

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of:)
)
Inquiry Concerning the Deployment of)
Advanced Telecommunications)
Capability to All Americans in a Reasonable) GN Docket No. 07-45
And Timely Fashion, and Possible Steps)
To Accelerate Such Deployment)
Pursuant to Section 706 of the)
Telecommunications Act of 1996)

**COMMENTS OF
ALEXICON TELECOMMUNICATIONS CONSULTING**

I. GENERAL

Alexicon Telecommunications Consulting (“Alexicon”) hereby submits its Comments in the above captioned matter contained in the Notice of Inquiry (“NOI”)¹. In the NOI the Federal Communications Commission (“FCC”) requests Comments on various questions related to beginning the fifth inquiry under Section 706 of the Telecommunications Act of 1996 (“the 1996 Act”) into “whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion”².

Alexicon provides management, financial and regulatory consulting services to a variety of small, rate-of-return regulated Incumbent Local Exchange Carriers (“ILECs”)³ that provide telecommunications services in rural, insular and tribal areas in twelve (12) states. Alexicon’s clients range in geographic size from small single wire center companies to medium and larger sized companies serving multiple wire centers. All of

¹ FCC 07-21, Adopted March 12, 2007 and Released April 16, 2007.

² NOI para. 1.

³ As defined by the 1996 Telecommunications Act, each providing less than fifty thousand (50,000) access lines.

these clients currently provide their customers (and prospective customers within their certificated service areas) with access to an assortment of modern state-of-the-art telecommunications services. These services range from basic exchange access for traditional voice services to wireless, Broadband and Internet access and other Advanced Telecommunications capabilities⁴.

These client companies have invested, and continue to invest, substantial funds to provide these telecommunications capabilities in their certificated areas, often incented by participating in a variety of regulatory regimes such as: state and federal intercarrier access charges; a range of available Rural Utilities Services (RUS) and Rural Telephone Bank (RTB) loan guarantee programs; access to Federal and State Universal Service Funds; and a host of private funding sources including ILEC major commitments of family-generated and personally guaranteed assets. Many of these ILEC companies are multi-generational in their commitment to rural customers and often initially were the only ones willing to provide telecommunications services in these rural, insular and tribal areas. With this, they have continued to provide the highest levels of customer-responsive services. All of this occurs while they provide and enhance the opportunity for their customers to have services comparable to more urban areas and at generally comparable rates.

Alexicon recognizes the diversity of the many specific issues raised in this NOI and will specifically respond to various questions in following sections. We do, however, suggest that there are several additional issues that we believe are important to be recognized in this inquiry. While the NOI deals mainly with various broadband and Internet-related issues and data collection(s), it is vital that one also consider both the continuation of various incentives which have, and will continue providing, financial opportunities related to small(er) ILECs' continued investment. We also believe that the need for content and customer-responsive services availability (which will cause customers to begin actually utilizing the available advanced telecommunications services in their area) is vital to customers actually subscribing to advanced telecommunications capability.

⁴ As noted in the NOI footnote 2.

It is clear that there has been substantial progress made in the deployment of advanced telecommunications services,⁵ especially among the smaller rural ILECs. In many cases these companies have deployed advanced telecommunications services well in advance of similar deployments by some of the larger and price cap ILECs who hold properties in often similar rural, less densely populated or insular areas. In many of these ILEC rural areas, there are also technological challenges toward deployment in addition to the financial challenge of recovering major levels of investment from a relatively small customer-base. Nonetheless, recent data suggests that⁶ the smaller ILECs continue to enhance the opportunity for their customers to have “access” to advanced telecommunications services.

In light of this, there remains the continued need to develop a plethora of new and enhanced content services which will cause customers to actually subscribe to these advanced telecommunications services. To this end, many smaller ILECs are currently beginning to provide media-centric information services and forms of cable-television services utilizing the advanced telecommunications services (transmission services) that they have previously provided. There is also still some customer reluctance toward transitioning from dial-up Internet access services, based either upon pricing or the need for computer upgrades for the broadband service.⁷ This is a major issue toward the smaller ILECs continuing to provide these substantial investments if there is to be minimal customer use of the advanced services with an associated lack of increased revenues.

We therefore suggest that the FCC consider expansion of this inquiry to not only consider the transmission speeds of “advanced telecommunications services” and “advanced services”⁸ to also consider “content services” as part of any revised definition. We

⁵ Primarily in the “at least 200 kbps information-carrying capability in at least one direction”. Based upon the 14 published FCC Form 477 data collections, as noted in NOI footnote 10.

⁶ Including the August 2006 National Telecommunications Cooperative Association “NTCA 2006 Broadband/Internet Availability Survey Report” in which 21% of their members responded and 100% of respondents offer broadband to “some” part of their customer base (up from 58% in the 2000 survey)

⁷ Either through joint-ventures or through subsidiaries. Many larger providers do not currently offer a full range of their services in rural/insular areas.

⁸ NOI para. 12.

believe that it is vital to look at a larger definable universe than just transmission speed capability to better develop data related to the deployment of advanced telecommunications capability to all Americans. We believe that the difference between “availability” and “actual subscription” is significant and needs to be captured in future data collections.

Finally we remain concerned that technological issues continue to hamper the efforts of smaller ILECs to deploy future advanced services. While many ILECs have currently provided a range of advanced services, future deployments of Fiber-to-the-Curb or Fiber-to-the-Home (and similar technologies) are often going to be predicated upon both sufficient subscriber density for reasonable investment recovery and also toward issues such as commercial electrical availability and reliability issues.

II SPECIFIC NOI QUESTIONS

A. What Is Advanced Telecommunications Capability⁹?

Alexicon supports continuing the basic definition of “advanced telecommunications capability” with upstream and downstream of more than 200 kilobits per second, and continue the definitional framework from prior inquiries¹⁰ for reporting of five (5) speed tiers. We also believe that mobility service reporting is important and that the frequency band and licensed/unlicensed nature of the service should be captured in future data collections. We further believe that other service attributes besides transmission speed are important and that other relevant definition(s) should be developed and additional data be reported.

⁹ NOI para. 12

¹⁰ NOI footnote 17

B. Is Advanced Telecommunications Capability Being Deployed to All Americans?¹¹

Alexicon believes that the existing data collections, utilized since the 2000 Data Gathering Order, generally provide the basic underlying data to draw conclusions regarding the increased availability of Advanced Telecommunications Services. As previously noted, however, Alexicon would support extending data collection beyond broadband if related to “services” and “service pricing” as these are vital to help determine consumer acceptance and actual “service subscription.”

Alexicon supports continuation of current economic incentives that allow the small ILECs to continue their commitments toward expansion and enhancement of advanced telecommunications services in rural and insular areas. We are concerned that other open FCC Dockets relating to Intercarrier compensation (Missoula Plan), Separations reform and various Universal Service Fund issues are currently causing anxiety within the ILEC industry related to making long-range financial investment decisions. It is imperative that stability in these economic support programs¹² be clarified and quantified so that the ILECs may continue investment planning related to future advanced telecommunications services.

Alexicon’s clients have continued to avail themselves of the rapidly changing technology related to the provision of advanced telecommunications services. They have deployed a variety of technologies as they develop a range of innovative customer-responsive services throughout their service areas. As previously noted, however, there are unique challenges faced by the smaller rural ILECs, mainly related to economies-of-scale issues that sometimes suppress their financial ability to deploy some services. These companies often are willing to be “beta test” locations for new and innovative services and many have been willing to be early adopters of alternative services. In many cases their customers appear to be technology agnostic and are more concerned with price and the “delivered service” rather than the “method of delivery.” Since most of the smaller

¹¹ NOI para. 13-22

¹² Including concerns related to long-range predictability of RUS funding commitments.

ILECs that we are familiar with have already deployed some form of broadband accessibility for their customers, we do not believe that technology advances will, by themselves, drive future advanced telecommunications deployment by these companies.

C. Is Deployment Reasonable and Timely¹³?

Alexicon believes, based on a variety of sources,¹⁴ that within both its clients and smaller ILEC communities in general, advanced telecommunications services have been and continue to be deployed on a reasonable and timely basis. Based upon the availability of a wide range of competitors throughout rural America, it is clearly in an ILEC's best interest to be responsive to their customers' needs (or perceived needs) for advanced telecommunications services on a timely basis. More importantly to the smaller ILEC, however, is their long-standing commitment to their customers (and prospective customers) that drives these companies to be as responsive to their customers as quickly and technically prudent as possible. Furthermore, we believe that their provision of access to advanced telecommunications services has been accomplished without regard to any differentiation between customer classes or income levels.

Alexicon believes that increases of advanced telecommunications services in rural zip code areas (compared to urban zip codes) is a result of the smaller ILECs ongoing commitments to their customers. In many instances the rural areas of the smaller ILECs received equivalent advanced telecommunications services prior to deployment of similar services in rural areas of larger ILECs. In most cases the rates for services in the smaller ILEC areas are comparable to urban areas but in many cases there is not a similar availability of service providers or services, mainly due to lack of third party interest and financial incentives for larger ILECs in these areas.

In Alexicon's experience their tribal clients are providing modern, state-of-the-art types of advanced telecommunications services as comparable to non-tribal ILECs. Since

¹³ NOI para. 23-31.

¹⁴ FCC data collections, the aforementioned NTCA August 2006 Broadband study, various newspaper and magazine articles, anecdotal discussions within the telecom industry, etc.

many of their facilities are generally modernized (Central Offices, Interoffice, and Outside Plant Facilities) the availability of advanced telecommunications services generally coincides with basic service availability. In other instances there is extensive utilization of various wireless technologies for broadband/Internet-access.

Alexicon shares the FCC and Commissioners' concerns¹⁵ regarding the failure of the United States to be on equal footing with other countries in both broadband penetration and availability. We believe that this is due to combination of the lack of a United States national policy/initiative as well as a regulatory regime that does not, by itself, enhance the ability of service-providers to be incented toward developing and pricing services utilizing broadband services at levels that are comparable with other nations. Not only are there current limitations toward facility-based broadband provision and the ability to recover investments in economically viable timeframes, but also there are public policy related issues toward wireless frequency allocations and technology issues that has dampened service-provider initiatives. If we are to regain any advantages in the area of broadband services (including content services that drive consumer acceptance of advanced services) a combination of economic and policy incentives must be developed.

D. What Actions Can Accelerate Deployment¹⁶?

Alexicon believes that, in general, advanced telecommunications capability is being deployed on a timely basis. Statistics have shown that the younger population is more "technologically savvy" than the older population as it relates to wireless, broadband, and other advanced services. Given this, more education given to the older adult population may serve their willingness to be more informed and sign up for additional services that they are either not aware of or don't understand. In addition, our experience leads us to believe that pricing continues to be an issue with advanced telecommunications and information services. Lastly, we are, however, still concerned that other FCC Docket

¹⁵ NOI Commissioners statements

¹⁶ NOI para. 32

actions (Intercarrier Compensation, Separations Reform and Universal Service Funding) are creating uncertainty to the smaller ILECs ability to continue their efforts.

E. What Are Patterns of Customer Adoption and Usage of Services for Utilizing Advanced Telecommunications Capability?¹⁷

While Alexicon recognizes that collecting and analyzing data regarding how and why various consumer groups adopt advanced services (including pricing) might be informative, we are concerned that much of this type of information may be considered proprietary and trade-secret (i.e. not public data). Given recent FCC Orders that classify “services” which utilize advanced telecommunications transmission components as “information services” we question the FCC’s ability to require information service providers to report data to it. We suggest that this straddle issue needs resolution before extensive research into additional data collection(s) is resolved within this inquiry.

III. Summary

Alexicon appreciates the opportunity to provide its Comments in this important Docket. While we share the FCC’s concern regarding the slipping position of the United States relative to other Nations in our development of broadband and related services, we believe that there are a number of reasons for this comparison. Issues ranging from each nation’s universal service policy and availability to their range of service-provider support incentives all relate to reasons for the wide range of service accessibility and consumer utilization of broadband services. Furthermore, we believe that other countries are leading in the development of content, both information-centric and media-based, and other consumer requested/developed services that utilize the underlying transmission media. It is the development of consumer services, pricing, and consumer education that will drive the utilization of broadband transmission facilities. Finally, we believe that it is vital that a national policy be developed (both through regulatory and legislative means) before the next level of advanced telecommunications services and consumer-

¹⁷ NOI para. 33-34.

driven services will be effectively utilized throughout the country. In the meantime we believe that the smaller ILECs will continue to invest in advanced telecommunications services in rural, insular and tribal lands provided that existing incentives designed to encourage this investment remain in place.

Respectfully submitted,

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