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FCC TAKES INITIAL STEPS TO PROTECT RURAL CONSUMERS FROM PHONE RATE SHOCK

(WASHINGTON, D.C.) On April 23, 2014, the FCC (the Commission) acted to address [consumer concerns](#) raised regarding an imminent, sharp increase in rural phone rates. The increase stems from a provision of the 2011 reform of the High Cost universal service fund, a federal program which helps make rural phone service more affordable. This provision, referred to as the rural rate floor, is designed to encourage rural carriers that get support from the federal universal service fund to set rates at or above a minimum floor. The intent is to avoid draws on the universal service fund for unreasonable, excessively low rural rates. However, barring yesterday's action, rural consumers served by these companies would have faced an immediate increase in the rate floor from \$14.00 to \$20.46. Yesterday's Commission action phases in the rate increase over time and exempts subscribers of Lifeline, the federal low-income discount phone service.

"The Commission's action will avoid rate shock to some of the most vulnerable consumers in rural areas in the near term," says Olivia Wein, staff attorney at the National Consumer Law Center. "In the longer term, the Commission will have an opportunity to review the of rate floor amount and it will be important to for the Commission to provide flexibility to states so they can preserve affordable phone service to low-income consumers in rural America."

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Since 1969, the nonprofit National Consumer Law Center[®] (NCLC[®]) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness. www.nclc.org