



Thomas J. Navin
202.719.7487
tnavin@wileyrein.com

VIA ELECTRONIC FILING

September 5, 2018

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Accelerating Wireless Broadband Deployment by Removing Barriers to Infrastructure Investment*, WT Docket No. 17-79

Dear Ms. Dortch:

On August 29, 2018, Corning Incorporated (“Corning”) submitted a report, *Assessing the Impact of Removing Regulatory Barriers on Next Generation Wireless and Wireline Broadband Infrastructure Investment: Annex 2, 5G Attachment and Application Fee Scenarios* (“Report”),¹ estimating the potential impact on 5G fixed wireless deployment of instituting a cap on small cell pole attachment and application fees.

On September 5, 2018, the Commission released a draft Declaratory Ruling in which annual attachment fee caps were set at \$270 per small cell and the application fee cap was set at \$100.² In response, Corning respectfully submits the attached supplemental sensitivity analysis, *Assessing the Impact of Removing Regulatory Barriers on Next Generation Wireless and Wireline Broadband Infrastructure Investment: Annex 3*.³ The sensitivity analysis concludes that reducing small cell and application fees could reduce deployment costs by \$2.0 billion over five years, or \$7,500 per small cell built. These cost savings could lead to an additional \$2.4 billion in capital expenditure due to additional neighborhoods moving from being economically unviable to becoming economically viable, with 97% of this capital expenditure going towards investment in rural and suburban areas.

¹ See Letter from Thomas J. Navin, Counsel to Corning, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 17-79 (Aug. 29, 2018), at Attachment A. The Report supplements previous reports submitted by Corning in this proceeding and the Commission’s *Accelerating Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment* proceeding. See Letter from Thomas J. Navin, Counsel to Corning, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 17-79 (Jan. 25, 2018), at Attachments A and B.

² *Accelerating Wireless Broadband Deployment by Removing Barriers to Infrastructure Investment; Accelerating Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment*, Declaratory Ruling and Third Report and Order, FCC-CIRC1809-02, at ¶ 76 (Sept. 5, 2018), available at <https://docs.fcc.gov/public/attachments/DOC-353962A1.pdf>.

³ See Attachment A.

Ms. Marlene H. Dortch, Secretary
September 5, 2018
Page 2

Pursuant to Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, a copy of this letter is being filed via ECFS. Should you have any questions, please do not hesitate to contact me.

Respectfully Submitted,

/s/ Thomas J. Navin

Thomas J. Navin
Counsel for Corning Incorporated

Tim Regan
Senior Vice President, Global Government Affairs, Corning Inc.

Attachment A

Assessing the Impact of Removing Regulatory Barriers on Next Generation Wireless and Wireline Broadband Infrastructure Investment: Annex 3

September 2018

Ed Naef, CMA Strategy Consulting

Micah Sachs, CMA Strategy Consulting



Ed Naef is a Partner at CMA Strategy Consulting and Micah Sachs is a Principal at CMA Strategy Consulting. The authors would like to thank Corning for the funding to support this study.

Recently, CMA published a study (“*Assessing the Impact of Removing Regulatory Barriers on Next Generation Wireless and Wireline Broadband Infrastructure Investment: Annex 2, 5G Attachment and Application Fee Scenarios*,” henceforth: Annex 2) estimating the potential impact on 5G fixed wireless deployment of instituting a cap on small cell pole attachment and application fees¹. CMA assessed the impact of reducing small cell fees in two ways: 1) calculating the cost savings from capping fees at a level in line with the median of recent state regulations² and 2) estimating the new capital investment that could occur due to these cost savings making more neighborhoods economically viable for 5G fixed wireless deployment. In this new brief annex (Annex 3), we share our findings from a sensitivity analysis modeling the impact if pole attachment fees were capped at a slightly higher level than the assumption used in Annex 2. For purposes of this analysis, the term “attachment” fee includes recurring annual charges both for right-of-way (ROW) access and for attaching to poles.

In Annex 2, we assumed a \$150 small cell annual attachment fee cap and a \$100 (one-time) small cell application fee cap. For Annex 3, we were requested by the sponsor of this study, Corning, to model a sensitivity if annual attachment fee caps were set at \$270 per small cell and the application fee cap were set at \$100. We calculated cost savings and other incremental benefits relative to our Revised Base Case as described in Annex 2, which modeled potential 5G fixed wireless deployment assuming no change in regulations and average small cell attachment and application fees in line with what deployers of wireless infrastructure have recently observed³. The key findings of this new sensitivity analysis are:

- Reducing small cell attachment and application fees could reduce deployment costs by \$2.0 billion over five years, or \$7,500 per small cell built. \$1.8 billion would be operating expenditure reductions due to lower annual attachment fees, and \$200 million in cost reductions would be attributable to lower application fees, which are required prior to building out a small cell network.
- These cost savings could lead to an additional \$2.4 billion in capital expenditure due to additional neighborhoods moving from being economically unviable to becoming economically viable. 97% of this capital expenditure would go towards investment in rural and suburban

¹ See Letter from Thomas J. Navin, Counsel to Corning Inc., to Marlene H. Dortch, Secretary, FCC, WT Docket No. 17-79 (Aug. 29, 2018), at Attachment A (Ed Naef and Micah Sachs, CMA Strategy Consulting, *Assessing the Impact of Removing Regulatory Barriers on Next Generation Wireless and Wireline Broadband Infrastructure Investment: Annex 2, 5G Attachment and Application Fee Scenarios* (Aug. 2018)); the study includes a detailed explanation of CMA’s sources, methodology and conclusions.

² See Ex Parte Letter from Kara Graves, CTIA, and Zachary Champ, WIA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 17-84 and WT Docket No. 16-421 (Aug. 10, 2018).

³ For the Revised Base Case, CMA developed state-level assumptions for annual small cell attachment fees and application fees. For states with caps documented by the CTIA/WIA survey, CMA used the documented caps, under the assumption that most municipalities will charge the maximum fee allowed. For other states (or states included in the CTIA/WIA survey that did not have caps on one of the two categories of fees), CMA used national benchmarks drawn from recent filings from developers of wireless infrastructure as part of the proceedings *Accelerating Wireless Broadband Deployment by Removing Barriers to Infrastructure Investment*, WT Docket No. 17-79; *Accelerating Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment*, WC Docket No. 17-84; and *Streamlining Deployment of Small Cell Infrastructure*, WT Docket No. 16-421. See Annex 2 for full list of sources.

areas. These newly economically viable neighborhoods contain 1.8 million homes and businesses.