



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Communications
and Information
Washington, D.C. 20230

JAN 14 2015

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Promoting Investment in Broadband Infrastructure

Dear Chairman Wheeler:

The National Telecommunications and Information Administration (NTIA) welcomes this opportunity to provide the Administration's views on the role of communities in expanding broadband access to their citizens. Communities are playing a vital role in improving the availability and speeds of broadband services, and NTIA has seen first-hand how many communities have successfully driven improved broadband services through active civic leadership. The Administration submits that the Federal Communications Commission (FCC) should ensure that community leaders have every tool available to them in order to meet the nation's goal of providing all citizens access to broadband capabilities in a reasonable and timely manner. In particular, we urge the FCC to utilize its authority to address barriers inhibiting local communities from responding to the broadband needs of their citizens.

Broadband has become a cornerstone of economic growth, providing our citizens the tools necessary to participate in the rapidly growing domestic digital economy and, in turn, sustaining America's ability to compete internationally. Community leaders know that broadband infrastructure is critical to attract and retain businesses, allow local businesses to compete globally, and secure the sustainability of the community's future. Fast, affordable and reliable broadband for all citizens must be a national imperative if we are to create jobs and grow wages at home, and to compete in the global information economy.

In many areas, the United States has made great strides towards the goal of delivering fast, affordable broadband to all Americans. In June 2013, the White House publication *Four Years of Broadband Growth* stated that "[b]y nearly any metric the last four years have been a period of tremendous growth in broadband infrastructure, access, and the digital economy upon which they rely."¹ While the federal government has provided some financial support to

¹ White House Office of Science and Technology Policy and the National Economic Council. "Four Years of Broadband Growth" at 3 (June 2013). Available at:
http://www.whitehouse.gov/sites/default/files/broadband_report_final.pdf

stimulate broadband deployment, private investment is responsible for the lion's share of this growth. Indeed, over the past six years, industry has invested more than \$300 billion in U.S. wired and wireless broadband networks. As a result, national average broadband speeds have increased substantially for both wired and wireless broadband. At the same time, however, consumer demand for ever-more increasing speeds to support high-bandwidth services such as live and streaming video has grown as fast as, or faster than, enhancements to broadband networks.

Despite progress nationally, there remain areas of our nation where private investment simply has not delivered broadband service adequate to meet the demand of local communities. Today, Americans living in urban areas are nearly twice as likely to have access to 25 Mbps broadband access as those Americans living in rural areas (93.8% of urban residents compared to 51.2% of rural residents).² While speeds have increased significantly for many areas of the country since NTIA began collecting broadband availability data in 2010, the disparity between areas with and without adequate broadband has actually been increasing. For example, while more than 99% of Rhode Island residents now have access to broadband speeds of 25 Mbps or greater, only 20% of Vermont residents and 13% of Montana residents have access to such speeds – and these disparities become even greater at higher broadband speeds.³

Much of this disparity is a matter of economics. In more rural or lower density areas, the cost of providing service to each household can be significantly higher than in urban areas. And in low income communities, the potential revenues from providing services may be lower. Broadband providers themselves acknowledge that such demographics can make certain communities economically unviable – or at least less desirable – for private investment in robust and ubiquitous broadband infrastructure.

Whatever the underlying reasons, however, NTIA's experiences over the past five years has clearly demonstrated that where private investment has not resulted in adequate broadband infrastructure, communities can and should play a leading role in expanding broadband access. We have also seen how important it is that communities not be subject to undue limitations that would constrain their options for meeting the needs of their citizens.

Over the last five years, NTIA has worked with hundreds of communities across the nation, and witnessed the dramatic impact that robust broadband connectivity can have on all aspects of a community's well-being, from jobs to education to health-care to economic growth. We know that local government entities, working with community stakeholders such as businesses, community organizations and schools, are very effective catalysts for defining local broadband needs, identifying local financial and other resources, garnering public support for investment, and convening private and public partners to develop solutions.

² United States Department of Commerce, National Telecommunications and Information Administration, State Broadband Initiative, Analyze Table (CSV format December 31, 2013).

³ For example, only 5% of Wyoming residents and 3% of Montana residents have broadband access at speeds of at least 50 Mbps.

For example, in 2009 the rural community of Dawsonville, Georgia was in danger of being left behind in today's knowledge-based economy. Local jobs were disappearing as traditional industries such as textile mills, auto parts factories and construction trades contracted or disappeared, and civic leaders in the region were worried about what the future might bring, particularly in light of the economic crisis facing the country at the time. Funded in part by a \$33.5 million Recovery Act grant, a coalition of county economic development authorities, a state university and two electric co-ops joined together to build a 1,100-mile fiber-optic network across twelve rural counties in this part of North Georgia with the goal of recruiting information-age employers to the region. Today, the North Georgia Network is complete and delivering high-speed Internet connections to more than 300 businesses, 42 schools, five college campuses, six libraries and dozens of other community anchor institutions. It is driving economic growth and private-sector investment, as evidenced by the relocation into the area of businesses such as Impulse Manufacturing, a metal fabrication company that requires access to a robust broadband network in order to exchange massive data files with customers located across the globe.

Similarly, Scott County, Minnesota determined that it was at a disadvantage relative to a neighboring county with robust broadband. In evaluating how to compete, the County found that the annual interest and principal payments on a bond to fund a fiber ring would be lower than what it was paying its broadband provider for slower DSL service. To implement its vision, the County entered into a collaborative partnership with commercial providers and the State of Minnesota to build a network that connects all county-owned facilities, including schools, libraries, city halls, police and fire departments and public safety towers. It also connects with the state's high capacity backbone and with multiple private providers. As a result of this investment, schools tripled their broadband capacity for one-third of what they previously paid, and the availability of fiber has helped to attract and retain businesses, driving the County's economic development.

These are just two examples where proactive involvement by local government and community leaders has successfully brought robust broadband to previously unserved or underserved areas of the country. Our experience in working with local communities to develop broadband infrastructure is that one size does not fit all. Rather, communities get the best broadband results when they can consider and leverage a broad range of solutions. Laws that limit the tools available to communities only serve to make it harder to replicate these successes.

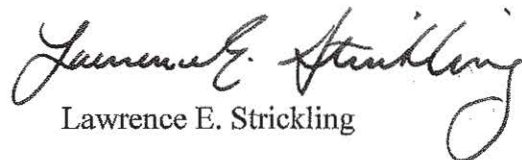
Working with existing service providers is often a very strong option for communities. But in cases where existing providers are not meeting a community's needs, the community should have the flexibility to explore other options, including various types of public-private partnerships or municipal broadband. One such option is for communities to build and operate their own broadband infrastructure. This choice is certainly not always, or even typically, the best solution for a community, particularly where existing service providers are willing and able to meet communities' evolving needs. But allowing communities to consider and leverage a full range of options allows for communities to most efficiently and successfully meet the needs of their citizens. Such flexibility should be encouraged, not limited.

The Honorable Tom Wheeler
Page 4

In short, our experience has proven that communities have a critical role in ensuring that the broadband needs of all of their citizens are met, particularly in unserved or underserved areas. Ensuring that all Americans have access to ubiquitous, robust and reasonably priced broadband has become an essential building block to economic development – on a local, national and international level. Communities have not only an interest, but a civic mandate, to promote the benefits of such growth for their citizens. The Administration urges the FCC to ensure that communities have the tools necessary to satisfy their citizens' demand for broadband.

Thank you for your shared commitment to this important issue.

Sincerely,



Lawrence E. Strickling

cc: The Honorable Mignon Clyburn, Commissioner
The Honorable Jessica Rosenworcel, Commissioner
The Honorable Ajit Pai, Commissioner
The Honorable Michael O'Rielly, Commissioner