

109TH CONGRESS  
1ST SESSION

# S. 284

To distribute universal service support equitably throughout rural America,  
and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 3, 2005

Mr. SMITH (for himself, Mr. BAYH, Mr. ALLEN, Mr. WYDEN, Mr. MCCAIN, Mr. LEVIN, Mr. CRAPO, Mr. DAYTON, Mr. HAGEL, Mr. BAUCUS, Mr. COLEMAN, Mr. HATCH, Mr. BENNETT, Mr. THOMAS, Mr. ENZI, Mr. KYL, Mr. GRASSLEY, Mr. CRAIG, Mr. LUGAR, and Mr. DOMENICI) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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## A BILL

To distribute universal service support equitably throughout  
rural America, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Universal Serv-  
5 ice Equity Act of 2005”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress makes the following find-  
8 ings:

1           (1) The Federal Communications Commission’s  
2 high-cost model support program for certain carriers  
3 provides no Federal support to 40 States.

4           (2) Federal universal service support should be  
5 calculated and targeted to small geographic regions  
6 within a State to provide greater assistance to the  
7 rural consumers most in need of support.

8           (3) Local telephone competition and emerging  
9 technologies are threatening the viability of Federal  
10 universal service support.

11       (b) PURPOSES.—The purposes of this Act are as fol-  
12 lows:

13           (1) To begin consideration of universal service  
14 reform.

15           (2) To spread the benefits of the existing Fed-  
16 eral high-cost model support mechanism more equi-  
17 tably across the nation.

18 **SEC. 3. COMPTROLLER GENERAL REPORT ON NEED TO RE-**  
19 **FORM HIGH-COST SUPPORT MECHANISM.**

20       Not later than one year after the date of the enact-  
21 ment of this Act, the Comptroller General shall submit  
22 to Congress a report on the need to reform the high-cost  
23 support mechanism for rural, insular, and high-cost areas.  
24 As part of the report, the Comptroller General shall pro-  
25 vide an overview and discuss whether—

1 (1) existing Federal and State high-cost sup-  
2 port mechanisms ensure rate comparability between  
3 urban and rural areas;

4 (2) the Federal Communications Commission  
5 and the States have taken the necessary steps to re-  
6 move implicit support;

7 (3) the existing high-cost support mechanism  
8 has affected the development of local competition in  
9 urban and rural areas; and

10 (4) amendments to section 254 of the Commu-  
11 nications Act of 1934 (47 U.S.C. 254) are necessary  
12 to preserve and advance universal service.

13 **SEC. 4. ELIGIBILITY FOR UNIVERSAL SERVICE SUPPORT**  
14 **FOR HIGH-COST AREAS.**

15 Section 254 of the Communications Act of 1934 (47  
16 U.S.C. 254) is amended by adding at the end the following  
17 new subsection:

18 “(m) UNIVERSAL SERVICE SUPPORT FOR HIGH-COST  
19 AREAS.—

20 “(1) CALCULATING SUPPORT.—In calculating  
21 Federal universal service support for eligible tele-  
22 communications carriers that serve rural, insular,  
23 and high-cost areas, the Commission shall, subject  
24 to paragraphs (2) and (3), revise the Commission’s  
25 support mechanism for high-cost areas to provide

1 support to each wire center in which the incumbent  
2 local exchange carrier's average cost per line for  
3 such wire center exceeds the national average cost  
4 per line by such amount as the Commission deter-  
5 mines appropriate for the purpose of ensuring the  
6 equitable distribution of universal service support  
7 throughout the United States.

8       “(2) HOLD HARMLESS SUPPORT.—In imple-  
9 menting this subsection, the Commission shall en-  
10 sure that no State receives less Federal support cal-  
11 culated under paragraph (1) than the State would  
12 have received, up to 10 percent of the total support  
13 distributed, under the Commission's support mecha-  
14 nism for high-cost areas as in effect on the date of  
15 the enactment of this subsection.

16       “(3) LIMITATION ON TOTAL SUPPORT TO BE  
17 PROVIDED.—The total amount of support for all  
18 States, as calculated under paragraphs (1) and (2),  
19 shall be equivalent to the total support calculated  
20 under the Commission's support mechanism for  
21 high-cost areas as in effect on the date of the enact-  
22 ment of this subsection.

23       “(4) CONSTRUCTION OF LIMITATION.—The lim-  
24 itation in paragraph (3) shall not be construed to

1 preclude fluctuations in support on the basis of  
2 changes in the data used to make such calculations.

3 “(5) IMPLEMENTATION.—Not later than 180  
4 days after the date of the enactment of this sub-  
5 section, the Commission shall complete the actions  
6 (including prescribing or amending regulations) nec-  
7 essary to implement the requirements of this sub-  
8 section.

9 “(6) DEFINITION.—In this subsection, the term  
10 ‘Commission’s support mechanism for high-cost  
11 areas’ means section 54.309 of title 47, Code of  
12 Federal Regulations and the regulations referred to  
13 in such section.”.

14 **SEC. 5. NO EFFECT ON RURAL TELEPHONE COMPANIES.**

15 Nothing in this Act shall be construed to affect the  
16 support provided to an eligible telecommunications carrier  
17 under section 214(e) of the Communications Act of 1934  
18 (47 U.S.C. 214(e)) that is a rural telephone company (as  
19 defined in section 3 of such Act (47 U.S.C. 153)).

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