

## **REGULATORY OVERVIEW**

LICT has the opportunity to provide telecommunications service to some of the most rural portions of the nation. In fact, when there are less than two or three customers per square mile, the definition of rural really becomes more of the definition of frontier land. Several of LICT's companies serve extremely frontier portions of this nation. If it were not for a nationwide policy to provide telecommunications service to consumers everywhere, consumers located in many portions of the United States would not have communications service.

When customers located hours away from the nearest hospital go to a doctor who has access to medical facilities at a hospital hundreds or even thousands of miles away, they are blessed with the fact that this nation has created and sustained universal service funds ("USF") to provide telecommunications service in high cost areas and to schools, libraries and medical facilities. In addition, customers located on tribal lands and individuals who are disadvantaged economically have substantial benefits from the low income programs which are part of the USF mechanisms to assure affordable telecommunications service.

While these policies have been tweaked over the years, the law requires that USF will continue to provide individuals located in all portions of this nation with communications service that is reasonably comparable to that available in the urban areas at rates that are also reasonably comparable to the urban rates.

Many people misunderstand how consumers in rural portions of the nation benefit from the USF mechanisms. The more sparsely populated an area is, typically, the higher the cost to serve the consumer. Consumers located in some of the most rural portions of the nation receive the benefit of a social policy which was enacted into law in the 1930's and which was reinforced in the 1996 Telecom Act. USF allows rural consumers, including those that are served by LICT subsidiaries, to pay substantially lower rates for service than if the rates had to reflect the full cost of that service, which could make service unaffordable for many people.

In a world where broadband is critical to the safety and livelihood of Americans everywhere, the benefits that citizens in our nation receive from USF are dramatically increased. While the FCC is currently considering changes that may be made to the USF mechanisms, LICT is always fighting to keep USF for rural consumers. Our efforts to maintain USF for rural customers will not cease since the benefit to our customers is so critical to their overall success and livelihood.

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