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November 20, 2003

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St. S.W., TW A-325  
Washington, DC 20554

Re: Appropriate Framework for Broadband Access to the Internet over Wireline  
Facilities, CC Docket No. 02-33

**Notice of Written Ex Parte Presentation**

Dear Ms. Dortch:

The Commission is currently considering a variety of potential deregulatory approaches for the provision of wireline broadband services in the above-referenced proceeding.

Several parties have filed comments and *ex parte* presentations expressing concern that classification of wireline broadband services as non-communications could have the unintended effect of reducing the availability of broadband access to the Internet in rural areas. *See, e.g.*, Letter to Marlene H. Dortch, Secretary, FCC from Jill Canfield, Regulatory Counsel, NTCA (Oct. 22, 2003).

NECA shares this concern. Over 750 small telephone companies currently offer xDSL services under NECA's tariff. Preliminary data from our 2003 Access Market Survey shows that demand for these services is growing rapidly in rural areas. NECA believes that mandatory detariffing of xDSL services could significantly impair deployment in many rural areas and adversely affect universal service. It is therefore essential that small carriers continue to have the option of offering these services via the NECA tariff.

To assist the Commission in developing a record on this point, NECA has prepared the attached document, which provides an overview of NECA pool xDSL deployment based on available survey data. It explains that the continued option to offer broadband services on a regulated basis is vital to maintaining strong broadband growth in rural telecommunications markets and will insure the long-term viability of the rural telecommunications network. NECA respectfully requests that this information be included in the record of this proceeding.

In accordance with the Commission's rules, a copy of this *Notice* has been filed electronically in the above-referenced docket.

Sincerely,

/s/ Richard A. Askoff

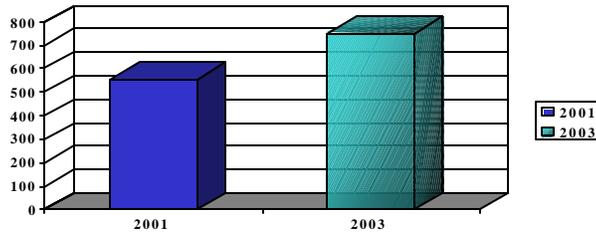
Attachment

Cc: Christopher Libertelli, Senior Legal Advisor to Chairman Powell  
Daniel Gonzalez, Senior Legal Advisor to Commissioner Martin  
Matthew Brill, Senior Legal Advisor to Commissioner Abernathy  
Jessica Rosenworcel, Legal Advisor to Commissioner Copps  
Lisa Zaina, Senior Legal Advisor to Commissioner Adelstein  
Qualex

**The Impact of Regulation on Broadband Growth in Rural Markets**

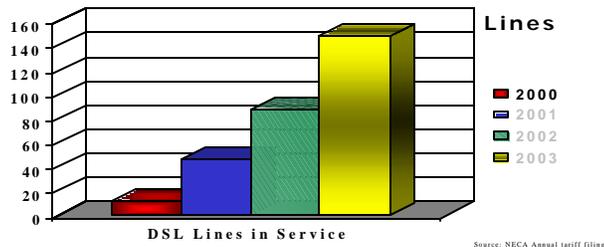
- Preliminary results of NECA’s 2003 Access Market Survey<sup>1</sup> (AMS) indicate that more than 80% of NECA’s Traffic Sensitive pooling members offer broadband DSL service. The number of small companies now participating in NECA’s DSL tariff is 754.

**Pooling Companies Offering DSL**



- NECA’s Access Market Survey projects 49% growth in the number of companies offering DSL by the end of 2003.
- NECA pool companies primarily serve rural areas. Most companies offering DSL via the NECA tariff serve study areas with fewer than 5000 access lines.
- Demand for NECA DSL tariff service shows rapid growth. The pool saw a 70% increase in DSL lines in service over 2002 results.

**Broadband Rural Demand Growth**



- NECA’s first DSL Access Service tariff became effective April 1, 1999. Since then DSL access service has been updated to meet the needs of an evolving rural broadband market. Enhancements have been made to provide for increased data speeds, to include symmetric DSL at speeds up to 4 Mbps and ADSL from network transmission speeds up to 16 Mbps. The tariff has also been modified to allow for more connection options and discount programs for wholesale customers.

<sup>1</sup> NECA’s Access Market Survey is conducted every two years to track progress of Rural ILECs participating in NECA’s Traffic Sensitive Tariff FCC No. 5.

- As policy makers consider the potential benefits of deregulation in markets served by larger ILECs, they need to recognize that different forces shape rural companies' ability to provide new technologies.
- Current levels of broadband deployment in small rural markets would not be possible without the benefits of NECA's tariff and pools. Participation in NECA's tariff and pools provides for efficient and timely tariffing of new services as well as risk sharing among pool members. Pooling provides the stability necessary to encourage small rural companies to deploy advanced broadband services.
- Equipment vendors see small rural companies as a viable market due in part to existing regulatory structures, and are willing to invest resources to develop innovative products designed for small market needs.<sup>2</sup>
- Broadband deregulation effects could be dramatic if rural ILECs are forced to deal with added administrative burdens associated with providing services via individual contracts. Mandatory detariffing imposes higher investment risks, and could cause loss or declines in the amount of Universal Service support if allocation of common loop costs to non-regulated activities is required.
- The option to offer broadband services on a regulated basis is key to maintaining strong broadband growth in rural markets and insuring the long-term viability of the rural telecommunications network.

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<sup>2</sup> Equipment vendors serving rural ILECs offer DSL equipment that can be sized for as few as 4 to many thousands of lines. Vendors also manufacture broadband network equipment designed specifically for rural networks e.g., recognize extensive use of remote terminals and long loops in rural networks.