



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

September 7, 2023

TO: Members of the Pennsylvania Congressional Delegation
FROM: The Commissioners of the Pennsylvania Public Utility Commission

Re: Affordable Connectivity Program Funding

The Pennsylvania Public Utility Commission (Pa. PUC) is writing to the Pennsylvania members of Congress (the Pennsylvania Delegation) about funding for the Affordable Connectivity Program (ACP). Currently, the ACP is funded by a Congressional appropriation. However, that funding could exhaust by the end of 2024. This letter requests that the Pennsylvania Delegation help ensure that the ACP remains adequately funded, given the looming depletion of ACP funding and the important role that this program plays in maintaining universal voice and internet service for Pennsylvanians.

Recent experience shows that the ACP is an important component of universal service for voice and internet service in Pennsylvania and nationwide. Voice and internet networks and services are essential infrastructure of the 21st century. Simply put, internet access at home, office, and business locations is now almost universally recognized as a necessity.

The ACP is making internet service more affordable for some of the country's most vulnerable households, and the program has been extremely successful in helping eligible low-income consumers buy internet service. In Pennsylvania, 658,004 households received ACP out of the national total of 19,553,182 through July 25, 2023. The absence of funding for ACP going forward would mean that approximately 658,004 Pennsylvania households who currently participate in the ACP would see their internet bill jump by \$30 per month or by \$360 per year. The absence of funding for the ACP would be particularly impactful for those Pennsylvanians whose income limitations may preclude the additional spending of \$30 per month required to obtain internet service. For those Pennsylvanians, the absence of funding could lead to their households disconnecting internet service entirely.

The ACP also plays a critical role in the long-term sustainability of networks funded by the Broadband Equity and Deployment (BEAD) program. The BEAD program was enacted as part of the Infrastructure Investment and Jobs Act (IIJA) and provides a \$42 billion investment in broadband deployment nationwide and \$1.16B for Pennsylvania. The revenues derived from providing service to eligible ACP consumers is another revenue stream that BEAD recipients can use to assist in the operation of their networks. That is because ACP revenues are a form of enhanced revenue that helps cover capital, operating, and transport expenses arising from participation in the BEAD funding. ACP support for consumers helps BEAD recipients better manage the operation of their “last mile” BEAD networks, which makes the provision of service more sustainable in the long-term.

Like the BEAD program, the ACP arose from the IIJA. Most recently, the ACP has \$8,095,212,200 in remaining funding from a total funding of \$17,052,200,000. This amount includes IIJA funding of \$14,200,000,000 plus unused funding from the precursor program – the Emergency Broadband Benefit program – that was rolled into the ACP. The ACP’s current rate of expenditure is roughly \$400 to \$500 million per month. Based on this current monthly spend, the remaining \$8,095,212,200 in ACP funding will exhaust around November 2024.

The Pa. PUC is concerned that if Congress does not reauthorize funding, the money for the ACP could be exhausted by Q4 of 2024, if not sooner. The Pa. PUC urges the Pennsylvania Delegation to help ensure that the ACP remains adequately funded. The Pa. PUC recognizes that the use of a Congressional appropriation to fund the current ACP has been a success and recommends that this funding approach continue. Therefore, the Pa. PUC urges Congress, including the Pennsylvania Delegation, to reauthorize funding for the ACP so that eligible Pennsylvanians can continue to access this extremely beneficial program.¹

¹ In the absence of a congressional authorization for additional money, the program would need to be funded some other way to ensure that Pennsylvanians continue to benefit from the ACP program. One option is to roll ACP into the Federal Communication Commission’s current federal universal service program. This is how the current federal Lifeline Program is funded. The Lifeline Program provides \$5.25 a month to eligible consumers to purchase stand-alone voice service (although the FCC intends to phase out voice-support alone but has stayed implementation through December 2024) or \$9.95 for a combination of voice and internet service. Lifeline is in addition to, not in place of, the current ACP and is currently funded by assessments on voice providers. If the ACP is rolled into the federal universal service program, program funding, including the contribution base, may need to be revisited to ensure funding remains stable. The Pa. PUC suggests that under either funding approach for the ACP, the states should have an enforcement role with any federal safety, reliability, and quality of service requirements (including dispute resolution) as is the case today for Lifeline.

The Pa. PUC's funding request is entirely consistent with a Resolution adopted by the Board of Directors of the National Association of Regulatory Utility Commissioners,² convened at its 2023 Summer Policy Summit in Austin, Texas. In the Resolution, NARUC urges Congress to provide permanent annual funding for the ACP.

The Pa. PUC thanks our Pennsylvania Delegation for taking the time to consider this letter addressing ACP funding. The Pa. PUC remains willing to address any further questions or issues surrounding the ACP for Pennsylvania.

If you have questions or would like to discuss this issue further, please do not hesitate to contact any of our offices or the Pa. PUC's Legislative Director, JJ Livingston, at (717) 772-0399.

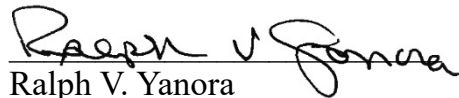
Sincerely,



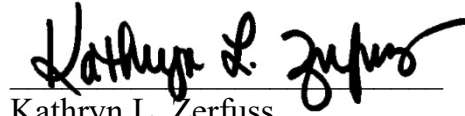
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John F. Coleman, Jr.
Commissioner

cc: JJ Livingston, Pa. PUC Legislative Director

² The National Association of Regulatory Utility Commissioners (NARUC) is a non-profit organization dedicated to representing the state public service commissions who regulate the utilities that provide essential services such as energy, telecommunications, power, water, and transportation. NARUC's members include all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.