

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
The Uniendo a Puerto Rico Fund and the)	WC Docket No. 18-143
Connect USVI Fund)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
ETC Annual Reports and Certifications)	WC Docket No. 14-58

REPLY COMMENTS OF LIBERTY CABLEVISION OF PUERTO RICO, LLC

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SUMMARY

Liberty Cablevision of Puerto Rico (“Liberty”) submits these reply comments in response to the Commission’s Notice of Proposed Rulemaking and Request for Comment on its proposal to further implement the Uniendo a Puerto Rico Fund and the Connect USVI Fund. The second phase of the Uniendo a Puerto Rico Fund, Stage 2, will assist providers in deploying new network facilities and hardening networks in order to minimize the wide-spread damage from another catastrophic event like the 2017 hurricanes. The damage caused by the 2017 hurricanes, along with other serious challenges in serving Puerto Rico due to its climate, geography and market, means that it will take significantly more funding than what is being proposed in order to adequately address the dire needs on the Island. Although commenters may differ on the precise amount of funding needed, it is clear that a substantial adjustment to the Commission’s funding allocation methodology is needed. In particular, the Commission should significantly reduce the high-cost funding benchmark—far beyond the 25% adjustment suggested in the *NPRM*.

The funding will need to be disbursed quickly and to established providers experienced with serving Puerto Rico, lest the significant restoration efforts be lost in the next hurricane. Liberty also urges the Commission to encourage accelerated construction permitting processes so that the funding can be put to good use as quickly as possible.

Support should also be targeted to the locations most in need in order to leverage the limited universal service funding as much as possible. Allocating support based on census block groups, as opposed to the much larger and more diverse municipios, will permit the Commission and providers to better segregate out locations that are sufficiently served by an unsubsidized competitor, and where networks have already been restored.

While Liberty and other commenters agree that Stage 2 funding should be quickly allocated to established providers, there is no basis to give Puerto Rico Telephone Company (“PRTC”), the incumbent provider, a right of first refusal for any funding. Stage 2 funding should be disbursed on a competitive bidding basis. If PRTC has a compelling case to make for why it should receive funding in a given area as opposed to another provider, then it should make that case to the Commission in a competitive bidding process.

Finally, the competitive bidding process should favor proposals with higher speeds and better service quality standards, regardless of technology, while expanding service to the maximum number of people. The solution for Puerto Rico is not to provide substandard service, as a strong communications network is crucial to its overall economic recovery. Nor is it time to fund the gold-plated network build out designs of one provider. It is time to fund smart, forward-looking, high quality networks that are storm-hardened based on creative solutions proposed by established providers.

TABLE OF CONTENTS

I.	COMMENTERS AGREE ON KEY ELEMENTS OF HOW TO STRUCTURE STAGE 2.	1
A.	More Funding is Necessary to Meet the Dire Needs of Puerto Rico.....	2
1.	The Commission Should Accelerate the Disbursement of Funding to Assist Providers in Quickly Hardening their Networks.....	3
2.	The Commission Should Encourage an Accelerated Permitting Process	3
B.	Stage 2 Support Should be Limited to Established Providers	4
C.	The Commission Should Adjust Its Methodology for Allocating Support	6
D.	Census Block Groups are More Appropriate than Municipios for Efficiently Targeting Support in Puerto Rico.....	8
II.	THE BEST AND MOST EFFICIENT USE OF STAGE 2 FUNDS SHOULD DETERMINE HOW THEY ARE DISTRIBUTED—NOT PAST ILEC ELECTIONS OR CONCESSIONS MADE IN THE CONTEXT OF THE CAF	9
III.	THE COMMISSION SHOULD FAVOR PROPOSALS WITH HIGHER SPEEDS AND BETTER SERVICE QUALITY STANDARDS	13
	CONCLUSION.....	15

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Liberty Cablevision of Puerto Rico, LLC (“Liberty”) submits these reply comments in response to the initial comments on the Commission’s Notice of Proposed Rulemaking and Request for Comment on the Commission’s proposals to further implement the Uniendo a Puerto Rico Fund and the Connect USVI Fund.¹

I. COMMENTERS AGREE ON KEY ELEMENTS OF HOW TO STRUCTURE STAGE 2

Commenters generally agree that: (a) more funding is necessary to meet the restoration, hardening, and expansion requirements of providers in Puerto Rico; (b) Stage 2 funding should be limited to established providers who were serving customers in Puerto Rico as of June 2017; (c) the Commission’s proposed support allocation methodology should be revised before the Commission identifies eligible locations and reserve prices; and (d) the municipio geographic unit is too large for determining build-out obligations and identifying support levels.

¹ *In Re The Uniendo a Puerto Rico Fund and the Connect USVI Fund, Connect America Fund, ETC Annual Reports and Certifications*, Order and Notice of Proposed Rulemaking, WC Docket Nos. 18-143 *et al.*, FCC 18-57 (FCC rel. May 29, 2018) (“Order” or “NPRM”). See also *Wireline Competition Bureau Announces Stage 1 Restoration Funding for the Uniendo a Puerto Rico Fund and the Connect USVI Fund*, Public Notice, DA 18-825 (WCB rel. Aug. 7, 2018) (“Stage 1 Funding Notice”) (awarding Stage 1 funding to Liberty).

A. More Funding is Necessary to Meet the Dire Needs of Puerto Rico

Commenters uniformly recognize the extensive destruction wrought by Hurricanes Irma and Maria. In addition, the comments consistently noted the significant cost of restoring service, hardening communications networks against future storms, and expanding service throughout Puerto Rico. There is a general recognition that the proposed funding will provide inadequate assistance to achieve these goals.

In particular, the Telecommunications Regulatory Board of Puerto Rico (“Board”) observes that the proposed funding is inadequate to address the deployment of facilities to unserved and under-served areas of the Island, or the hardening of providers’ networks.² The Board also agrees with Liberty that the unique physical attributes of Puerto Rico make it more costly to serve than the U.S. mainland. Therefore, the Board concludes that, if Puerto Rico is to recover and move forward, additional funding is needed to not only restore the communications infrastructure, but expand it as well.³

Likewise, Puerto Rico Telephone Company (“PRTC”) argues that the Commission’s proposed support through the Uniendo a Puerto Rico Fund is insufficient under the standards of Section 254 of the Communications Act.⁴ In support of this point, PRTC submits that even if PRTC received the totality of the proposed support distributed through the Uniendo a Puerto

² Board Comments at 6-8. The Board places such additional costs in context by noting the rising costs associated with restoration, the power outages that continue to hamper the Island, and the approximately \$200 million in credits providers have issued to customers for loss of service as additional factors explaining why the level of support proposed by the Commission is insufficient. Liberty believes that the estimate of \$200 million in customer credits understates the credits given to customers by all providers.

³ Board Comments at 8-9. *See also* Liberty Comments at 9-10, 23.

⁴ PRTC Comments at 9 (citing 47 U.S.C. § 254(b)(5)).

Rico Fund that support would not cover its estimated costs of restoring, modernizing, and expanding its network.⁵

These comments are consistent with Liberty's request for additional support beyond the level of support the Commission proposed in the NPRM.⁶ The consensus among commenters is that additional support is critical to both the hardening and expansion of communications infrastructure in Puerto Rico. Accordingly, Liberty respectfully requests that the Commission consider allocating additional support to the Uniendo a Puerto Rico Fund.

1. The Commission Should Accelerate the Disbursement of Funding to Assist Providers in Quickly Hardening their Networks

In addition to making more funding available for Stage 2, Liberty reiterates the importance of accelerating the disbursement of that funding.⁷ Because the power grid and utility pole infrastructure in Puerto Rico will remain fragile for years to come, it is critical that providers harden their networks as quickly as possible and create resiliency in order to better withstand the next hurricane that strikes the Island. By accelerating Stage 2 support earmarked for hardening, the Commission can support the efforts of providers to improve the resiliency of their networks before another catastrophic weather event occurs.

2. The Commission Should Encourage an Accelerated Permitting Process

The Commission can also assist providers in accelerating the hardening of their networks by reducing bureaucratic red tape that slows down network construction projects. For example, Liberty strongly supports AT&T's proposal that the Commission "encourage both Puerto Rico and the U.S. Virgin Islands to approve one-time territory-wide permits to Stage 2 recipients,

⁵ *Id.* at 9-12, 15-16. Liberty cannot evaluate PRTC's cost claims because PRTC has redacted all information regarding estimated costs as "confidential information."

⁶ Liberty Comments at 7-8.

⁷ *Id.* at 23-24.

making it possible to bury fiber without undue delay or expense.”⁸ Liberty often encounters unnecessary delays when attempting to bury critical elements of its network due to a lengthy permitting approval process. Therefore, if the Commission encourages Puerto Rico to establish a territory-wide permitting approval process, analogous to proposals advanced in the Commission’s “Accelerating Wireline Broadband Deployment” docket,⁹ providers could undertake projects to harden network elements in a timely and efficient manner. Liberty respectfully requests that the Commission act upon AT&T’s proposal and other measures designed to reduce unnecessary regulatory barriers.

B. Stage 2 Support Should be Limited to Established Providers

Commenters generally agree that Stage 2 support should be limited to established providers who were providing service in Puerto Rico prior to the hurricanes, as determined by the companies’ FCC Form 477 filings.¹⁰ This will ensure that the limited funds earmarked to help Puerto Rico will be used in the most efficient and effective manner as possible. The comments make clear that Puerto Rico presents unique challenges for the deployment and operation of communications networks, in terms of its topography, weather, distance from centers of manufacturing, and significantly higher-than-average poverty levels.¹¹

⁸ AT&T Comments at 8.

⁹ See e.g., *In Re Accelerating Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment*, Notice of Proposed Rulemaking, Notice of Inquiry, and Request for Comment, 32 FCC Rcd 3266 (FCC rel. Apr. 21, 2017).

¹⁰ Liberty Comments at 30-31; PRTC Comments at 17 (providers eligible for Stage 2 funding should be limited to “those that, according to June 2017 FCC Form 477 data, had an existing fixed network and provided broadband service in Puerto Rico to residential customers prior to the hurricanes.”); AT&T Comments at 12-13 (“all Stage 2 Fixed Funds based on existing facilities-based fixed providers’ FCC Form 477 filings.”); VPNet Comments at 7 (“[s]ervice providers that did not operate broadband networks until after June 30, 2017 should not be eligible for any windfall support”).

¹¹ Board Comments at 7-8; Puerto Rico Governor Comments at 3-4; PRTC Comments at 11, 13; WorldNet Comments at 3.

As Liberty noted in its initial comments, providers with an established presence on the Island will be best equipped to deal with the unique obstacles facing providers in Puerto Rico,¹² and other commenters agree. For example, PRTC states that providers eligible for Stage 2 funding should be limited to “those that, according to June 2017 FCC Form 477 data, had an existing fixed network and provided broadband service in Puerto Rico to residential customers prior to the hurricanes.”¹³ PRTC submits that this requirement is sensible for two reasons: “providers who offered services before the hurricane would be better equipped to rebuild and expand service as quickly as possible than those who did not, and existing providers with established track records present a smaller risk of defaulting on their service obligations.”¹⁴ AT&T further supports this requirement stating that the Commission should allocate “State 2 Fixed Funds based on existing facilities-based fixed providers’ FCC Form 477 filings.”¹⁵ VPNet agrees, stating that “[s]ervice providers that did not operate broadband networks until after June 30, 2017 should not be eligible for any windfall support” and that funding should be “directed to those providers that suffered actual and substantial financial losses and ... are investing substantial private capital to restore their networks and operations.”¹⁶ Liberty agrees with the consensus of commenters that eligibility for support should be limited to those providers that operated broadband networks in Puerto Rico prior to the hurricanes.¹⁷

¹² Liberty Comments at 30-31.

¹³ PRTC Comments at 17.

¹⁴ *Id.*

¹⁵ AT&T Comments at 12-13.

¹⁶ VPNet Comments at 7.

¹⁷ See PRTC Comments at 17, AT&T Comments at 12-13, VPNet Comments at 7, Liberty Comments at 30-31. In addition, Liberty rejects the discussion in the record advanced by the satellite industry that since satellite providers were able to provide communications service after the destruction caused by the 2017 hurricanes, they should be allowed to participate in Stage 2 of the Uniendo a Puerto Rico Fund. See Hughes Network Systems, LLC

C. The Commission Should Adjust Its Methodology for Allocating Support

In 2014, when the Commission initially excluded Puerto Rico from CAF Phase II it recognized that carriers in Puerto Rico “...face unique circumstances in the areas they serve and experience different challenges in deploying broadband service” throughout Puerto Rico.¹⁸ Post-hurricanes, commenters agree that this reasoning is even more compelling, and that the Commission cannot rely on the same support allocation methodology that it employed for the mainland United States. Commenters generally recognize that the Connect America Cost Model (“CAM”) and the high-cost funding thresholds must be adjusted to accurately and efficiently disburse support throughout Puerto Rico.

In particular, AT&T “urge[s] the Commission to update the CAM before using it to identify the number of locations and the appropriate costs or reserve in each geographic area.”¹⁹ AT&T submits that there are limitations in CAM’s ability to accurately identify the number of locations in a given geographic area, and this shortcoming will be amplified in Puerto Rico given the state of recovery on the Island.²⁰ PRTC reiterates this point in its comments, stating that use of the CAM to identify eligible locations is “problematic due to possible changes in the number of locations post-hurricane and the difficulties in obtaining more recent, accurate data.”²¹ The Board also acknowledges the deficiencies in utilizing the CAM to allocate support and offers its

Comments at 6-7; SES Americom, Inc. and O3B Comments at 2. While satellite-based connectivity may provide a short-term stopgap solution, satellite service is not well equipped to provide modern broadband services to the citizens of Puerto Rico over the long term. Therefore, the Commission should limit participation in Stage 2 to fixed-providers already present on the Island who are best equipped to address the unique challenges for the deployment and operation of communications networks in Puerto Rico.

¹⁸ *In Re Connect America Fund et al.*, Report and Order, 29 FCC Rcd 15644, 15662, para. 46 (FCC rel. Dec. 18, 2014) (“*December 2014 Connect America Fund Order*”) (emphasis added).

¹⁹ AT&T Comments at 15.

²⁰ *Id.*

²¹ PRTC Comments at 19.

own proposal to ensure that support is allocated in an efficient manner to as many locations as possible throughout the Island.²² Liberty agrees with these comments regarding the shortcomings of the CAM methodology and notes that identifying locations will be particularly difficult in light of the destruction and migration from the Island caused by the 2017 hurricanes. Outdated census data will only compound this problem.

These proposed adjustments to the Commission's support allocation methodology are consistent with Liberty's proposal to substantially decrease the high-cost funding benchmark in order to determine the locations eligible for support in Stage 2. Both commenters and the Commission acknowledge that, even before the hurricanes, there were a plethora of attributes that made provisioning broadband to consumers in Puerto Rico substantially different from the mainland. The hurricanes have only increased those differences. As Liberty discussed in its comments, the Commission should significantly decrease its expected rate of subscription and average revenue per user ("ARPU") in order to account for Puerto Rico's unique circumstances.²³

More specifically, Liberty urges the Commission to substantially reduce the high-cost funding benchmark for Stage 2 funding. In the NPRM, the Commission suggested that perhaps a 25% reduction of the \$52.50 high-cost funding benchmark established for the CAF II program may be appropriate, *i.e.*, \$39.39.²⁴ Liberty believes that the appropriate number is actually several orders of magnitude below \$39.39. Such reduction accounts for the variables that differ

²² Board Comments at 12 (submitting a framework for the Commission's consideration where the greatest weight is given to competitive proposals that cover a greater number of subscribers or reach a great number of locations, and stating that such a framework overcomes the deficiencies in the CAM).

²³ Liberty Comments at 28-30.

²⁴ NPRM at para. 53. A 25% reduction of the \$52.50 benchmark is \$39.38. *See also In Re Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd 3964, 4033, para. 164 (WCB rel. Apr. 22, 2014).

significantly from the mainland United States, including the much lower subscription rate and a drastically lower expected ARPU. By substantially lowering the high-cost funding benchmark, the Commission will create an economic incentive for providers to deploy to new locations. If the Commission kept the high-cost funding benchmark of \$52.50 (or even an amount approaching that level), there would be no business case to build out to underserved and unserved locations, due at least in part to the substantially different subscription rates and ARPU, particularly after the hurricanes.

D. Census Block Groups are More Appropriate than Municipios for Efficiently Targeting Support in Puerto Rico

As the Board recognizes, the municipio in Puerto Rico is too large of a geographic unit on which to base support decisions.²⁵ There are multiple reasons for this. First, there are municipios that contain a mix of more densely populated areas and more rural portions. Providers should be obligated to serve the entirety of the geographic area awarded in order to ensure that they are not receiving funding while engaging in cream skimming. But utilizing the larger geographic area would make it much harder for the Commission and providers to target support only where it is most needed, or to weed out areas already served by an unsubsidized competitor without denying support to unserved areas that happen to be on the “wrong” side of the municipio boundary.²⁶ Utilizing the more granular census blocks permits the Commission to distribute support more efficiently in accordance with the varying conditions of each locale and permits providers to focus their proposals on those areas requiring high-cost funding in order to provide service.²⁷ PRTC’s comment that using the municipio as the geographic unit would

²⁵ Board Comments at 13.

²⁶ *Id.*, Liberty Comments at 24-25.

²⁷ Board Comments at 13, Liberty Comments at 24-25, VPNet Comments at 8-9.

“allow providers to achieve economies of scale that would not be available with smaller areas” is unsupported and unpersuasive.²⁸ To the extent that it is appropriate to provide support in multiple, contiguous census blocks, providers could propose to serve all such blocks and achieve the associated economies of scale. Indeed, Liberty has proposed to permit package bidding of contiguous census block groups.²⁹ However, the Commission should not award funding at the municipio level simply so that a provider may achieve operational economies of scale.

II. THE BEST AND MOST EFFICIENT USE OF STAGE 2 FUNDS SHOULD DETERMINE HOW THEY ARE DISTRIBUTED—NOT PAST ILEC ELECTIONS OR CONCESSIONS MADE IN THE CONTEXT OF THE CAF

When the Commission established the Connect America Fund (“CAF”), it gave incumbent local exchange carriers (“ILECs”) the opportunity to accept CAF funding on a statewide basis in exchange for certain build out and service requirements.³⁰ In non-contiguous areas such as Puerto Rico, ILECs were afforded the opportunity to continue to receive the same level of funding, frozen at 2011 levels, which PRTC elected.³¹ This frozen support was to be linked to specific buildout requirements, but no such build out requirements were imposed upon PRTC.³²

Moreover, unlike Liberty, which has made substantial progress in its restoration efforts, PRTC has apparently made very little progress in restoring its network despite having received

²⁸ PRTC Comments at 19.

²⁹ Liberty Comments at 25.

³⁰ *In Re Connect America Fund et al.*; WC Docket Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17730-32, paras. 173-78 (FCC rel. Nov. 18, 2011) (“*USF/ICC Transformation Order*”) *aff’d sub nom.*, *In re FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014) (concluding that ILECs will be given a one-time opportunity to accept CAF II support on a statewide basis in exchange for meeting specific service and deployment obligations).

³¹ *December 2014 Connect America Fund Order*, 29 FCC Rcd at 15661-63, paras. 45-49.

³² Liberty Comments at 5-6.

\$36 million *annually*, and approximately \$21 million in advanced support shortly after the 2017 hurricanes struck.³³ PRTC states that it “has developed a comprehensive restoration and network modernization plan...,” but has seemingly failed to implement the plan in the absence of government subsidies.³⁴ Over the course of several pages in its comments, PRTC makes a complicated case about the cost of its restoration plans, and makes it clear that it has failed to make any cognizable gains in restoration to its network because it is awaiting government subsidies.³⁵ Where PRTC has undertaken restoration efforts, it complains that such restoration has resulted in “unrecovered expense and investment.”³⁶ PRTC’s unhealthy reliance on government subsidies is even more pronounced when it states that it “will be required to invest hundreds of millions of its own capital” to complete the entirety of the restoration work even if the Commission drastically increases the support available in Stage 2 of the fund *and* awards PRTC all of the increased support.³⁷ PRTC’s dependence on government assistance is inconsistent with the Commission’s goals to “preserve and advance universal service,”³⁸ and stands in stark contrast to other fixed broadband providers on the Island. For example, VPNet explains that it has restored service to “approximately 95 percent of [its] pre-hurricane customers,”³⁹ and AT&T stated that “significant progress to restore service has been made.”⁴⁰

³³ PRTC received approximately \$21 million in advance support in October 2017 to immediately deal with the destruction caused by the 2017 hurricanes. *See Connect America Fund*, Order, 32 FCC Rcd 7981 (FCC rel. Oct. 4, 2017) (“PR Advance Funding Order”). The Commission declined to offset this advance support in the Order and stated that it “should be considered a new, onetime source of high-cost support provided in the immediate aftermath of the hurricanes.” Order at para. 12.

³⁴ PRTC Comments at 8.

³⁵ *See e.g.*, PRTC Comments at 9.

³⁶ *Id.* at 12.

³⁷ *Id.* at 15.

³⁸ 47 U.S.C. § 254(f).

³⁹ VPNet Comments at 2.

Additionally, Liberty also explained that it “restored service to more than 75% of its customers by the end of March 2018 and to the vast majority of its network by June 2018.”⁴¹ Therefore, when several providers on the Island have restored their networks using private capital, it is unclear why PRTC has made such little progress toward restoring its network, notwithstanding the infusion of government support -- PRTC has received approximately \$70 million in support since the hurricanes struck in 2017.⁴² Thus, it appears that PRTC has not utilized the universal service funds it has received “as efficiently and effectively as possible” as is expected by the Commission.⁴³

Consequently, PRTC’s past election to receive frozen support in the separate CAF proceeding should have no bearing on the structure of Stage 2 of the Uniendo a Puerto Rico fund. The Commission should focus solely on how to most efficiently distribute the available funding, which currently includes \$36 million in annual subsidies. The proposed Stage 2 structure is an opportunity for the Commission to ensure that this \$36 million comes with meaningful build out and hardening commitments in the least amount of time possible.

Similarly, a right of first refusal as proposed by PRTC is simply a means to continue the same inefficiencies and ineffectiveness of the past. PRTC proposes that the Commission give PRTC a right of first refusal with respect to Stage 2 funding, before initiating a competitive

⁴⁰ AT&T Comments at 2.

⁴¹ Liberty Comments at 3.

⁴² *Id.* at 14-15. In addition to receiving approximately \$3 million in frozen support each month since the 2017 hurricanes struck, PRTC also received approximately \$21 million in advance support in October 2017 to immediately deal with the destruction caused by the 2017 hurricanes. *See* PR Advance Funding Order. The Commission declined to offset this advance support in the Order and stated that it “should be considered a new, onetime source of high-cost support provided in the immediate aftermath of the hurricanes.” Order at para. 12. In addition, PRTC also will receive approximately \$16 million in Stage 1 support. *See* Stage 1 Funding Notice.

⁴³ *USF/ICC Transformation Order*, 26 FCC Rcd at 17673, para. 22.

funding allocation process.⁴⁴ In addition, PRTC states that it should continue to receive the approximately \$36 million in frozen support regardless of how Stage 2 support is allocated.⁴⁵ Without any empirical support, PRTC simply asserts that just because it is the incumbent it should receive all universal service support in Puerto Rico for fixed services. This non-competitive approach to distributing support stands in blatant contrast to the Commission’s desire to distribute the available support “in a tailored and cost-effective manner, using competitive processes.”⁴⁶

Unlike PRTC’s proposal, a competitive bidding process will enable the Commission to *quickly and efficiently* award support on the basis of several concrete factors to each geographic area in Puerto Rico.⁴⁷ If the incumbent is the most efficient and best provider for a given area, then it will be awarded the funding based on the strength of its bid. Given that “PRTC is the largest provider with the most extensive telecommunications network in Puerto Rico”⁴⁸ it should be able to put forth strong bids for support through the competitive proposal process. Thus, the Commission should reject PRTC’s alternative proposals for the allocation of support, and adopt its proposal to replace “the existing frozen high-cost support mechanisms . . . with a competitive mechanism” that would award support on a cost-effective and efficient basis.⁴⁹

⁴⁴ PRTC Comments at 16. 20-22.

⁴⁵ *Id.* at 16 (PRTC states that “[t]he additional support should be separate and apart from the legacy frozen support”).

⁴⁶ NPRM at para. 5.

⁴⁷ Liberty Comments at 16. Given the destruction to the communications networks in Puerto Rico, Liberty urges the Commission to adopt a support allocation process that disburses support in the fastest manner possible. Therefore, Liberty encourages the Commission to adopt the competitive proposal process as described in the NPRM, and to exclude consideration of other proposals targeted at evaluating and awarding of Stage 2 support. *See* Board Comments at 10-13.

⁴⁸ PRTC Comments at 7.

⁴⁹ NPRM at para. 36.

III. THE COMMISSION SHOULD FAVOR PROPOSALS WITH HIGHER SPEEDS AND BETTER SERVICE QUALITY STANDARDS

In its initial comments, Liberty proposed that the Commission evaluate competitive bids for Uniendo a Puerto Rico support based upon the following factors: price per-location served, speed of network deployment, network performance, and network resiliency.⁵⁰ In particular, Liberty suggested that the Commission evaluate network performance by establishing a technology-neutral weighting scheme that gives preference to providers proposing to offer service at speeds of 100/10 Mbps, greater than 250 GB of usage allowance per month, and roundtrip latency of less than 100 ms.⁵¹ While Liberty, along with many other commenters in the record,⁵² proposes to limit participation in Stage 2 of the Uniendo a Puerto Rico Fund to existing fixed-network providers on the Island, Liberty's proposed network performance evaluation regime is technology-neutral, largely mimicking what the Commission adopted in the CAF II program, and does not exclude any type of technology from competing in the proposal process.⁵³ Liberty respectfully submits that the Commission should favor competitive proposals that include faster speeds with better overall performance because, as the Board states, in order for Puerto Rico "to recover and move forward, which includes being able to attract residents and

⁵⁰ Liberty Comments at 16-19.

⁵¹ *Id.* at 18-19.

⁵² *See supra* Section I(B).

⁵³ The satellite industry has expressed concern that the Commission's proposed bid evaluation methodology is not technology neutral. Satellite Industry Association Comments at 2 (stating that SIA encourages the Commission to continue its commitment to the longstanding policy of technology neutrality); SES Americom, Inc. and O3B Comments at 1, 4 (stating that the Commission should adopt technology neutral standards in evaluating proposals for service); Hughes Network Systems, LLC Comments at 14-18 (stating that "[i]n adopting technical standards for the network in Puerto Rico and the U.S. Virgin Island, the Commission must also be guided by the principles of technology neutrality."). Liberty supports a technologically neutral approach but one that leverages the limited funding to providers already familiar with the challenges of serving Puerto Rico who can make the most efficient use of the support. *See supra* Section I(B).

business back to the island,” robust broadband services must be available “to all of its citizens at a level equivalent to services on the mainland.”⁵⁴

Consequently, the Commission should reject proposals advanced by commenters that would provide the “bare minimum” level of service to Puerto Rican citizens. For example, PRTC states that Stage 2 support recipients should only be required to offer “download/upload speeds of at least 10/1 Mbps, roundtrip latency of no greater than 100 milliseconds, and a minimum usage allowance of the higher of 170 gigabytes per month.”⁵⁵ Although the service offering proposed by PRTC may have been adequate four years ago, it no longer addresses the bandwidth and usage needs of citizens in today’s information age. The Commission agreed with this sentiment when it adopted service standards with up to one gigabit download speeds for the CAF II program stating that it was “guided by the statutory goal in section 254 of ensuring that consumers in rural and high-cost areas of the country have access to advanced communications and information services that are reasonably comparable to those services in urban areas.”⁵⁶ Therefore, the Commission should require that competitive proposals offer speeds no less than 25/3 Mbps.⁵⁷ Proposals that offer high speeds and either higher or lower latencies should be evaluated according to the weights suggested in Liberty’s comments.⁵⁸ By adopting Liberty’s technologically-neutral bid evaluation proposal, the Commission would ensure that the citizens of Puerto Rico receive the type of service that will permit engagement in the modern information age.

⁵⁴ Board Comments at 9.

⁵⁵ PRTC Comments at 20.

⁵⁶ *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 5949, 5956, para. 14 (FCC rel. May 26, 2016) (“*Phase II Auction Order*”).

⁵⁷ Board Comments at 17; Hughes Network Comments at 11; VPNet Comments at 10.

⁵⁸ Liberty Comments at 18-19.

CONCLUSION

Liberty appreciates the opportunity to provide these reply comments and looks forward to working with the Commission to assist Puerto Rico recover from the devastation of hurricanes Irma and Maria. The limited nature of universal service funding, contrasted with the vast needs of the Island, means that providers and the Commission must all strive to ensure that the funding is put to its most efficient use. A competitive bidding process among established, experienced providers in Puerto Rico that prioritizes high quality services and focuses on only those areas not already served by an unsubsidized competitor will do just that. Even with such a process, however, Liberty urges the Commission to work with providers to establish a realistic funding benchmark based on the unique circumstances of Puerto Rico.

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