**Before the**

Federal Communications Commission

Washington, D.C. 20554

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| In the Matter of  Rural Digital Opportunity Fund  Connect America Fund | **)**  **)**  **)**  **)**  **)** | WC Docket No. 19-126  WC Docket No. 10-90 |

**COMMENTS OF THE INSTITUTE FOR LOCAL SELF-RELIANCE**

1. **Introduction**

The Institute for Local Self-Reliance (ILSR) mission is to provide innovative strategies, working models and timely information to support environmentally sound and equitable community development. To this end, ILSR works with citizens, activists, policymakers and entrepreneurs to design systems, policies and enterprises that meet local or regional needs; to maximize human, material, natural and financial resources; and to ensure that the benefits of these systems and resources accrue to all local citizens.

ILSR appreciates the opportunity to comment on this proceeding and looks forward to the Commission improving upon the generally successful CAF II Auction results. As such, we support the general structure as proposed, including the multi-round clock.

1. **Transparency**

ILSR supports the transparency the Commission offered in the data available following the CAF II auction and looks forward to continued transparency for researchers and policymakers to better target efforts to expand high-quality Internet access.

1. **Anchor Institutions**

ILSR supports comments from the Schools, Health & Libraries Broadband (SHLB) Coalition that the Rural Digital Opportunities Fund (RDOF) should include community anchor locations in the locations to be served by ISPs receiving support in these auctions. Anchor institutions fill essential roles in rural communities and need the connectivity to support robust applications from hundreds of student access network resources to health care facilities requiring reliable and robust access to ensure equitable health care throughout rural America.

1. **Satellite Internet Access**

Internet access via satellite remains a last resort among American households. We are confident that if the Commission analyzed data in its possession, they would determine that the overwhelming majority of satellite subscribers have no terrestrial option, and settle for satellite rather than choose it. Further, we suspect that even as the capacity of satellite increases to allow much greater throughput, most households will continue to prefer much slower DSL access over satellite Internet access. The Commission can perform these analyses with data it collects but does not make publicly available.

So long as American households consider satellite Internet access a last resort, the Commission should as well, rather than allowing it to compete in the bidding with greater weight. Satellite bids should only be considered when no other bids are present. The areas assigned to satellite should be rebid in the future after three years have elapsed, whether in the planned second auction, if it takes that long, or in a special auction.

Though the Commission is not responsible for the rules of other subsidy programs, areas awarded to the high-latency bidder have been significantly harmed by their exclusion from programs such as ReConnect due to having received an award in the CAF auction. The Commission should seriously consider under what conditions subsidizing high-latency satellite service actually advances the interests of Americans living in those areas. Given recent trends, we believe areas receiving subsidies for satellite access over the next 10 years are likely to either see a new terrestrial network as a result of a state or other federal program or to depopulate. High latency satellite access should be considered a last resort and, given its unique nature, should not receive ten years of support.

Failing support for that proposal, the Commission should increase the weight for high latency service out of recognition of the importance of low latency networks, whether for 5G services, Alexa-type devices, or the continued proliferation of video chatting applications.

Regarding low-earth orbit satellites, we believe the Commission should be extremely cautious regarding promised capabilities and review the enthusiasm ahead of Broadband over Power lines and WiMAX prior to accepting any claims of capacity. If this technology displaces more proven terrestrial technologies and fails to deliver, the damage to affected areas will be significant. While the rest of rural America will be on a path for broadband access, these areas will be left behind. We are excited at the prospect of this technology but do not want to gamble rural households’ futures on it. If it works as well as has been advertised, it will succeed just fine in the market even absent subsidies.

1. **Baseline Performance Tier**

The Commission should set a higher baseline tier than the minimum broadband speed set by the Commission in January of 2015 in its Broadband Progress Report.[[1]](#footnote-1) As CAF II will soon end after six years, the 10/1 threshold has long been outdated and the Commission continued to spend precious limited dollars on a service the Commission itself recognized as being insufficient after 2015. The Commission should not repeat this error over the next ten years. Though the Commission believes a 25/3 connection is sufficient for common applications today, it stretches credulity to believe that will be true in five years, let alone ten.

Though the Commission undoubtedly fears a more aggressive baseline tier would increase costs across the board, the focus should be on what is best for the Americans living in these areas and the long term costs. Setting the bar for access in 2030 based on basic needs in 2015 does not serve their interests. Further, too low a target will encourage bidders to use technologies that are less likely to scale to offer the capacities needed by households in coming years. This scenario results in greater subsidies over time rather than the fiscally prudent approach of encouraging technologies that will not require future subsidies to offer the capacities demanded by households in those areas.

Additionally, the standard tiers for the two biggest cable providers reflect common connections in urban areas. The standard Comcast tier offer downloads at 60 Mbps and Charter at 100 Mbps. The Commission has long sought to ensure rural areas have roughly comparable services to urban areas. Setting a baseline tier significantly slower for rural areas than is common in urban areas today, with that unchanging requirement being subsidized in rural America for ten years while urban America moves to gigabit and beyond, is poor policy.

The FCC should adopt a baseline tier closer to what Canada has adopted at 50 Mbps download and 10 Mbps uploads.[[2]](#footnote-2) This target would still leave rural households at a disadvantage to the vast majority of urban areas, but much less so.

Again, given the trends of greater broadband utilization and growing demand, the FCC should also increase the monthly usage allowance. Allowing it to grow to the U.S. median is good policy, but fails to account for the reality that rural households may depend on Internet access to a much greater extent than those in more urban areas, where the median will be determined. Rural households have fewer opportunities for entertainment, which makes them more likely to stream and game more than urban counterparts. Due to fewer educational and work opportunities within driving distance, these households are more likely to use more data pursuing work and self-improvement. Median household usage has already hit 145 GB by at least one report.[[3]](#footnote-3) As such, the monthly usage allowance should be 500 GB or the median usage of households in rural America. The target should be significantly above the median usage today because the Commission should not limit rural American households to the maximum of the 50th percentile of all American connections.

1. **Penalties**

Given the limited opportunities for firms to bid in such significant auctions, the Commission has a heightened responsibility to ensure bidders follow the rules. We are concerned at news that AMG Technology Investment Group, en route to an award of more than $280 million dollars, violated rules prohibiting certain communications at certain times. Of greater concern is that the penalty for violating these rules on multiple occasions and only reporting it after the other party involved, AT&T, alerted the Commission to the violation, was a paltry $100,000 fine. We encourage the Commission to develop a more significant deterrent to violations of the rules than what we might term ‘a slap on the wrist’ but for a fear of significantly overstating the penalty.

Further, it is our understanding that multiple satellite companies declined to bid in the CAF II auction out of a well-founded belief that they would not be able to achieve the required MOS of 4 or higher. We encourage the Commission to carefully examine whether the bidder that believes it can achieve that score in the past auction can openly demonstrate such a result prior to allowing it to compete in another auction.

Respectfully submitted,

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1. <https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2015-broadband-progress-report> [↑](#footnote-ref-1)
2. See <https://crtc.gc.ca/eng/publications/reports/policymonitoring/2017/cmr5.htm>  
   The Commission also established the following universal service objective:

   “Canadians, in urban areas as well as in rural and remote areas, have access to voice services and broadband Internet access services …Canadian residential and business fixed broadband Internet access service subscribers should be able to access speeds of at least 50 megabits per second (Mbps) download and 10 Mbps upload, and subscribe to a service offering with an unlimited data allowance” [↑](#footnote-ref-2)
3. <https://www.telecompetitor.com/report-u-s-household-broadband-data-consumption-hit-268-7-gigabytes-in-2018/> [↑](#footnote-ref-3)