

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

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Rural Broadband Experiments	)	WC Docket No. 14-259
_____	)	

**REPLY COMMENTS OF THE MINNESOTA TELECOM ALLIANCE  
OPPOSING WAIVER REQUESTS**

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## **Introduction.**

The Minnesota Telecom Alliance (“MTA”) files its Reply Comments in this proceeding pursuant to the Public Notice issued by the Federal Communications Commission (“Commission”) on December 23, 2014 seeking comment on the petitions for waiver filed by 15 provisionally selected bidders of the Rural Broadband Experiments.<sup>1</sup> The MTA agrees with commenters in opposing the waivers and encourages the Commission to deny the waiver requests.<sup>2</sup> MTA does not offer comment on the specific waiver applications pending before the Commission. MTA’s concern is the broader policy context that a general, blanket waiver may have for the integrity of the Rural Broadband Experiments and for closing the digital divide plaguing rural America.

### **I. The Waiver Requests Frustrate the Purpose of the Rural Broadband Experiments.**

The digital divide between rural and urban America prevents entire communities from participating in the modern economy. Access to high-speed broadband internet represents access to educational opportunity, employment training and improved public safety. As noted by Chairman Wheeler,

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<sup>1</sup> See *Wireline Competition Bureau Announces Availability of Additional Funding for Rural Broadband Experiments; Seeks Comment on Waiver Petitions of Provisionally Selected Bidders*, WC Docket Nos. 10-90, 14-259, Public Notice, DA 14-1889 (Wireline Comp. Bur. Rel. Dec. 23, 2014).

<sup>2</sup> See, e.g. *Comments of Midwest Energy Cooperative, Connect America Fund, Rural Broadband Experiments*, WC Docket Nos. 10-90, 14-259, before the Federal Communications Commission (Jan. 6, 2015) (“*Midwest Comments*”); *Skybeam LLC – Statement in Opposition of Rural Broadband Experiments Financial Waiver Request*, Connect America Fund, Rural Broadband Experiments, WC Docket Nos. 10-90, 14-259, before the Federal Communications Commission (Jan. 6, 2015) (“*Skybeam Comments*”); *Comments of NTCA – The Rural Broadband Association on Waiver Petitions of Provisionally Selected Bidders*, Connect America Fund, Rural Broadband Experiments, WC Docket Nos. 10-90, 14-259, before the Federal Communications Commission (Jan. 6, 2015) (“*NTCA Comments*”).

High-speed Internet access has become fundamental to modern life, whether we're on the job, at home, or going to school. Broadband connectivity can overcome geographic isolation and put a world of information and economic opportunity at the fingertips of citizens in even the most remote communities. But the hard truth is there is a digital divide that particularly impacts rural America.<sup>3</sup>

In the *Rural Broadband Experiment Order*, the Commission stated that it would use the Rural Broadband Experiments “to learn whether providers are willing and able to deliver services with performance characteristics well in excess of the minimum standards that price cap carriers accepting model-based support are required to offer to all funded locations...”<sup>4</sup> MTA and its member companies remain fully committed to bridging the digital divide, but wish to comment on the waiver requests because they appear poised to frustrate this purpose.

The Commission stated that the Rural Broadband Experiments are a tool to allow the Commission to investigate “the competitive interest to build networks to rural communities,”<sup>5</sup> and also “learn how competition can drive support to efficient levels.”<sup>6</sup> The underlying purpose of the experiments was to “tell the [Commission] whether there is interest in constructing high bandwidth networks in high cost areas, and to tell [the Commission] how it could be done.”<sup>7</sup>

Chairman Wheeler noted:

Importantly, this is first time the Commission will attempt to use the tool of competition to bring broadband to rural America. Competition holds the promise

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<sup>3</sup> Wheeler, Tom, *Closing the Digital Divide in Rural America*, available at <http://www.fcc.gov/blog/closing-digital-divide-rural-america>.

<sup>4</sup> *In the Matter of Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90, 14-58, Report and Order and Further Notice of Proposed Rulemaking, before the Federal Communications Commission (July 14, 2014) (“*Rural Broadband Experiments Order*”) at ¶ 3.

<sup>5</sup> See Matthey, Carol, *Learning from the Rural Broadband Experiments*, available at <http://www.fcc.gov/blog/learning-rural-broadband-experiments>.

<sup>6</sup> *Id.*

<sup>7</sup> See Chambers, Jonathan, *Notes from the Sandbox: The Rural Broadband Experiment*, available at <http://www.fcc.gov/blog/notes-sandbox-rural-broadband-experiment>.

of better services for rural America at lower costs. In fact, we are setting a much higher standard for what qualifies as broadband in this experiment than the Commission has previously used for CAF – 25/5 Mbps for most of the experiment – and we expect applicants will bid for less support than we have budgeted for those areas. Better service at lower cost is the result of broadband competition in other areas of the country, and it’s time to bring that same dynamic to bear for the benefit of rural America.<sup>8</sup>

The Commission desired to use the Rural Broadband Experiments as a method of obtaining concrete data regarding where sufficient competition exists to build broadband capable networks, i.e. “whether providers are willing and able to deliver services...”<sup>9</sup> The thousands of expressions of interest and hundreds of bidders<sup>10</sup> indicates the willingness to deliver services; the financial data that is the subject of the waivers is what the Commission required in order to indicate the ability to deliver services. Granting broad waivers of financial obligations sends the wrong message for competition in rural America. Scarce federal resources must be directed to the companies with the proven ability to fulfill their commitment to provide robust broadband services. There are certainly good reasons why a particular entity may not have, for example, three full years of audited financials, but given the limited scope of the Rural Broadband Experiments, the Commission is better served by obtaining full and complete data from the entities receiving Rural Broadband Experiment funds.

MTA concurs with other commenters that the FCC should consider that applicants were on notice that successful bids would have a very short timeframe to provide necessary financial

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<sup>8</sup> *In the Matter of Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90, 14-58, Statement of Chairman Wheeler, FCC 14-98 (Rel. July 14, 2014).

<sup>9</sup> *Rural Broadband Experiments Order* at ¶ 3.

<sup>10</sup> Several MTA members filed expressions of interest and subsequent Rural Broadband Experiment applications. See <http://www.fcc.gov/encyclopedia/rural-broadband-experiments> for a list of companies who filed expression of interest.

and technical data.<sup>11</sup> The necessity of sifting through differing justifications for waivers of the requirement to provide three years of audited financial statements threatens to slow down a process critical to implementation of the Connect America Phase II auction.<sup>12</sup> Delaying the evaluation of pending applications will delay the distribution of much needed funding and could delay the CAF Phase II process.

## **II. Conclusion.**

The MTA encourages the Commission to deny the pending waiver requests. Priority must be given to moving the process forward. Broadband funding is critical to closing the digital divide and bringing the many benefits of robust broadband to underserved areas. Engaging in a lengthy waiver review process at this time would stall the progress made by the Commission. Many entities with adequate financial and technical qualifications stand ready to utilize the funding to build broadband networks if the existing winners lack the ability to demonstrate their fitness.

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<sup>11</sup> See, e.g., *Midwest Comments* at 2 (“This information, known to everyone at the outset of this process, has helped the Bureau undertake a thorough review to determine the ability of the provisionally selected bidders to satisfy the service obligations for their selected projects.”), *Skybeam Comments* at 1-2 (“It is clear, in the Commission’s Report and Order and also in Notice of Proposed Rulemaking that the Commission required winning bidders to provide three consecutive years of audited financial statements within 10 business days of the public notification of winning bidders.”).

<sup>12</sup> *Rural Broadband Experiments Order* at ¶ 6 (“The experiments will not delay implementation of Connect America Phase II or further reforms for rate-of-return carriers.”).

Respectfully submitted on this 7<sup>th</sup> day of January, 2015.

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