

BEFORE THE  
Federal Communications Commission  
WASHINGTON, D.C.

In the matters of	)	
	)	
Special Access Rates for Price Cap Local	)	
Exchange Carriers	)	WC Docket No. 05-25
	)	
AT&T Corp. Petition for Rulemaking to	)	
Reform Regulation of Incumbent Local	)	RM-10593
Exchange Carrier Rates for Interstate Special	)	
Access Services	)	

**AMENDED REPLY COMMENTS OF LAURENCE BRETT (“BRETT”)  
GLASS, d/b/a LARIAT, A WIRELESS INTERNET SERVICE  
PROVIDER SERVING ALBANY COUNTY, WYOMING**

Laurence Brett (“Brett”) Glass, a sole proprietor doing business as LARIAT, a wireless Internet service provider serving Albany County, Wyoming, responds to comments filed regarding the above captioned matters <sup>1</sup> with the following comments. This document is intended to replace and supercede an earlier version of the same comments filed on 24 February, 2010, and is essentially the same but for minor corrections and clarifications.

LARIAT was among the first, if it was not the very first, of the wireless Internet service providers (WISPs) now doing business within the continental United States. LARIAT has been providing high quality, high speed broadband Internet service to a large and growing service area in rural Wyoming for more than 18 years, and has developed technologies and business models which afford it the lowest last mile deployment cost, per square mile, of any form of terrestrial broadband. <sup>2</sup>

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<sup>1</sup> *Parties Asked to Comment on Analytical Framework Necessary to Resolve Issues in the Special Access NPRM*, WC Docket No. 05-25, RM-10593, Public Notice, at 3, 2009 FCC LEXIS 5701 (rel. Nov 5, 2009)

<sup>2</sup> See FCC National Broadband Plan Workshop, *Deployment: Unserved/Underserved*, August 12, 2009; Slides and video available at [http://broadband.gov/ws\\_deployment\\_unserved.html](http://broadband.gov/ws_deployment_unserved.html)

Ironically, the single greatest obstacle to LARIAT's progress toward its goal of providing ubiquitous, economical, high speed broadband is not the low population density, rugged terrain, large distances, or harsh weather conditions of Wyoming. Rather, it is the ability to obtain reasonably priced Internet backbone bandwidth at wholesale to resell to its customers at retail. While Qwest, the incumbent local exchange carrier serving LARIAT's coverage area, offers complete retail ADSL service in Laramie – with download speeds of 7 Mbps and additional services such as backup storage and nationwide hotspot access – for a promotional price of \$25.00,<sup>3</sup> it charges more than ten times this amount for wholesale “middle mile” data transport, which is only one component of the wholesale cost of Internet bandwidth. In fact, Qwest's “special access” charge to transport data approximately 175 miles – from Laramie, Wyoming to Denver, Colorado – is approximately double what Internet backbone providers charge to transport the same amount of data to the entire rest of the globe.<sup>4</sup>

Other independent ISPs report similarly exorbitant charges, with many paying as much as \$450 per month for 1.5 Mbps T1 lines to the Internet backbone.<sup>5</sup>

While some commenters suggest that the motive for these overcharges is primarily or entirely to collect monopoly rents,<sup>6</sup> this extreme inversion of wholesale vs. retail pricing has the even more insidious

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<sup>3</sup> See Appendix A: Qwest promotional flyer received by Qwest retail customers in Laramie, Wyoming in February, 2010. Flyer offers 7 Mbps ADSL at an initial promotional price of \$25.00 per month, increasing to \$36.99 per month with an additional 2 year commitment or \$39.99 per month with no commitment after the end of the promotional period. The lowest of these rates constitutes a price per downstream Mbps of less than \$4 per month; the highest less than \$6 per month.

<sup>4</sup> See Appendix B: December, 2009 Bandwidth Quotation from Cogent Communications, including breakouts of recurring charges, for 45 Mbps (T3) and 155 Mbps (OC3) of bandwidth.

<sup>5</sup> See comments of WISPA in response to Public Notice, *Comment Sought on Impact of Middle and Second Mile Access on Broadband Availability and Deployment*, DA 09-2186, ON Docket Nos. 09-47, 09-51 & 09-137 (reI. Oct. 8, 2009), filed November 4, 2009, available at <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020244726>, p. 14 *passim*.

<sup>6</sup> See, e.g., Reply Comments of Level3 Communications LLC, WC Docket No. 05-25, RM-10593 (filed Feb. 24, 2010), available at <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020390420> and Comments of the Nochokepoints Coalition, WC Docket No. 05-25, RM-10593 (filed Jan. 19, 2010), available at <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020382062>

and destructive effect of forestalling competition in the broadband marketplace. As users shift more and more activities, such as video viewing, to the Internet, they expect bandwidth prices to decrease, despite the fact that they use the full capacity of their connections a larger percentage of the time and oversale of bandwidth – once a common practice – becomes infeasible. However, due to the special access component of bandwidth costs, the net wholesale cost of bandwidth to competitive providers such as LARIAT is actually increasing, not decreasing – making it difficult if not impossible for them to remain competitive.<sup>7</sup>

Exorbitant special access pricing also hinders the rollout of broadband to unserved and underserved areas, and could well place the “100 squared” goal recently articulated by FCC Chairman Julius Genachowski<sup>8</sup> utterly out of reach. At a wholesale cost of more than \$100 per Mbps per month, the retail price of 100 Mbps service to the home would be too high for all but a multimillionaire to afford.

Prompt action on the above captioned matters is imperative if small, competitive, rural, and wireless broadband providers are to continue to do the important work of providing competitive options to existing broadband customers and rolling out broadband to unserved areas. LARIAT therefore urges the Commission to act immediately to deal with the issue of excessive special access pricing, lest our nation’s broadband consumers be confronted in the future with, at best, a duopoly.

Respectfully submitted,

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Laramie, WY 82073-0383

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<sup>7</sup> See Appendix C: E-mail communication from customer who switched from LARIAT’s services to Qwest ADSL. Note that to offer similar pricing, LARIAT – which, due to Qwest special access rates, cannot obtain bandwidth for less than \$100 per megabit per second per month at wholesale – would have to sell bandwidth below cost and would therefore lose money on every customer. Also note that the rate which motivated the customer to switch was higher than the promotional rate offered in the flyer shown in Appendix A.

<sup>8</sup> Prepared Remarks of Chairman Julius Genachowski, Federal Communications Commission, “*Broadband: Our Enduring Engine for Prosperity and Opportunity*,” NARUC Conference, Washington, D.C., February 16, 2010, available at [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-296262A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296262A1.pdf)



Appendix B: December, 2009 Bandwidth Quotation from Cogent Communications, including breakouts of recurring charges, for 45 Mbps (T3) and 155 Mbps (OC3) of bandwidth. Note that the "LOOP MRC" (backhaul over special access lines by Qwest) far exceeds the cost of the bandwidth itself.

<b>cogent</b> COMMUNICATIONS						
<b>Optical Internet</b>		<b>Lariat.net</b>				
		<u>1 year contract</u>				
<b>Location Address</b>	<b>Service</b>	<b>MRC</b>	<b>LOOP MRC</b>	<b>TOTAL MRC</b>	<b>NRC</b>	<b>Install Interval</b>
209 Grand Ave Larrie, WV	T3	\$2,000	\$3,668	\$5,668	\$2,564	90 Business Days
	OC3	\$3,100	\$6,059	\$9,159	\$6,535	90 Business Days
<b>Mark Smith</b> Regional Account Manager 703-466-7662 msm.ki@cogentco.com						

Appendix C: E-mail communication from customer who switched from LARIAT's services to Qwest ADSL, which offered retail bandwidth at a price below LARIAT's wholesale bandwidth cost.

Date: Wed, 24 Feb 2010 12:56:25 -0700  
Subject: Switching to Qwest for internet connectivity  
From: Derek Sonderegger  
To: Brett Glass

As per our discussion about me switching to Qwest, here is my rationale and you may quote this email to whomever you like. I hope it can help. I also sent this same message through the online email at the lariat.net webpage. I made the decision to switch to Qwest DSL for my internet service because of the price difference between Lariat. From Qwest I am able to get a 1.5 Mb/s connection (my observed speeds have been approximately 1.3 Mb/s) for \$25 per month. To obtain the same service from Lariat would be approximately \$125 per month. While I often willing to pay more for a local service, and you and your staff have been wonderful to work with, a price difference of 500% is not reasonable to expect from even the most sympathetic of consumers.

Derek

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