

**In the Matter of
Report on Rural Broadband Strategy**

GN Docket No. 09-29

Summary of Comments

Prepared March 30, 2009

Numerous parties filed comments on March 25, 2009, in response to a Public Notice issued by the Federal Communications Commission (“FCC”) in GN Docket No. 09-29 relating to a report that the FCC and the Department of Agriculture (“USDA”) jointly are required to file with Congress not later than May 22, 2009, concerning rural broadband strategies.^{*} The report, required by the 2008 Farm Bill, must include recommendations for promoting interagency coordination of federal rural broadband or rural initiatives.

Comments in response to the Public Notice filed by selected parties are summarized below. The summarized comments were selected to reflect positions taken by principal stakeholders, as well as representatives of various industry segments, consumer groups, and the states.

AT&T, Inc.

- The FCC should implement the recommendations that it and USDA include in their report to Congress as part of the national broadband plan that the FCC is developing.
- In some ways, the FCC’s universal service and intercarrier compensation policies have hindered broadband expansion in rural areas, and are in need of reform.
- In order to prevent duplicative and wasteful funding, the FCC could serve as a repository of information regarding all federal broadband funding. The states also could be included in this information gathering.
- The FCC should ensure that consistent definitions of terms such as “unserved” are developed and used by all federal funding agencies.
- The FCC should monitor the successes and failures of the Broadband Technology Opportunities Program (“BTOP”) for purposes of deciding upon changes to existing universal service support mechanisms.

^{*} FCC Public Notice, *Comment Date Established for Report on Rural Broadband Strategy*, GN Docket No. 09-29, DA 09-561 (rel. Mar. 10, 2009), *citing* the Food, Conservation, and Energy Act of 2008, Pub. L. 110-246, 122 Stat. 1651 (June 18, 2008) (“2008 Farm Bill”).

- The FCC should identify and help to remove regulatory barriers to private investment in broadband deployment in rural areas.

Consumer Federation of America & Consumers Union

- The FCC should implement a strategy that pushes middle mile fiber down the major roads of rural America and to public housing “hubs” in urban areas, and provisions first mile connectivity with wireless technologies.
- This strategy would deliver both mobile computing and broadband service that meets the needs of rural and low-income urban America at affordable prices.
- Failure to achieve universal service in broadband is both a low-income and a rural problem. Urban non-low-income households are 2.5 times as likely to have broadband as urban low-income households and 4.7 times as likely as rural low-income households.
- Maximum coverage should be the broadband goal.
- The FCC should set a reasonable and adequate minimum standard of broadband service at a level that meets the need of households for basic broadband connectivity and promotes projects that achieve this goal at the lowest possible cost so the largest number of households can be reached.
- Middle-mile fiber is important, because without it there can be no broadband service, no matter which first mile technology is used.
- Setting the broadband threshold at the leading edge of currently available mobile computing delivers good mobile and good broadband service with one investment.
- The standard should be set at a 4 Mbs system, reasonably balanced between downloading and uploading at a ratio of least three-to-one.
- The FCC should expand the availability and affordability of mobile broadband by making the 700 megahertz and white spaces spectrum more available, especially in rural America, where the propagation characteristics of this spectrum would dramatically expand coverage and lower the cost.
- The reason incumbent carriers have failed to serve large parts of rural America is not simply that it costs these companies too much, but that the technology and business models preferred by the incumbents do not fit rural America.

CTIA–The Wireless Association®

- Dramatic wireless growth trends will continue to transform America’s communications networks as innovation and investment in mobile wireless broadband infrastructure continues.
- Mobile wireless broadband is well-suited to serving areas with widely dispersed populations, both when they are at home and when they are on the road. A comprehensive rural broadband strategy will bring benefits to rural areas from the increased range and low infrastructure costs of modern mobile wireless networks.
- Recent studies have confirmed that mobile services are a condition precedent to economic growth.
- Technology is currently being deployed that gives wireless mobile Internet access speeds that are as fast as (or even faster) than current fixed-line platforms such as DSL and cable modem.
- A rural broadband strategy must include the elimination of rules and policies that create incentives for inefficiency and arbitrage. Support programs and intercarrier compensation need to be modernized to reflect today’s mobile and broadband world.
- The existing universal service program is a product of monopoly-era wireline voice telephony policies. The FCC must ensure that federal policies reflect fundamental changes in technology and consumer preference, and are not simply a means for perpetuating outdated technologies or failing business models.
- Mobile broadband services are broadly available and highly valued by all consumers, and, therefore, rural consumers should have access to mobile broadband services that are comparable to those available in urban areas.
- Intercarrier compensation reform must include a transition to a unified, cost-based rate for the termination of all telecommunications traffic based on an objective and efficient measure of costs with fair default interconnection rules.
- The FCC’s plan for deploying broadband to rural areas should ensure that state and local zoning processes are not a barrier to deployment, and that sufficient steps are taken to avoid tower siting delays.
- Especially during these times of economic uncertainty, the FCC should eliminate regulatory hurdles to private sector investment and stimulus projects intended to spur immediate deployment and create jobs.

Embarq

- The main barrier to rural advanced services is the high cost of deployment. In rural and high-cost areas, build-out is uneconomic without additional support from sources other than the customers directly receiving the service.

- “Broadband” should be defined as service providing a downstream transmission speed of 1.5 Mbps. This would be higher than the FCC’s current definition of broadband, which is 768 kbps downstream. Downstream speeds below 1.5 Mbps offer too little bandwidth for telemedicine, online learning applications, and streaming video.
- The FCC should not allow network management or interconnection rules or conditions to hamper rural broadband investment.
- The FCC should not let broadband mapping initiatives delay the rural broadband investment programs enacted in the American Recovery and Reinvestment Act of 2009 (“ARRA”). Any broadband mapping is a means to an end, not an end in itself.
- The FCC should ensure that the receipt of high-cost Universal Service Fund (“USF”) support does not prejudice applicants in the ARRA rural broadband investment programs.
- The broadband project must be for incremental network deployment beyond what is covered by universal service support. Agencies reviewing grant applications should not focus on whether one or another applicant receives high-cost support for other services. Instead, the focus should be on the applicant’s projected performance measured against other criteria, such as economic reliability, the broadband service it will be able to provide, and the speed with which it can deploy facilities.
- The FCC should ensure broadband support does not compromise existing universal service support for voice services.
- The FCC should include broadband in a reformed high-cost universal fund
- The FCC should ensure universal service reform includes granular targeting of high-cost USF. Current rules are based on crude state-wide and study area-wide averages. The costs of providing broadband (or voice) service vary dramatically within those areas. But, currently, support does not distinguish between these areas.

Independent Telephone and Telecommunications Alliance

- The FCC must ensure an expedited, concerted, efficient, and cost-effective effort to make broadband available, at a to-be-determined minimum level, to all Americans.
- The FCC also must consider that funding made available by the ARRA will not be enough to get the job done. Commissioner Adelstein has noted that the \$7.2 billion in funding is just a down payment.
- Confusion could be created if the National Telecommunications and Information Administration (“NTIA”), the Rural Utilities Service (“RUS”), and the FCC each were to rely upon different definitions of “broadband,” “unserved,” and “underserved.” If the agencies cannot agree on a single, broadly-applicable definition, then they should agree to a single standard of service that would be referred to as “BTOP compliant” or a similar designation.

Microsoft Corporation

- In ranking priorities for the use of BTOP funds, bringing broadband to schools, libraries, and hospitals deserves a very high priority, because this would provide the greatest and most immediate benefits from the dollars invested.
- The indirect benefits will also be substantial and widely distributed. Once high-capacity facilities are deployed to every community the broadband pump will be primed. Commercial and other entities will be able to distribute broadband services both to businesses and in neighborhoods.

National Association of State Utility Consumer Advocates

- Rural broadband strategy is crucial, but it is only part of a truly national broadband strategy.
- A rural broadband strategy must recognize the distinction between rural areas of the country that are served by smaller rural telephone companies and rural areas served by the larger, “non-rural” companies, including AT&T, Verizon, and Qwest.
- Broadband availability in the smaller companies’ territories is typically significantly greater than that in rural areas served by the larger companies.
- The larger carriers have received state and federal regulatory concessions in exchange for commitments on broadband and other advanced services, commitments that—even when met—have still left significant portions of their territories without any broadband access. A national rural broadband plan should not reward these failures of the larger companies.
- One key action the FCC must take as part of adopting a national rural broadband strategy is to explicitly make broadband service one of the services supported by the USF. In addition, broadband service providers should be required to contribute to USF.
- Regarding process, the FCC should establish an inter-agency task force or, alternatively, create an advisory committee to assist the agencies in carrying out a rural broadband policy.

National Cable and Telecommunications Association

- The FCC should include principles of interagency communication and coordination into its report. If each of the rural broadband funding programs is run according to different standards, without a coordinated interagency effort, using different approaches, and attempting to meet different priorities, then there can be little hope of significant improvement to broadband access in rural areas.
- The agencies should have a common understanding of which areas of the country are in the greatest need of receiving benefits under the various programs. This would help avoid the problem of wasted resources due to overlapping funding.
- The critical terms that will guide the distribution of benefits, such as “broadband,” “unserved,” “underserved,” “rural,” and others, must be defined consistently across the programs.

- The award process must be transparent to the public. A more open process allowing for disclosure of non-proprietary, non-confidential information would assist both the public and agencies evaluating loans and grants.
- Each agency distributing rural broadband funds should be required to make available to the public all information about the applications it receives.
- Rural broadband strategy should focus on improving broadband deployment in unserved rural areas and broadband adoption by underserved rural populations. Even when program eligibility extends beyond areas with no broadband service, the primary goal must be to extend broadband to rural unserved areas.
- If the funding agencies give priority to unserved areas, this would avoid creating disincentives for providers to continue deploying broadband through private investment. Companies that have taken financial risks by serving a rural market without government assistance cannot be expected to continue to do so if faced with a government-subsidized competitor.
- An important secondary priority for rural broadband support programs should be improving the opportunities for underserved populations to use broadband services where these services already are available.
- The funding agencies should be cautious in extending funding in underserved areas. Only when all Americans have access to broadband should any funds be awarded to support projects in underserved areas. The need for subsidies in these areas is not as great as in unserved areas or for underserved populations, because the market is already working to bring broadband to communities in these areas.
- Consistent with congressional intent, rural broadband programs should be carried out in a manner that does not favor any particular technology, whether through definitions used for eligibility, application requirements, or otherwise.
- Broadband support programs must use a reasonable definition of broadband that does not include unreasonable speed requirements, and is applied consistently across the programs. Using broadband speeds to establish too high a bar for eligibility could deter investment, depriving rural areas (and other areas) of jobs, and perpetuating the lack of broadband service rather than remedying this problem.
- The funding agencies should define two distinct levels of broadband service. The first (at least 768 kbps in at least one direction) would be used to define “unserved” areas, *i.e.*, areas without this level of broadband would be treated as unserved. The second (at least 3 megabits per second downstream and 768 kilobits upstream) would be used to define “underserved” areas. This would be generally equivalent to third generation (3G) wireless broadband.
- For the purpose of determining whether an area is “unserved” or “underserved,” the presence of wireless and wireline broadband providers should be evaluated separately. Thus, a given area could be underserved for wireline purposes, but unserved for wireless purposes.

- The FCC needs to reform the USF high-cost support mechanism. The existing mechanism fails to capture the benefits of improving technology and expanding competition. Extensive support goes to areas also served by cable voice providers. This funding could be put to far better use. Granting subsidies to one competitor in such areas disrupts the competitive marketplace and wastes scarce funding.
- The FCC’s Inspector General has reported that the USF high-cost fund also has an accountability problem, with the most recent audit showing a level of “erroneous payments” that substantially exceeded the threshold for classifying a program as “at risk” under the Improper Payments Information Act of 2002. Any reform plan must contain concrete provisions to reduce this level of error and inefficiency.
- The FCC should adopt a pole attachment rate formula that promotes broadband deployment in rural areas and true parity among broadband providers.

National Exchange Carrier Association, Inc.

- The FCC’s report should recognize the role played by existing universal service programs in making broadband services available and affordable in rural America, especially the efforts of incumbent local exchange carriers (“LECs”) serving as carriers of last resort in rural areas.
- While BTOP will act as a one-time infusion of funds for rural broadband, the FCC’s report should highlight the fact that existing universal service and intercarrier compensation programs not only enable providers to build new facilities—they also ensure the ongoing availability of broadband services in rural areas.
- Broadband services need to be included in the definition of “universal service” and they also should be subject to USF contribution obligations.
- Currently there is very little support for the “middle mile,” *i.e.*, the transport of broadband traffic from rural customers to the interconnection point of an Internet backbone provider. These costs must be addressed as part of any rural broadband strategy.

Nebraska Public Service Commission

- The FCC should define what resources are available for rural broadband services, and then should prioritize how these resources should be used
- Broadband should be added to the list of supported services for federal USF support.
- The FCC should take a lead role in defining “broadband,” it should include specific speed requirements in the definition of broadband, and it could use a tiered approach which would gradually expand as the applications or needs of consumers change. Alternatively, the FCC could set a timeline to revisit the minimum speed requirements at some future time.
- The FCC and USDA should establish a task force to collectively define priorities, integrate broadband programs, and streamline the application process.

- Rural broadband initiatives should be expanded and the application process should be streamlined.

PCIA–The Wireless Infrastructure Association

- Wireless broadband can deliver fast, reliable broadband results to end users and also can cover the frequently large distances between sparse populations with an infrastructure investment that requires a fraction of the associated time and cost it would take to deploy wireline infrastructure in rural areas.
- In order to facilitate wireless broadband in rural areas, the FCC should advise NTIA and RUS to be as inclusive as possible when defining the terms “rural,” “unserved,” and “underserved.”
- In developing a needs assessment pursuant to the 2008 Farm Bill, the FCC must ensure that wireless broadband availability is placed on an equal footing with other broadband service options.
- Federal funding agencies should define the term “unserved” to include any area in which no wireless broadband coverage is available.
- “Underserved” should be defined to include any area in which there is only one provider of ubiquitous wireless broadband service, because a ubiquitous wireless broadband option is critical for consumer choice.
- State and local barriers are unnecessarily impairing broadband deployment in areas in need of service. One way to reduce delay would be for the FCC to provide time parameters applicable to local zoning decisions.
- NTIA and RUS should determine that private sector entities, including tower companies and backhaul providers, are eligible for ARRA grants. This would take advantage of the expertise, local knowledge, and investment capacity necessary for sustainable deployment of broadband services in rural areas, and would also be consistent with language in the ARRA Conference Report.

Rural Telecommunications Alliance

- Government can facilitate broadband investment by providing tax and loan incentives, by permitting network operators to experiment with new business models, and by streamlining and clarifying regulations. Rural broadband funds granted or loaned through ARRA can help facilitate additional investment.
- Consumers should have access to the legal Internet content of their choice, free from anti-competitive behavior by network operators.
- Equal regulatory treatment of all broadband providers will promote investment in underserved areas and promote robust competition that is the best driver of innovation and customer service.

- The FCC should consider using the existing Lifeline and Linkup programs to spur broadband adoption.
- The existing USF system is outdated and needs to be reformed. All options for reforming USF should be considered, including making broadband eligible for USF funding.

Sprint Nextel Corporation

- In order to achieve greater broadband deployment in rural areas, the FCC must address problems associated with special access. Right now, there is virtually no competition for special access services. AT&T and Verizon each control about 90 percent of special access lines in their respective geographic markets, and their dominance is even greater in the rural areas in which they operate.
- Excessive special access rates charged by AT&T and Verizon undermine the development of rural broadband because these rates drive up the costs of bringing new service to rural America to levels that curtail network expansion.
- Excessive special access rates reduce companies' ability to expand broadband service in rural areas. AT&T's and Verizon's monopoly profits drive up consumers' mobile broadband bills and make new rural wireless towers more expensive to deploy and maintain.
- In 2007 and 2008, Sprint paid AT&T's and Verizon's incumbent LEC entities several billion dollars in special access charges, contributing to their 138 percent (AT&T) and 62 percent (Verizon) interstate special access rate of return.
- The FCC and USDA should pursue a policy of competitive and technological neutrality. They should not thwart competition by picking a single technological or competitive "winner." Nor should the government impair competition by spreading deployment incentives so thinly that no competitive alternative to the monopoly incumbent can successfully emerge.
- The FCC and USDA should adopt standards that do not foreclose any technologies, so that wireless, wireline, cable, and other types of service providers all have a fair opportunity to seek rural broadband stimulus funding.
- Grants should be targeted in a manner that ensures the development of competition.
- On the other hand, awarding rural broadband stimulus incentives more broadly than the rural market can support would increase the risk that new entrants would fail, which would have the perverse effect of strengthening the position of monopoly incumbents.
- The FCC should affirm that certain mechanisms and requirements associated with existing USF programs do not automatically apply to any new broadband deployment programs.
- Specifically, the following USF mechanisms should not apply: (1) limitations on competitive eligible telecommunications carrier ("ETC") support, such as the interim cap; (2) any number-based or connection-based contribution mechanism; and (3) any USF application, reporting, and audit requirements.

Telecommunications Industry Association

- The FCC must look to expand broadband availability and adoption across all technology platforms throughout rural communities—and it should closely monitor actual subscribership and uptake among the various sectors of rural communities.
- The FCC must look at service to residential end users, schools, hospitals, community anchor institutions, public safety agencies, and all other members of rural communities. If the FCC focuses on only one element of broadband service, this may result in an incomplete view of the rural broadband ecosystem.
- Agencies awarding broadband grants should stimulate broadband adoption by including subsidies for laptops and funding for computer training.
- The FCC should establish specific subscribership measurements and other objective measurements to meet the goal of ensuring that all Americans have access to affordable high-quality broadband.
- A rural broadband strategy (and a national broadband plan) must provide for development of, and increased incentives for, investment across all technologies, whether on the demand or the supply side.
- The FCC should work with NTIA to ensure that the FCC has sole responsibility for collecting data that will be used for broadband mapping. The FCC should also coordinate with states on similar data collection efforts. Because the FCC already collects broadband data at the federal level, there is no need for NTIA to implement a separate data collection program.
- The FCC should utilize existing federal programs focused on rural areas, including the USF high-cost program and the rural health care pilot program, as key components of the rural broadband strategy.
- The FCC should reform the USF high-cost program to create a broadband fund that would focus on making high-quality, affordable broadband service available throughout rural America. The broadband fund should grow over time, should be technologically and competitively neutral, and should ensure that existing support for narrowband service does not decrease providers' incentives to deploy next-generation broadband offerings.
- Even though the NTIA and RUS programs funded by the ARRA do not fall directly under the jurisdiction of the FCC, they should be included in the FCC's rural broadband strategy report. These programs could be important models to help inform future broadband strategy by providing examples of successful projects and offering lessons regarding program implementation.

USA Coalition

- The national effort to achieve universal broadband availability has been hampered by the fact that neither Congress nor the FCC has ever defined the overall goals—in tangible and measurable terms—for the various rural broadband initiatives.

- The FCC must enumerate the goals for all the rural broadband deployment initiatives before it develops the strategy and tactics to meet those goals. To do this, it should issue a Public Notice seeking comment from interested parties.
- Then the FCC should issue a notice of proposed rulemaking seeking comment on a proposed set of rural broadband objectives. After receiving comment, the FCC then could formulate the mandated comprehensive broadband strategy and submit it to Congress.
- The FCC must ensure that ARRA grant recipients can continue to provide broadband services in rural areas after grant funds have been expended. For example, the FCC should consider whether ongoing support is necessary to offset operating expenses.
- The FCC should take the immediate step of repealing the current cap on USF support for competitive ETCs and allowing the use of USF funds for the deployment and maintenance of broadband services for all ETCs that agree to provide the transmission component of the broadband service on a common carrier basis.
- The FCC should avoid placing an undue emphasis on metrics that would unduly restrict the flow of broadband support to a single type of service provider.
- For example, the FCC should avoid setting minimum data transfer rates at levels that, because of technological limitations, would exclude mobile broadband providers from broadband support.
- The FCC should consider wireless broadband solutions as a cost-effective means of reaching hard-to-serve communities and of promoting economic growth in those communities.

Verizon

- A rural broadband strategy developed by the FCC must involve five elements:
 - (1) Rely on hard data to identify where broadband is and is not available in rural areas.
 - (2) Coordinate with NTIA and RUS to ensure that they are able to target available funds to areas where no broadband connectivity is currently available.
 - (3) Reform USF to target funds in a manner that responds to current communications challenges without overburdening consumers.
 - (4) Take steps to ensure that local tower-siting regulations do not unreasonably delay deployment of wireless broadband services in rural communities.
 - (5) Address demand-side factors that inhibit consumer subscription to broadband services, *e.g.*, computer literacy, computer ownership.
- The initial round of NTIA and RUS grants should be made for projects that meet at least three criteria:

- (1) Projects that a state has identified will extend broadband service to an unserved area.
 - (2) Projects with applicants who have a successful record of deploying and providing broadband service.
 - (3) Projects that use a technology that is appropriate for the area to be served.
- The USF high-cost fund needs to be reformed because it remains focused on legacy technology, and attempts to fit new technologies—wireless and broadband—into an ill-fitting framework.
 - The high-cost fund does little to deploy broadband and wireless services in unserved areas, and it spends consumers’ money very inefficiently.
 - High-cost reform should include the following elements:
 - (1) Cap the size of the high-cost fund.
 - (2) Use competitive bidding to award funding to mobile wireless carriers.
 - (3) Create a separate, temporary subsidy program that would promote broadband deployment by supporting the “middle mile” transport costs some broadband providers face in high-cost areas.
 - The FCC should expedite the construction of wireless facilities that will bring broadband services to rural communities by setting deadlines for local zoning authority action on siting applications.

Wireless Internet Service Providers Association

- Wireless Internet service providers (“WISPs”) provide fixed wireless Internet access services to more than 2 million consumers and businesses throughout the United States. Many of these subscribers live in rural areas of the country.
- The FCC and USDA should develop and use common definitions of key terms such as “rural area” and “broadband.” Use of dissimilar criteria would needlessly complicate the flow of funds to rural broadband users and would hinder interagency coordination.
- Information about broadband availability should be shared and collected in a common database.