

NOVEMBER 2015



Report to the Legislature

Universal Service Fund

2013-2015 Biennium

Forward

The telecommunications industry in this state continues to undergo significant change. As previous reports have documented, customers' calling habits and choice of telecommunications devices and features continue to shift at a rapid pace. As recently as 2005, residential and business subscribers were adding additional telephone access lines to their accounts to support dial-up access to the Internet. Today, the challenge is to extend broadband communications services throughout the state so that residents may use software applications enabled by a high-speed Internet connection.

Telecommunications services are offered to subscribers using several alternative technologies:

- **Landline switched-access service.** Telecommunications services are still offered over the traditional analog landline facilities. This technology provides a low-speed data rate that is increasingly disfavored for Internet communications.
- **Voice over Internet Protocol (VoIP) service.** VoIP service is a newer computer-based technology. Voice and data messages are formatted using the Internet Protocol and transmitted by subscribers over a telephone network with Digital Subscriber Line (dsl) capability or over a cable television network equipped with a cable modem.
- **Fiber to the home (FTTH).** An alternative means to provide communications service by connecting a business or residence to the switch entirely by fiber, avoiding altogether the limitations of copper media. There are several FTTH projects in operation in the state, and these projects may prove to be the better alternative for high-speed service in the future.
- **Fixed- and mobile-wireless services.** There are several wireless providers in Wisconsin offering both pre-paid and subscription services featuring a variety of alternative voice and data plans.
- **Satellite Internet service.** Satellite-based communications services offer an attractive telecommunications alternative for individuals that are located in remote areas. Subscriptions to satellite services are generally driven by the demand for television service in rural areas that lack a cable television service provider. This technology is affected more than the others by adverse weather and network congestion.

Nationally, during the period from December 2010 to December 2013, interconnected VoIP subscriptions increased at an annual rate of 15% and mobile wireless telephone subscriptions increased by 3% annually. Over the same time period, retail switched access

lines declined at a rate of 10% per year.¹ This change in subscribership over the last four years signals two important trends relevant to the subject of this report:

- Telecommunications customers are shifting toward services with high-speed Internet access and toward feature-rich devices such as smartphones and tablet computers.
- Telecommunications customers are shifting away from devices that are limited to voice telephone service and shifting away from telecommunications service plans that include toll rates for long distance calls.

This report focuses specifically on the state of the Universal Service Fund (USF) in Wisconsin. The information below includes financial summaries through the end of the 2013-2015 biennium, which closed on June 30, 2015. Statistics from the 2011-2013 biennium are provided as well for purposes of comparison. This report discusses how the changes affecting the telecommunications industry are impacting the USF programs in this state, and provides an update on federal universal service programs and policies as appropriate. This report also responds to the statutory request for a biennial report on universal service found in Wis. Stat. § 196.218(5r)(a)1.-4.

¹ Local Telephone Status as of December 31, 2013, p. 2; Federal Communications Commission (October 2014) (*2014 Local Competition Report*); available at: https://apps.fcc.gov/edocs_public/attachmatch/DOC-329975A1.pdf.

Universal Service Fund

Background and History: The Wisconsin Universal Service Fund (USF) was established by 1993 Wisconsin Act 496. The purpose of the fund is to promote access to essential and advanced telecommunications services through discounted rates for service and targeted grant programs.² Essential telecommunications services are provided by both landline and wireless carriers. A wireless carrier that has been designated as an Essential Telecommunications Carrier by this Commission may receive federal and state USF funds to offset a portion of the cost of providing pre-paid wireless service to eligible low-income customers in Wisconsin. Wireless subscriptions have become the preferred technology for USF-supported Lifeline services.

The USF also provides support to assist customers in areas of the state that have relatively high costs of telecommunications services. Other USF programs are designed to assist low-income customers in obtaining affordable wireline telecommunications service throughout the state. The USF provides assistance to disabled customers in obtaining affordable access to a basic set of essential telecommunications services. In addition to the programs managed by the PSC, the USF also provides support for programs managed by the Department of Administration, the Department of Public Instruction and the University of Wisconsin system.

During the period of this report, the state added a new program to those already supported by the USF, the Broadband Expansion Grant program. The Broadband Expansion Grant program was authorized by 2013 Wisconsin Act 20, and is codified at Wis. Stat. § 196.504. This program differs from the other USF supported programs in that it does not receive funds through the USF assessment. The legislature funded the broadband grant program for FY 2014 and 2015 with a transfer of funds from DOA's Information Technology and Communications Services account. The funds for the grant program for FY 2016 and 2017 were reallocated from the USF reserve fund.

Contributions to the Fund: All telecommunications providers, including VoIP and wireless service providers, are assessed a proportionate share of the cost of the USF program. Assessments are based on the gross intrastate retail voice telecommunications revenue that each provider reports to the Commission annually. The Commission currently exempts from the USF assessment telecommunications providers with USF assessable revenues that are less than \$200,000 annually.

² Under 2011 Wisconsin Act 22, "advance telecommunications," formerly a USF targeted offering, was removed from the definition of essential telecommunications service.

The Commission sets the rate for the USF assessment to collect an amount each year equal to the sum of the budget appropriation approved in the state budget act for each program assigned to the USF for support. The assessment is a monthly rate and is adjusted annually. State general purpose revenue does not contribute to the USF collection.

The changing nature of telecommunications services has affected the assessable revenues reported for purposes of the USF in Wisconsin. The first section of the table below shows the change in USF assessable revenue for the five-year period from 2010 to 2014. The second section shows the change in assessable revenue for the Telecommunications Trade Practices (TTP) assessment over the same time period:

USF Assessable Revenue		
<u>Fiscal Year</u>	<u>Amount reported (in millions)</u>	<u>Percent change</u>
2010	\$2,290	--
2011	\$2,099	-8.3%
2012	\$1,975	-5.9%
2013	\$1,876	-5.0%
2014	\$1,747	-6.9%
TTP Assessable Revenue		
2010	\$4,897	--
2011	\$4,745	-3.1%
2012	\$4,594	-3.2%
2013	\$4,570	-0.5%
2014	\$4,533	-0.8%

Table 1. Source: PSC staff

The TTP assessment is based upon the sum of all telecommunications-related operating revenue in Wisconsin reported by telecommunications providers for the year prior to the report. The aggregate TTP assessable revenue provides a better picture of the status of the telecommunications industry in the state as a whole. From Table 1, it is apparent that the telecommunications industry has had a period of slightly negative growth over the last five years.

By contrast, the aggregate USF assessable revenue may provide a better picture of the current state of traditional landline telephone services. Although wireless and VoIP carriers report USF assessable revenue and pay an assessment for USF, this sharp decline in assessable revenue may indicate that people continue to substitute text messaging and other non-assessable communications formats for traditional telephone. It may also indicate that

business and residential subscribers continue to look for opportunities to avoid high-cost toll service. A consequence of the decline in assessable revenue is that the rate of assessment for the USF has increased over the last three-year period.

Recent USF Assessment Rates		
Period	Monthly rate (%)	Monthly Bill per \$100,000 of assessable revenue
Sep 2014 – Aug 2015	.186990	\$186.99
Sep 2013 – Aug 2014	.188740	\$188.74
Sep 2012 – Aug 2013	.146710	\$146.71

Table 2. Source: PSC staff

USF Programs: The programs funded by the USF, and the appropriations for each program, are as follows:

PROGRAM	FY13	FY14	FY15
PSC – Universal Service Programs	\$5,940,000	\$5,940,000	\$5,940,000
DPI – Badgerlink and Newslite for the Blind	\$2,560,000	\$2,589,900	\$2,596,500
DPI – Supplemental Aid to Public Library System	\$15,013,100	\$15,013,100	\$15,013,100
DPI – Library Aids and Contracts	\$1,144,500	\$1,167,200	\$1,167,200
UW Telecommunications Services	\$1,054,800	\$1,054,800	\$1,054,800
TEACH	\$16,984,200	\$16,984,200	\$16,984,200
TOTAL	\$42,696,600	\$42,749,200	\$42,755,800

Table 3. Source: PSC Staff

Each of these programs is described in detail below. It is worth noting that two programs (TEACH and DPI –Supplemental Aid to Public Library Systems) represent 75 percent of the annual USF budget. A relatively small portion of the USF collections support the USF programs that are administered by the PSC. Of the approximately \$42 million annual USF collections, about \$6 million is used for these programs. It should also be noted that the

appropriations listed above do not include the appropriation for the Broadband Expansion Grant program (\$500,000 in Fiscal Year (FY) 2014 and FY 2015; \$1,500,000 in FY 2016 and FY 2017).

DPI – Badgerlink and Newline for the Blind: BadgerLink funding is for contracts that provide electronic access to periodical and reference information including: literature journals, encyclopedias, specialized reference materials, and historical documents. The information is available at Wisconsin’s libraries. Badgerlink also connects users to WISCAT, the online catalog of Wisconsin library holdings. Newline for the Blind funds a contract with the National Federation of the Blind that provides telephonic and online audio versions of national and some local daily newspapers.

DPI – Supplemental Aid to Public Library System: These funds go directly to public library systems and are intended to fund system services that are required by statute. Such services include interlibrary loans, reference referral, continuing education, services to users with special needs, resource library services, collection development, and multi-type library cooperation. State aids are distributed according to a statutory formula.

DPI – Library Aids and Contracts: These funds are used to pay for resource sharing and cooperative purchasing among member libraries. The funds are used to pay for staff to locate, ship and shelve materials, and for postage to ship materials.

UW Telecommunications Services: The funds help to offset the costs associated with access to the BadgerNet Converged Network for all four-year UW campuses.

TEACH: These funds subsidize equipment purchases, installation, and a portion of the monthly service costs for access to the BadgerNet Converged Network for more than 900 K-12 schools, technical colleges, public libraries, Cooperative Educational Service Agencies (CESAs), and other public and private institutions statewide. The BadgerNet Converged Network is a broadband voice, video, and data network operated by a consortium of telecommunications providers under a contract with DOA.

PSC – Universal Service Program: These programs are administered through the Commission, and include a variety of programs to enable or subsidize access to telecommunications services for certain populations in Wisconsin. The specific programs that are managed by the Commission are the focus of the remainder of this report and are further identified below.

Universal Service Programs and Activities

The individual universal service programs managed by the Commission are:

Telecommunications Equipment Purchase Program (TEPP): TEPP assists persons with disabilities to purchase certain telecommunications equipment they need to use the telephone system. Examples of equipment that can be purchased with the vouchers include hearing amplified phones, TTYs,³ speech amplified phones, and signaling systems (such as flashing lights which replace audible rings). Vouchers are given to the qualifying individuals, and these vouchers are used to pay approved vendors for a portion of the cost of the necessary telecommunications equipment. Voucher values vary for different types of disabilities because the typical equipment needs of persons in different disability categories varies in price. In most cases, the purchaser must make a \$100 co-payment when purchasing the equipment. If the co-payment and voucher are not sufficient to cover the equipment price, the purchaser pays the additional amount. Low-income eligible individuals may qualify for funding to pay the \$100 co-payment.⁴ Over the biennium, about \$3.1 million in vouchers were used by almost 18,000 individuals with disabilities to assist them in accessing basic telecommunications services.

Two-line Voice or Speech Carryover: Two-line voice or speech carryover is a service that some persons with hearing or speech impairments use to communicate over the telephone. With carryover service, a TTY or captioned telephone⁵ is used only in one direction for the call when the user is able to either speak or hear, but not both. This small program reimburses providers that have customers that use two-line voice or speech carryover and require a second line. USF rules allow a customer to get a second line without a service connection charge and without a monthly charge for most of the costs of that second line. Captioned telephone users have traditionally used the two-line feature which has resulted in increased expenditures from \$8,562 in FY 2011 to \$15,355 in FY 2015, although total program costs remain small when compared to other USF programs. Customers who use this carryover service report that it is very valuable. Given the increase in subscribership, the Commission increased the budget for this program to \$25,000 in FY 2014.

³ TTYs are electronic typewriter devices that hearing impaired or speech impaired persons use to send or receive typed messages.

⁴ The Telecommunications Assistance Program (TAP) may be able to pay the \$100. TAP is a program of the Office for the Deaf and Hard of Hearing (Department of Health Services). TAP is only for persons in low-income households who are deaf or severely hard of hearing.

⁵ A captioned telephone combines the functions of a traditional phone and TTY. Users can both hear the conversation and see the streaming text transcript of the call.

Demand for captioned telephone service provided over two traditional landlines is leveling off while demand for captioned telephone service provided over one landline for voice and broadband for the text channel is growing rapidly. Currently there is no support for this accommodation of the telecommunications needs of individuals with severe hearing loss. Changes in administrative rules proposed in Docket 1-AC-236 would provide support for the broadband channel equal to the support currently provided for a second telephone line.

High Rate Assistance Credits: The high rate assistance credit program provides USF payments to local exchange service providers to reimburse them for credits given to customers to keep local rates at affordable levels. Monthly service rates are compared to median household incomes for each county. If the rate that a telecommunications company charges exceeds the threshold established in the rules, the customers only pay the threshold price and the USF pays the company the necessary increment it needs. Adjustments in funding levels for this program are dependent on changes in income levels for the county and changes in local service rates.

The expenditures for this program have declined dramatically over the past 14 years. The peak of expenditures over that period was \$1.3 million and the current expenditures are under \$2,000.

The implementation of major reforms of inter-carrier compensation rates (the rates paid between telecommunications companies that exchange traffic) mandated by the Federal Communications Commission (FCC) were predicted to result in large local rate increases with increasing expenditures from the HRAC. The FCC reforms have forced reductions in certain rates for the exchange of inter-carrier traffic, which resulted in lower revenues for many local telephone companies. The reduction of this wholesale revenue was predicted to require an increase in local retail rates. A major factor that prevented the predictions from materializing was the proliferation of alternatives to the traditional landline service. Wireless and VOIP options have prevented landline service providers from using local rate increases to address the declining revenues from landlines. Since the predicted local rate increases never materialized, the budgets for high-rate assistance credits have declined to \$100,000 in FY 2015 and further decline is expected.

Lifeline and Link-Up: The Lifeline program makes telephone service more accessible for low-income Wisconsin residents. Lifeline provides a lower monthly rate for telephone service for low-income consumers or the alternative for a low-usage wireless service option at no charge. The Lifeline program is provided jointly by the FCC and the state of Wisconsin. Providers are reimbursed from the state and federal USF for rate credits or minutes given to Lifeline customers

Historically, Link-Up required telecommunications providers to waive service connection charges up to \$60 when low-income consumers established or moved their telephone service. Reimbursement for the waived charges applicable to Link-Up customers was provided jointly

by the FCC and the state of Wisconsin. In April 2012, the FCC effectively eliminated the Federal Link-Up program, and the Commission suspended the state program to evaluate whether a separate state program should exist in the absence of a Federal program. The elimination of the suspended Wisconsin Link-Up program is included in the proposed changes to the Wisconsin Administrative Code in Docket 1-AC-236.

State USF expenditures for the Lifeline program have declined from the high of \$2,751,480 in FY 2011 to less than half that, \$1,122,909, in FY 2015. This decline was caused by two initiatives ordered by the FCC:

- The FCC authorized a \$0.42 per line increase in the federal USF contribution to the Lifeline credit in Wisconsin. Since the overall Lifeline credit remained constant at \$10.00 per line, the state contribution went down.
- The FCC implemented a national database to eliminate benefit duplication of benefits. The FCC also implemented an annual recertification process that was different from the prior verification procedures in use in Wisconsin. This transition to the revised procedure for verifying eligibility resulted in the termination of Lifeline service to a large number of customers in Wisconsin.

The issue of accurate verification of program eligibility continues to be an issue nationally. In Wisconsin, the impact of this initiative was less than in other states because Wisconsin Lifeline enrollments are done through online queries of state databases. The FCC has now clarified that database query processes for income qualification for enrollment and annual reverification of eligibility are the preferred methods for these processes.

The impact of these program changes can be seen in the enrollment numbers. Lifeline provided lower-priced telephone service to approximately 200,000 low-income customers in Wisconsin in FY 2011, including customers supported by both state and federal USF dollars. By the end of FY 2013, that number had declined to 165,000. The number of Lifeline enrollments rebounded to 216,000 participants by the end of 2014.

While Lifeline has experienced significant fluctuation in participation levels, the current trend appears to be toward higher participation levels overall. Participation by landline customers has declined significantly as customers drop their landline service, however, there have been significantly higher increases in subscribership to wireless Lifeline services. This is due in part to the attractiveness of certain wireless Lifeline services that offer customers free handsets and a set number of minutes with no up-front costs.

As explained above, there have been a number of changes to the methods used to verify customer eligibility for these low-income programs. Wisconsin has been a leader in taking efforts to stop waste, fraud and abuse in the Lifeline program, which has included streamlining and improving systems used for verification of customers. Working with the

Department of Health Services, the Commission is continuing to refine these systems, making verification more efficient and effective. The Commission is currently involved in an upgrade to the Lifeline verification database housed at the Department of Health Services that will add many more hours of availability for providers to execute eligibility queries, add automated queries of eligibility through income verification by the Department of Revenue, and add a batch process for annual reverifications of Lifeline eligibility.

Nonprofit Grant – Access Programs or Projects: The purpose of these grants is to develop or support programs or projects that facilitate affordable access to telecommunications and information services. Applicants must be nonprofit organizations and must provide a 50 percent match for the total project cost. The projects must assist in providing telecommunications or information services to low-income or disabled customers, or must assist in deploying advanced telecommunications services.

Nonprofit organizations were awarded \$341,157 in USF grants in FY 2013, \$500,000 in FY 2014 and \$498,985 in FY 2015. In FY 2013, 14 applications were submitted requesting a total of \$387,340. The Commission approved 12 grants (in whole or in part) for a total of \$341,157. In FY 2014, 20 grant applications were submitted for a total of \$660,427 and the Commission-approved 16 applications (either partially or fully) for a total of \$500,000. In FY 2015, 19 applications were submitted for a total request of \$581,307. The Commission approved 15 grants (in whole or in part) for a total of \$498,985. The Appendix to this Report provides specific information about the grants awarded under this program.

Examples of projects that have received funding include providing Internet access and training to low-income youth, seniors and unemployed adults, and providing outreach and assistance to individuals with disabilities in obtaining and installing telecommunications equipment. In FY 2012, grant awards reflected a change in law, which eliminated grants for advanced services or broadband-based programs since they are no longer “telecommunications” services under the law. This caused the two-year reduction in grants awarded to below the budgeted \$500,000 for FY 2012 and 2013 that was reversed in FY 2014 and 2015 through broader and more aggressive marketing of the grant opportunities.

Medical Telecommunications Equipment Program: Nonprofit medical clinics and public health agencies can receive grants from the USF to purchase telecommunications equipment. Purchase of medical telecommunications equipment under this grant program must promote technologically advanced medical services, enhance access to medical care in rural areas of the state, or enhance access to medical care to underserved populations or persons with disabilities in the state. Applicants for this program must be a nonprofit clinic serving federally designated health professional shortage areas, medically underserved areas, medically underserved populations, or are a public health agency.

For combined FY 2012 and 2013, 30 applications were filed requesting a total of \$1,601,052.77. The Commission awarded 23 grants totaling \$998,170.29. For combined

FY 2014 and 2015, 34 applications were submitted requesting a total of \$1,906,860.09. The Commission awarded 25 grants totaling \$1,000,000. The Appendix to this Report provides specific information about the grants awarded under this program.

USF Rules: The first universal service fund rules (Wis. Admin. Code ch. PSC 160) were approved in 1996. The rules were subsequently revised in 2000. The next rulemaking proceeding in Docket 1-AC-198 began in 2001, but experienced significant resistance and delays and timed out. A subsequent rulemaking was initiated in 2011 in Docket 1-AC-236 to pursue less controversial updates to the language of the USF rule to keep it current with recent changes in the industry and in federal universal service programs. That proceeding is still progressing through the rulemaking process.

Administration: While the Commission develops the overall policy and procedures for the USF and manages and operates several of the programs, it is required by statute to contract with a private firm to administer the fund. Responsibilities under that contract include issuing USF assessment bills to providers, sending reimbursements to participants in the USF programs, and administering some of the USF programs under PSC oversight. In 2011, the Commission issued a Request for Proposals for the administration of the USF. Wipfli, LLP, was selected as the USF administrator. The current contract covers administrative services from July 1, 2011, to June 30, 2012, with three optional, one-year extensions. The Commission exercised all three, one-year extensions with Wipfli and a new Request for Proposals is in process.

The USF Council advises the Commission on the administration of the USF and on proposed rule changes. Currently, the Council is comprised of 15 members, with seven representing the telecommunications industry and eight representing consumer groups. By statute, the majority of the Council members must be representatives from consumer groups. The Council meets several times each year to discuss budget issues, program direction, and draft rule changes.

Budget: The appropriation for the previous two bienniums (2011-2013 and 2013-2015) was \$5.94 million for each year. As noted above, the appropriation for the PSC Universal Service programs does not include appropriations for the Broadband Expansion Grant program as that was funded through USF reserve funds. Several programmatic and demand changes at both the state and federal level that were explained above have resulted in reduced expenditure amounts. As a result, the Commission-approved USF budget was reduced to \$4,690,000 in FY 2015 and that trend may continue in the short term until the Lifeline verification systems provide further stability and support growth in Lifeline subscription.

Statutory Report on Universal Service

Pursuant to Wis. Stat. § 196.218, the Commission provides the following information on essential telecommunications services in the state:

{The affordability of and accessibility to a basic set of essential telecommunications services throughout this state}

With 2011 Wis. Act 22, the state made a choice to rely on competition and market forces to obtain affordable telecommunications services for residents in the state. The FCC’s *2014 Local Competition Report* documents an increasing level of competition in the state, as well as in the country as a whole. In particular, the FCC report shows clear evidence that subscribers continue to substitute wireless and VoIP telecommunications services for traditional landline telephone services. The FCC data on telecommunications services in Wisconsin is as follows:

Year	Landline Subscriptions	VoIP Subscriptions	Wireless Subscriptions
12/31/13	1.6 million	714,000	5.2 million
12/31/12	1.8 million	659,000	5.0 million
12/31/11	1.9 million	592,000	4.9 million
12/31/10	2.1 million	540,000	4.7 million
12/31/09	2.3 million	486,000	4.5 million
12/31/08	2.5 million	409,000	4.2 million

Table 4. Source: FCC 2011 – 2014 Local Competition Reports

FCC data suggests that competition for telecommunications service is significant throughout the State. There is a greater variety of telecommunications services available than ever before. Most urban residents have multiple calling plans and service bundles to choose from.

Whether this competition has reduced the percentage of the population that is without any telephone service is difficult to measure. Overall subscribership has increased in recent years, but some of that increase is due to families adding multiple wireless telephones and laptop and tablet computers to a family account. There is at least anecdotal evidence to suggest that interest in and reliance upon a smartphone or similar wireless device continues to grow and is an increasingly essential personal tool for a variety of activities regardless of income level.

{The affordability of and accessibility to high-quality education, library and health care information services}

The continuous growth in online information services makes it difficult to define access to high quality education, library and health care information services. Access that was acceptable when the USF was initially authorized would now be regarded as sub-standard or archaic. One available method to measure accessibility to information services is to consider the percentage of residents in the state that have access to a broadband service meeting the current FCC definition for advanced telecommunications capability, which requires access to actual download speeds of at least 25 mbps and actual upload speeds of at least 3 mbps.⁶ In this regard, access to broadband service in Wisconsin is roughly on par with broadband access for the country as a whole: 17% of the population in the U.S, and 17% of the population in the state (or about 962,000 people), lack access to at least one broadband service.⁷ With respect to the population residing in urban areas, nationally 8% of the urban population lacks access to at least one broadband service while in Wisconsin 1% of people residing in urban areas (or 52,000 people) lack access to at least one broadband service. In rural areas, nationally 53% of the rural population is without access to broadband service and similarly in Wisconsin 53% of the rural population (or 910,000 people) lack access to at least one broadband service.

The Commission has awarded Broadband Expansion Grants to improve Internet access in underserved areas of the state. Federal programs are also providing money in Wisconsin for improved broadband service. But it is clear that the demand for broadband access exceeds the resources currently available by a large margin.

The Commission's telemedicine grant program also enhances access to healthcare services. One computer application may serve to illustrate this point. Through the Telemedicine Equipment Grant program discussed above, the Commission has awarded grants to medical clinics to purchase home health monitoring units. *See Appendix, pp. 25-27.* The Commission has also awarded Broadband Expansion Grants to two projects that proposed to improve wireless broadband access for residents that would use a home health monitoring system. A home health monitoring unit is essentially a tablet computer that has been adapted to support a specific medical application. The monitoring unit typically requires a wireless broadband service connection, either cellular or Wi-Fi, to operate. The monitoring unit is usually equipped with an oximeter to measure blood pressure, heart rate and blood oxygenation. Additional attachments can be added to measure other health indicators, such as blood sugar or patient weight. These monitoring devices do not replace the need for an examination at a clinic or by a visiting nurse service. Rather, these monitoring units are quickly becoming an important tool that permits a clinic or visiting nurse service to track the

⁶ *2015 Broadband Progress Report and Notice of Inquiry on Immediate Action to Accelerate Deployment*, GN Docket No. 14-126, FCC 15-10, para. 3 (rel. Feb. 4, 2015) (*2015 Broadband Progress Report*).

⁷ *2015 Broadband Progress Report*, appendix D. The statistics are current through Dec. 31, 2013. The coverage statistics use an important, and sometimes misleading, convention that service to a portion of a census block means the entire census block is served.

health status of patients with chronic medical issues that might otherwise escape notice due to difficulties associated with travel.

{An assessment of how assistance provided by the universal service fund and other alternative incentive regulations of telecommunications utilities designed to promote competition have advanced the public interest goals identified under § 196.03(6), and recommendations for further advancing those goals}

Most of the regulation of telecommunications services that once existed was eliminated by 2011 Wisconsin Act 22. The Commission therefore has a limited opportunity to affect the manner in which retail telecommunications services are offered to customers. However, the decision to relax regulation of telecommunications services appears to be a good choice. Consumers generally have access to an array of telecommunications services. Competitive telecommunications services provides consumers with multiple choices and a variety of prices. With barriers to market entry removed, the number of competitive providers has increased, as evidenced by the shifting revenues and subscriber numbers noted above.

Some of the public interest factors identified in Wis. Stat. § 196.03(6) are difficult to assess. As indicated above, there is anecdotal evidence indicating that the interest and utility of telecommunications services has grown significantly in the last five years. This demand for improved telecommunications service encompasses all income levels. Many consumers complain that telecommunications services are intrusive and reduce the level of privacy that those people would like to enjoy. Nonetheless, sales of telecommunications services and devices has continued without interruption, so it is reasonable to conclude that the population is adjusting to a new reality that includes a diminished expectation of privacy in some instances.

Federal USF Programs

The discussion above concerned the Wisconsin universal service program. The state program is funded solely through assessments on intrastate retail telecommunications revenues. The federal government also has a universal service program. Some of the federal programs complement state USF programs (e.g., for low-income customers). Other federal programs address issues that the state USF does not (e.g., high cost support). The Federal USF programs are funded through national assessments on telecommunications revenues and administered by the Universal Service Administration Corporation (USAC).

The following is a description of the Federal universal service support programs and the funding from them that was provided to Wisconsin telecommunications companies in 2013 and 2014.

Federal Universal Service Programs	2013 Amount	2014 Amount
<p>Low Income This support is commonly known as Lifeline and Link-Up. It provides discounts that make basic local telephone service affordable for low-income customers. Low income support is administered by the state in a partnership with the Federal government. The dollars shown here are the Federal contributions to this program.</p>	\$25,011,000	\$22,557,000
<p>Rural Health Care This support provides reduced rates to rural health care providers for telecommunications and Internet services so they pay no more than their urban counterparts for the same or similar telecommunications services.</p>	\$7,249,000	\$10,603,000
<p>Schools and Libraries This support, referred to as E-rate support, provides affordable telecommunications and Internet access services to connect schools and libraries to the Internet. This support goes to service providers that provide discounts on eligible services to eligible schools, school districts, libraries, and consortia of these entities.</p>	\$18,524,000	\$28,551,000
<p>High Cost Loop This support provides financial assistance to rural telephone companies for providing the “last mile of connection” when the cost of this service exceeds 115 percent of the national average cost per loop.</p>	\$25,239,000	\$26,212,000
<p>Connect America Fund This support provides funds to expand access to advanced telecommunications services.</p>	\$71,288,000	\$81,672,000
<p>Interstate Common Line Support This support helps rate-of-return telephone companies recover some of their fixed interstate access charges.</p>	\$38,549,000	\$38,118,000
Total 2009 and 2010 Federal USF Support to Wisconsin	\$185,860,000	\$183,582,000

Table 4. Source: Universal Service Administrative Company 2013 and 2014 Annual Reports

Appendices

SUMMARIES OF UNIVERSAL SERVICE FUND GRANT APPLICATIONS

NONPROFIT ACCESS PROGRAMS OR PROJECTS FOR FY 2015

Organization	City	Grant Award	Project Summary
ABC for Health, Inc.	Madison	\$17,800	Provide outreach and educational training to families and professionals via statewide webcasts and live events for families with special care needs and to residents eligible for Lifeline and other telecommunications services.
Access to Independence, Inc.	Madison	\$55,700	Educate and connect people with disabilities, including those relocating from nursing facilities to the community, with telecommunications equipment and services to improve independence.
Americans for Better Hearing Foundation - 1	Burr Ridge, IL	\$82,500	Reduce the cost of delivering information about the TEPP to eligible recipients while significantly increasing the number of eligible recipients who are exposed to the TEPP.
Center for Communication, Hearing and Deafness	West Allis	\$9,900	Provide outreach, co-payment assistance and in-home visits to ensure equal access to the TEPP program and provide training and follow-up support to clients who require captioned telephone service.
Center for Deaf-Blind Persons, Inc.	Milwaukee	\$12,650	Assist customers with disabilities in the acquisition of affordable essential telecommunications services through education of those organizations already working with many of these clients.

Organization	City	Grant Award	Project Summary
Center for Independent Living for Western Wisconsin	Menomonie	\$35,000	TEPP outreach to serve and assist individuals with disabilities in accessing essential telecommunications services through marketing and assistance with applications and identification of telecommunications devices to meet their needs. Mostly for technical staffing with some TEPP payments.
Community Action Coalition for South Central Wisconsin, Inc.	Madison	\$15,000	Provide 170 low-income households with financial assistance to obtain and maintain landline and wireless telecommunications services including budget counseling and mediation with telecom service providers.
Independence First	Milwaukee	\$25,211	Purchase adaptive telecommunications equipment for its Assistive Technology Center for demonstrations and trials by people with disabilities and provide emergency adaptive telephone equipment along with installation and tech support to 100 individuals with disabilities.
Independent Living Resources, Inc.	La Crosse	\$47,000	Provide outreach, education, and direct services including skill training and follow-up for the disabled people of any age needing telecom services and assistive devices in 13 West-Central and Southwest counties.
Midstate Independent Living Consultants	Stevens Point	\$22,800	Provide targeted outreach to audiologists and CBRFs. Feature telecom equipment at 3 interactive fairs. Provide loan programs, training and assistance with TEPP applications for those individuals with disabilities. Purchase current demonstration and loan equipment.

Organization	City	Grant Award	Project Summary
New Concept Self Development Center	Milwaukee	\$14,440	Provide training and continuous access to telecommunications services for low-income residents during nontraditional hours.
North Country Independent Living	Superior	\$53,384	Provide outreach and assistance in 4 tribal communities on a bi-monthly basis as well as 3 activities in 8 counties. Outreach at a total of 50 outreach events. Information and assistance on various communications devices and funding sources.
Options for Independent Living	Green Bay	\$28,800	Provide assistance in obtaining specialized telecommunications equipment to 80 individuals with hearing loss. Based on need, provide financial assistance to certain TEPP voucher recipients.
Society's Assets, Inc.	Racine	\$58,800	Provide outreach, assessment of telecommunications needs, assistance with TEPP applications and co-pays, and training to individuals with physical disabilities.
Stout University Foundation – SVRI	Menomonie	\$20,000	Provide on-line tutorials to consumers and service providers to assist with participation in the TEPP funding program to enhance access to basic telecommunications services.
Total		\$498,985	

NONPROFIT ACCESS PROGRAMS OR PROJECTS FOR FY 2014

Organization	City	Grant Award	Project Summary
ABC for Health, Inc.	Madison	\$16,700	Provide Outreach and educational training to Wisconsin's five regional centers for children and youth with special care needs and to residents eligible for Lifeline and other telecommunications services.
Access to Independence, Inc.	Madison	\$49,876	Provide a telephone outreach and access program to individuals in four southern WI counties to obtain equipment and equal access to essential telecommunications services.
Center for Communication Hearing and Deafness	West Allis	\$9,000	Provide co-pay assistance and in-home visits to ensure equal access to the TEPP program and provide training and follow-up support to clients who require captioned telephone service.
Center for Independent Living for Western Wisconsin	Menomonie	\$35,000	TEPP outreach to serve and assist individuals with disabilities in accessing essential telecommunications services through marketing and assistance with applications and identification of telecommunications devices to meet their needs. Mostly for technical staffing with some TEPP payments.
Community Action Coalition for South Central Wisconsin, Inc. (CAC)	Madison	\$15,000	CAC Telecommunications Assistance Program will provide low-income households with financial assistance to obtain and maintain telecommunications services including budget counseling, referrals to Lifeline, and mediation with telecommunications service providers.

Organization	City	Grant Award	Project Summary
Domestic Abuse Intervention Services, Inc.	Madison	\$23,265	Purchase a telephone system for new facilities that will expand access to help lines, private telephone rooms and other telecommunication services for domestic violence.
Independent Living, Inc.	Madison	\$50,000	Install wiring and wireless equipment for telecommunication and Internet services in new assisted living facilities as well as provide access to nonresidents for telemedicine and WI ACCESS program.
Independent Living Resources, Inc.	La Crosse	\$36,700	Provide outreach, education, technical assistance and skill training to disabled and low-income individuals needing telecommunication service and assistive devices in 13 West-Central and Southwest counties.
Indianhead Community Action Agency	Ladysmith	\$13,599	Provide cell-phones and minutes for low-income victims of domestic violence who have lost access to telecommunication services.
Kenosha Community Health Center, Inc.	Kenosha	\$77,160	Improve access to medical care for homeless and low-income residents by installing registration kiosks, online records access, online scheduling, autodial reminders and replacing phone systems.
Midstate Independent Living Consultants	Stevens Point	\$11,000	Provide TEPP demonstrations, publicity and assistance to 11-county area, including helping clients obtain appropriate assistive devices and for 2 nd line subsidy when needed.
New Concept Self Development Center	Milwaukee	\$3,500	Provide training and continuous access during nontraditional hours to telecommunications services for low income residents seeking employment, health care and other services.

Organization	City	Grant Award	Project Summary
North Country Independent Living	Superior	\$51,825	Provide outreach and assistance to consumers on specialized telecommunications equipment and various funding sources in eight extremely rural northern counties as well as 4 tribes (Lac Courte Oreilles, St Croix, Bad River and Red Cliff).
Options for Independent Living	Green Bay	\$16,000	Provide assistance to hard-of-hearing individuals in obtaining vouchers for assistive equipment to use the telecommunications network, including providing co-pays where needed, and getting a 2 nd line.
Vision Forward Association	Milwaukee	\$29,670	Assist blind and visually impaired individuals obtain access to telecommunications network through use of adaptive equipment, training and ongoing support.
Wisecraft, Inc., d/b/a Beyond Vision	Milwaukee	\$61,705	Provide outreach, training and employment opportunities for people who are blind through telecommunications using a VOIP call center and providing outreach and training to the community.
Total		\$500,000	

NONPROFIT ACCESS PROGRAMS OR PROJECTS FOR FY 2013

Organization	City	Grant Award	Project Summary
ABC for Health, Inc.	Madison	\$13,600	Provide outreach and educational training to Wisconsin's five regional centers for children and youth with special care needs and to residents eligible for Lifeline and other telecommunications services.
Access to Independence, Inc.	Madison	\$30,000	Provide a telephone outreach and access program to individuals in four southern WI counties to obtain equipment and equal access to essential telecommunications services.
Center for Communication, Hearing and Deafness	West Allis	\$9,000	Provide co-payment assistance and in-home visits to ensure equal access to the TEPP program and provide training and follow-up support to clients who require captioned telephone service.
Center for Independent Living for Western Wisconsin	Menomonie	\$20,000	TEPP outreach to serve and assist individuals with disabilities in accessing essential telecommunications services through marketing and assistance with applications and identification of telecommunications devices to meet their needs.
Community Action Coalition for South Central Wisconsin, Inc.	Madison	\$13,000	CAC Telecommunications Assistance Program will provide low-income households with financial assistance to obtain and maintain telecommunications services including budget counseling, referrals to Lifeline, and mediation with telecommunications service providers.
Community Advocates	Milwaukee	\$75,000	Assist low-income households to establish and maintain basic telephone service.

Organization	City	Grant Award	Project Summary
Independent Living Resources, Inc.	La Crosse	\$35,000	Provide outreach, education, technical assistance and skill training to disabled and low-income individuals needing telecommunications services and assistive devices in 13 West-Central and Southwest counties.
Misstate Independent Living Consultants	Stevens Point	\$6,000	Targeted outreach to low-income housing units, residential facilities, in-home demonstrations, and TEPP application, installation and training assistance.
New Concept Self Development Center	Milwaukee	\$15,340	Provide training and continuous access to telecommunications services for low-income residents.
North Country Independent Living	Superior	\$46,717	Provide outreach and assistance to consumers on specialized telecommunications equipment and various funding sources in eight rural northern counties as well as 4 tribal communities (Lac Courte Oreilles, St Croix, Bad River and Red Cliff).
Options for Independent Living	Green Bay	\$22,500	Provide outreach and assistance to elderly and disabled consumers in seventeen counties and to four tribal communities regarding specialized telecommunications equipment and how to obtain affordable access to an essential set of telecommunications services.
Society's Assets	Racine	\$55,200	Provide outreach to individuals with disabilities, assessment of telecommunications needs, assistance with TEPP applications, co-pay for people with physical disabilities, training, and expanded outreach to the community.
Total		\$341,357	

MEDICAL TELECOMMUNICATIONS EQUIPMENT GRANT AWARDS FOR FISCAL YEARS 2014 and 2015

Organization	City	Grant Award	Project Summary
Access Community Health Centers	Madison	\$8,204	Purchase tablet computers to support LanguageU, a video remote interpreting application. This equipment and application will provide interpretation for patients with uncommon native languages.
Aspirus, Inc.	Wausau	\$28,339.26	Purchase video conferencing equipment for psychiatric services in Langlade County.
Aurora Health Care, Inc.	Milwaukee	\$38,000	Purchase video conferencing equipment to provide video conference capability between clinics in the Aurora Health Care System.
Baldwin Area Medical Center	Baldwin	\$66,732.06	Purchase two telemedicine carts and associated equipment to provide consultations with specialists in Eau Claire and Minneapolis St Paul.
Community Memorial Hospital	Oconto Falls	\$30,000	Purchase a computed radiography system for a clinic in Suring, WI to facilitate consultations with radiologists in other cities.
Gunderson Lutheran Administrative Services	Boscobel	\$69,240	Purchase two telecommunications carts and associated diagnostic equipment for two clinics in Boscobel area, to facilitate consultations with specialists in La Crosse.
Hudson Hospital Foundation	Amery, New Richmond, Hudson	\$75,000	Purchase three telemedicine carts and associated equipment for hospital/clinics in Hudson, New Richmond and Amery to consult with specialists at Regions Hospital in St. Paul, MN regarding trauma, burn care and other emergency medicine services.

Organization	City	Grant Award	Project Summary
Indianhead Community Action Agency	Ladysmith	\$25,000	Purchase 6 home health monitoring units to provide daily in-home monitoring of patients with chronic disease such as diabetes or heart failure.
Lake Superior Community Health Center	Superior	\$7,387	Purchase a digital spirometry system and ECG equipment for in-office exams and for consultation with cardiologists at St Mary's in Duluth.
Marshfield Clinic Research Foundation	Marshfield	\$43,164.18	Purchase a multi-point video conference platform interconnecting a variety of devices (smartphones, tablets, laptops, desktops, etc.), enabling in-home and other out-of-office consultations.
Mayo Clinic Health System - Northland	Chetek	\$20,845	Purchase a telemedicine cart for a clinic in Chetek to facilitate consultations with specialists in Eau Claire.
Mayo Clinic Health System - Chippewa Valley	Bloomer	\$75,135	Purchase 25 home health monitoring units to provide daily in-home monitoring of patients with chronic disease such as diabetes or heart failure.
Mayo Clinic Health System - Red Cedar	Glenwood City	\$20,845	Purchase a telemedicine cart for a clinic in Glenwood City to facilitate consultations with specialists in Eau Claire.
Memorial Medical Center	Ashland	\$30,000	Purchase a telemedicine cart and associated equipment (Telestroke equipment suite) to facilitate consultations with neurologists in Duluth and elsewhere regarding the treatment of stroke patients.

Organization	City	Grant Award	Project Summary
Mendota Medical Health Institute	Madison	\$13,000	Purchase telemedicine equipment to facilitate consultations with psychiatrists at MMHI in Madison. The psychiatric patients would come from county mental health programs that have a contract with MMHI for care.
Mile Bluff Medical Center, Inc.	Mauston	\$98,000	Purchase digital x-ray equipment for two clinics in rural Juneau County to provide consultation services with radiologists in Madison, La Crosse, Marshfield, etc.
Montello Care Center	Montello	\$4,152	Purchase a telemedicine cart for the Montello Care Center to facilitate consultations with specialists in Marshfield and elsewhere.
North Central Health Care	Wausau	\$18,046.82	Purchase laptop computers and video conferencing equipment for clinics in Langlade, Lincoln and Marathon Counties to provide psychiatric services by teleconference.
Northern Lights Services, Inc.	Washburn	\$4,152	Purchase a telemedicine cart and associated equipment to facilitate consultations with physicians when travel to and from the nursing facility is difficult.
NorthLakes Community Clinic	Iron River	\$68,377.68	Purchase 4 telemedicine carts and 3 wall-mounted video conferencing units to provide psychiatric services by teleconference.
Scenic Bluffs Community Health Centers	Cashton	\$85,000	Purchase a digital x-ray device for the clinic in Cashton (Monroe County) to facilitate consultation with radiologists in La Crosse.
St. Clare Hospital	Baraboo	\$60,335	Purchase a Scan Scope eSlide capture device to create digital images that can be viewed in real time by pathologists and other specialists in Madison and elsewhere without having to ship the slides for evaluation.

Organization	City	Grant Award	Project Summary
St. Joseph's Hospital Home Health & Hospice	Chippewa Falls	\$44,500	Purchase 15 home health monitoring units to provide daily in-home monitoring of patients with chronic disease such as diabetes or heart failure.
St. Vincent's and St. Mary's & St. Nicholas Hospitals Home Health	Sheboygan	\$47,750	Purchase 15 home health monitoring units to provide daily in-home monitoring of patients with chronic disease such as diabetes or heart failure.
Waupun Memorial Hospital	Waupun	\$18,795	Purchase a telemedicine cart and associated equipment for the cardiology unit in Waupun MH to facilitate consultations with cardiologists in Fond du Lac.
Total		\$1,000,000	

**MEDICAL TELECOMMUNICATIONS EQUIPMENT GRANT AWARDS FOR
FISCAL YEARS 2012 and 2013**

Organization	City	Grant Award	Project Summary
Aspirus, Inc.	Wausau	\$53,569.43	Purchase a telecommunications cart and associated equipment to provide consultation services between the Aspirus clinical staff in Wausau and specialists in Madison and Milwaukee.
Boscobel Area Health Care	Boscobel	\$31,336.40	Purchase two computer servers and associated equipment to provide telecommunications access to Internet medical resources.
Florence County Health Dept.	Florence	\$20,450.00	Purchase a telemedicine cart and associated equipment to provide psychiatric and other medical services in Florence County by videoconference.
Grant Regional Health Center	Lancaster	\$28,780.00	Purchase computers and broadband Internet access to provide the Telestroke information campaign and Video Interpretations, an on-line language translation service.
Gundersen Lutheran Medical Foundation	La Crosse	\$47,842.00	Purchase a telemedicine cart to provide consultation services between the Gundersen clinic in Tomah and neonatal specialists in La Crosse.
Home Health United	Madison	\$32,195.00	Purchase sixteen touchscreen tablet computers to provide tele-monitoring of home-bound patients.

Organization	City	Grant Award	Project Summary
The Human Service Center	Rhineland	\$38,486.19	Purchase two desktop video conference units to provide psychiatric services in Forest, Oneida and Vilas Counties.
Indianhead Community Action Agency	Ladysmith	\$23,072.00	Purchase 75 tablet computers to provide home-based medical services by teleconference.
Iron County Human Services	Hurley	\$18,373.83	Purchase video conference equipment to provide psychiatric services in Iron County.
The Lakes Community Health Center	Iron River	\$116,269.44	Purchase four telemedicine carts and associated equipment to provide medical services in Bayfield County by video conference.
Lake Superior Community Health Center	Superior	\$77,640.00	Purchase an x-ray equipment suite to create x-ray images and transmit the images to radiological specialists for evaluation.
Langlade Hospital	Antigo	\$55,839.00	Purchase a Computed Radiology system for the Aspirus Clinic in Birnamwood to create x-ray images and transmit the images to radiological specialists for evaluation.
LE Phillips Libertas Treatment Center	Chippewa Falls	\$41,992.00	Purchase two video conference units and four remote located computer terminals to provide psychiatric services in northwest WI by video conference.
Marshfield Clinic	Marshfield	\$39,675.00	Purchase video conference equipment and five telemedicine carts to provide medical services, particularly pediatric specialty evaluations in north central WI by video conference.

Organization	City	Grant Award	Project Summary
Mayo Clinic Health System – Northland	Barron	\$24,000.00	Purchase a telemedicine cart for the Mayo clinic in Barron to provide access to specialists in Eau Claire by video conference.
Ministry Door County Medical Center	Sturgeon Bay	\$25,044.00	Purchase video conference equipment to provide access to various medical services for the North Shore Medical Clinic - Washington Island from the hospital facility in Sturgeon Bay.
North Central Health Care	Wausau	\$75,000.00	Purchase four telemedicine carts and associated equipment to provide psychiatric services at four clinics in north central WI.
North Woods Community Health Center	Hayward	\$52,870.00	Purchase a VoIP telecommunications system and associated equipment to interconnect three clinics in Sawyer County.
Progressive Community Health Centers	Milwaukee	\$3,000.00	Purchase fiber optic interconnection for three clinics in Milwaukee to provide more reliable telecommunications services at those clinic locations.
Red Cliff Band of Lake Superior Chippewa	Bayfield	\$50,000.00	Purchase telemedicine cart and associated equipment to provide cardiac care and evaluation at Red Cliff Health Center.
St. Vincent & St. Mary's Hospital Home Health	Green Bay	\$35,250.00	Purchase ten remote patient monitoring devices to provide in-home monitoring of individuals with chronic diseases, including diabetes or congestive heart failure.
Scenic Bluffs Community Health Centers	Cashton	\$58,262.00	Purchase a telemedicine cart for its Norwalk clinic to provide health education, access to specialists by video conference, and patient consultations.

Southwest Health Center	Platteville	\$49,224.00	Purchase video conference equipment to provide mental health services, in particular geriatric psychiatry services, in southwest WI.
TOTAL		\$998,170.29	