September 19, 2019

Via ECFS

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

Re: Notice of *Ex Parte* Submission of the Fiber Broadband Association, The Uniendo a Puerto Rico and the Connect US VI Fund et al., WC Docket Nos. 18-143, 10-90, and 14-58

Dear Ms. Dortch:

On September 5, 2019, the Federal Communications Commission ("Commission") released a draft Report and Order and Order on Reconsideration ("draft Order") in the above-referenced dockets.[1] The Fiber Broadband Association ("FBA") supports the Commission's aim to "facilitate the deployment of fast, resilient, reliable networks to all parts of [Puerto Rico and the U.S. Virgin Islands] that will stand the test of time."[2] To help achieve that end, FBA herein comments on two of the three factors—network performance and network resiliency and redundancy—that the draft Order proposes to use to award support through the competitive process from the two funds (Uniendo a Puerto Rico and Connect US VI) for fixed providers.

Regarding network performance, the draft Order proposes to establish performance tiers and a weighting methodology for comparing bids that is informed by the Connect America Fund Phase II ("CAF II") auction[3] and other Commission orders. The draft Order asserts this methodology will result in funding being awarded as cost-effectively as possible and enabling the deployment of higher performance services. However, by examining the results from the

1 *The Uniendo a Puerto Rico and the Connect USVI Fund*, WC Docket No. 18-143, *Connect America Fund*, WC Docket No. 10-90, *ETC Annual Reports and Certifications*, WC Docket No. 14-58, Report and Order and Order on Reconsideration (draft rel. Sept. 5, 2019).

2 *Id*. at ¶ 2.

3 *Connect America Fund et al*., WC Docket Nos. 10-90, 14-58, Report and Order and Order on Reconsideration, 32 FCC Rcd 1624 (2017).

CAF II auction, it is clear that the draft Order's proposed weighting methodology will fall short of achieving these two objectives.

The weighting methodology used in the CAF II auction provided only a 45 point discount from the gigabit tier to the baseline tier (low latency), based on the Commission's prediction that this discount would maximize competitive bidding by participants in all the performance tiers. However, gigabit providers did not bid for over three-quarters of the locations in the auction, and virtually no eligible area received bids from two or more gigabit providers. Ultimately, only 19 percent of locations were awarded at the gigabit performance tier. Potential gigabit tier providers told us that in most instances, they concluded that they did not have a reasonable chance to win support at a price that gave them an adequate business case for deploying their service.

In addition, even where gigabit providers won, they were primarily electric cooperatives, which have a uniquely viable business case because they can leverage their existing infrastructure to build a fiber network within their footprint at lower costs. The lower costs allowed them to make bids that were more competitive with providers in other service tiers, increasing their chances of winning. However, as noted above, many gigabit providers that were not providing service in eligible areas did not have a viable business case and opted not to bid.

By reducing participation of gigabit tier providers, the "insufficient" discount prevented the Commission from achieving its desired goal of maximizing competitive bidding in the auction to drive down prices. Instead, the providers that won the auction at lower performance tiers were able to prevail at a higher price than they might have bid had competition been maximized. In short, in too many instances, the Commission provided more support than optimal for the winning service.

FBA submits this shortcoming can be addressed by increasing the proposed 50-point discount to 70 points for the baseline tier (low latency) to reflect the relative benefits of each of the performance tiers[4] and urges the Commission to make this change in adopting the draft Order.

As for network resiliency and redundancy, FBA agrees with those service providers that reported that burying fiber is the preferable method to create "resilient networks hardened against disasters,"[5] and that providers burying the most fiber should be given a scoring preference. From the experiences of our members, over the past two decades, buried fiber networks have proven to be the most robust transmission media, especially in areas prone to natural disasters, for at least two reasons. First, fiber does not corrode due to rain incursion, storm water surge, including salt water, or other major water incursion. In addition, fiber cables

[4] FBA will be filing comments on September 20, 2019 in WC Docket 19-126 (Rural Digital Opportunity Fund) elaborating on the justification for this increased discount. FBA asks the Commission to incorporate that filing by reference in these proceedings.

[5] Draft Order at ¶ 29.

and associated materials are specifically designed to withstand water penetration. Second, fiber networks tend to have active electronics housed in Central Offices or similar points of aggregation in well-constructed buildings and not in outdoor cabinets in the field. Thus, all-fiber networks tend to go down only in those rare instances where a fiber cable is somehow cut. No other network technology has a comparable track record, which, in tandem with the future-proof, high performance capabilities of all-fiber networks, is why these deployments are surging. Moreover, in the event a fiber path goes down, members indicate that they further ensure additional network resiliency by providing both a backup network and path diversity. As such, FBA urges a preference for providers offering these resiliency capabilities.

This letter is being filed electronically pursuant to Section 1.1206 of the Commission's rules.[6]

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6 47 C.F.R. § 1.1206.