-century. A few have actually been serving their communities for 100 years.

Along with the FCC reforms that we all are dealing with, Colorado rural companies continue to be regulated under outdated telecom laws and monopoly-style regulations. The need for a state high cost fund is under constant review by regulators, legislators and big industry players, while at the same time a \$100 million federal stimulus grant to connect unserved schools and libraries was awarded to a quasi-governmental entity. This has resulted in overbuilding several of our members.

There are significant disparities in the regulation of rural providers, especially in distribution of the state high cost fund. While Colorado has one of the largest high cost funds (\$52.9 million), 92% goes to CenturyLink. It receives funding using a 15-year-old proxy cost model. Viaero, a wireless rural carrier that is completely deregulated, receives \$2.8 million in high cost support (using the identical support rule) that is based on

CTA members' landline network costs—not the cost of building and operating their wireless network.

However, only about half of CTA members receive any high cost funds, totaling \$1.5 million. Unlike the companies noted above, they must go through a rate case-style proceeding—spending significant money (and time) on consultants and lawyers that sometimes can exceed the amount requested. We continue to be subjected to decades-old cost allocation rules that limit recovery and impede network deployments.

CTA members initially supported the grant to the quasigovernmental entity, believing the entity's rhetoric that it would provide service only for unserved/underserved customers and build new middle-mile facilities. We envisioned partnerships where the entity would fill in the gaps and we could work together to provide service to rural customers.

Somewhere along the line, its mission morphed into a statewide network (urban and rural) to provide service to schools, libraries, anchor institutions, medical facilities, and city and county government offices. Our members will be left with serving the high cost, low revenue small businesses and consumers. With no state oversight and a federal agency that is more interested in saving face than doing the right thing, taxpayer dollars are being hopelessly wasted, and rural Colorado will not be any better off for it.

The overbuilding of existing networks is so concerning that a congressional hearing was held and the New York Times, Wall Street Journal and Colorado's leading media reported on the waste and lack of accountability. Yet, the entity and the federal government continue this project virtually unchecked.

This all means that Colorado's rural companies are facing their greatest challenge yet. Our members understand that with taxpayer support there is an absolute responsibility to account for every dollar we spend to ensure that it is appropriately used for its intended purpose. However, accountability should not mean following outdated laws and regulations that do not account for new technologies and more providers.

Of course, we are not perfect, and sometimes we resist change. The fact of the matter is we provide great service at reasonable prices to our customers—and have for decades. We believe that rural Colorado communities require modern, reliable telecommunications to grow their economies, provide modern health care and education, and ensure the public's safety. CTA and its members are committed to our communities and remain resolved to make that happen. ■



Pete Kirchhof is executive vice president of the Colorado Telecommunications Association. He can be reached at [petek@colotelecom](mailto:petek@colotelecom).