

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of:)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
High-Cost Universal Service Support)	WC Docket No. 05-337

REPLY COMMENTS OF THE IOWA UTILITIES BOARD

The Iowa Utilities Board (IUB) submits the following reply comments in response to the Federal Communications Commission's (Commission) request for comments on its Notice of Inquiry and Proposed rulemaking addressing existing high-cost universal service support and the development of the Connect America Fund (CAF).¹

The IUB has reviewed the comments of the various carriers and carrier associations whose members provide service in Iowa. The IUB notes that the proposed Connect America Fund, the National Broadband Plan itself, and the proposed changes to High-Cost Universal Service Fund (USF) will affect each carrier in different ways. As can be expected, there are areas of major disagreement between the numerous carriers that provide service in Iowa. The IUB commends the Commission on its work thus far and hopes that fair solutions will be found to bring high-speed broadband access to all of America at affordable rates.

¹ *In the Matter of Connect America Fund; A National Broadband Plan for Our Future; High Cost Universal Service Support*, Notice of Inquiry and Notice of Proposed Rulemaking, WC Docket Nos. 10-90 and 05-337, ON Docket No. 09-51, FCC 10-58, rel. Apr. 21, 2010 (Order).

BROADBAND PLANNING IN IOWA

The IUB is involved in several state planning initiatives intended to dovetail with the Commission's broadband planning at the federal level. As new issues or consensus develop in Iowa's planning initiatives, the IUB intends to provide this information to the Commission for use in its broadband inquiries related to the National Broadband Plan. Below is a description of the state planning initiatives in Iowa.

The IUB is working with Connect Iowa² to implement the State Broadband Data and Development Grant Program (SBDD) in the state. The original SBDD grant program included two key components as defined in the Notice of Fund Availability released by the National Telecommunications and Information Administration (NTIA), US Department of Commerce, in 2009: the Broadband Mapping and Planning Programs.

In May 2010, Connect Iowa produced a map of the inventory of broadband availability across Iowa. A key goal of the mapping is to identify communities and households that remain unserved or underserved by broadband service; information that is essential to estimate the "Broadband Availability Gap" and understand the scope and scale of providing universal broadband service to all citizens across the state. Connect Iowa's broadband map is the first comprehensive inventory of broadband infrastructure in Iowa. The inventory will

² Connect Iowa is a subsidiary of Connected Nation, Inc. Connect Iowa has been designated as Iowa's single entity under the SBDD Grant Program and the Broadband Data Improvement Act eligible to apply for and receive a grant under the SBDD program to gather data to be used in developing a state broadband availability map and for broadband planning projects.

be updated twice annually with the next update scheduled for release in the Fall of 2010.

To complement the broadband inventory and mapping data, Connect Iowa has undertaken survey research to understand broadband demand trends across Iowa. In the Spring of 2010, Connect Iowa surveyed a sample of 1,201 adults across the state to inquire about their current use of broadband and related technologies. The purpose of this research is to better understand the drivers and barriers to technology and broadband adoption and estimate the “Broadband Adoption Gap” across Iowa. Key questions the data addresses are: who, where, and how are citizens across Iowa using broadband technology? How is this technology impacting Iowa households and citizens? And more importantly, who is not adopting broadband service and why? What are the barriers that still prevent citizens from embracing this technology?

The demand-side survey data and the mapping inventory describing the state of broadband supply in Iowa is the first of its kind review for Iowa. Based on these data, the Connect Iowa report should spark discussion across multiple broadband stakeholders in the state on key policy goals and strategies to expand and enhance the broadband experience for all Iowans.

Additionally, the IUB is working in close association with Iowa’s Broadband Deployment Governance Board (BDGB) established by the Iowa Legislature in 2009. The BDGB is charged with establishing a comprehensive plan for the deployment and sustainability of high-speed broadband access. In doing so, the BDGB will use the mapping and survey data developed by Connect Iowa. The

BDGB is a joint-board with 15 members (11 voting members representing educational users of broadband services, local governments, urban residential users, broadband and telecommunications service providers and state government, and four non-voting members representing the General Assembly). The BDGB is staffed by three state agencies – the IUB, the Iowa Telecommunications and Technology Commission, and the Iowa Economic Development Board. A Board Member of the IUB serves as Chair of the BDGB.

In the near future, the IUB will initiate a Notice of Inquiry to address the National Broadband Plan as to how it will impact broadband planning in Iowa. The IUB will ask Iowa's telecommunications industry various questions to inform the IUB how carriers and broadband service providers believe they will be impacted by National Broadband Plan, the proposed reforms to federal Universal Service Fund, and proposed changes to intercarrier compensation. The inquiry will also attempt to determine how broadband planning in Iowa should be coordinated with the National Broadband Plan and how Iowa can target its resources for optimal deployment of high speed broadband networks.

As noted above, the IUB intends to share with the Commission information and data relevant to the National Broadband Plan that is learned through Iowa's broadband planning initiatives.

SPECIFIC COMMENTS

There are several areas where the IUB wishes to provide reply comments at this time:

1. In paragraph 14 of its Order, the Commission seeks comments on reforms to the CAF that would minimize waste, fraud and abuse. The IUB comments that eliminating waste, fraud, and abuse will free money for legitimate purposes and the expansion of the nation's broadband services. In the context of "access pumping," the IUB has reported its suspicions of abuse on two occasions to the Commission. These suspicions relate to an Iowa competitive local exchange carrier that continues to receive high-cost USF support. The majority of this high-cost support appears to be for free conferencing services – not local exchange services. The IUB has notified the Commission that a substantial amount of high-cost USF support may have been tied to the carrier's test lines and that the carrier may have overstated to the Commission the actual number of exchanges it serves. Although this competitive carrier serves just a few rural exchanges in Iowa, in 2009 it collected nearly three times the amount of high-cost support as Qwest Corporation - Iowa's largest incumbent local exchange carrier. In its development of the CAF, the Commission should strive to ensure that no "access pumping" schemes can receive support from the USF. In implementing USF reforms, the Commission should also revisit the enforcement mechanisms meant to safeguard the integrity of the system of payments to carriers.
2. In paragraph 47 of its Order, the Commission seeks comments on rules that could be used to evaluate proposals to provide differing speeds of access in excess of 4 Mbps actual download and 1 Mbps actual upload, or

differing qualities of access. The Commission and other federal agencies should better coordinate so that consistent data will be available for all parties in their data analyses. The National Broadband Plan recommended that the standard for CAF support should be speeds of 4 Mbps for actual download and 1 Mbps for actual upload. The Commission sought comment on the assumptions underlying the parameters used to estimate the costs of a wireless network capable of providing service that provides these speed capabilities.³

The Iowa broadband map developed by Connect Iowa is based on the speed tiers as required by NTIA's SBDD NOFA. The closest NTIA defined speed tier to the Commission's National Broadband Availability Target begins at 3 Mbps per second. The two federal agencies essentially have two different starting points. This discrepancy will result in additional discussion as to whether the difference is material or what further modifications must be done in order to make the data more consistent for better comparability. Certain households (those households that are at 3 Mbps) may be categorized as meeting the 4 Mbps benchmark if the entire tier is used in comparisons but should actually be categorized as being underserved.

The Connect Iowa survey shows that 87.60 percent of Iowa households are served by broadband of at least 3 Mbps download speeds as of the Spring of 2010. The Commission's Gap Simulation estimates that 95 percent of U.S. households are currently served by broadband of

³ Order at paragraph 30.

at least 4 Mbps download. Connect Iowa estimates that the 7.4 percentage point differential corresponds to approximately 85,000 households in Iowa. This information may be useful in discussions, but the number of households would be greater if the higher 4 Mbps speed was mandated by the NTIA.

3. In paragraph 6 of its Order, the Commission notes that state commissions and other parties provided valuable assistance in the development of the Hybrid Cost Proxy Model. The Commission should continue to work with the states in close partnership to obtain the most up-to-date data and to obtain pertinent information about the rural areas of each state. This should reduce the number and magnitude of discrepancies within the data.

The Connect Iowa survey reflects several discrepancies in the broadband estimated availability in the State of Iowa by county from the Commission's Gap Simulation. The survey notes that there is an overall 6.31 percent difference between the two studies' results across the county-wide estimates. However, there were large discrepancies when the rural counties were analyzed. The broadband availability estimates for Fremont County varied by 47.36 percent (the Gap Simulation showed 78 percent broadband availability to Connect Iowa's determination that broadband availability is 30.64 percent). Another county that showed almost the exact opposite situation is Davis County. The Gap Simulation showed a 54 percent broadband availability to Connect Iowa's 95.15

percent broadband availability. Iowa has 99 counties. Of these 99 counties, 17 counties reflect a broadband availability difference exceeding 20 percent between the Gap Simulation and the Connect Iowa survey. As the Commission continues to refine the modeling that may be used to disburse funds through a reformed USF, it should remain cognizant that state surveys may be available to gauge the reliability of the proposed federal modeling.

The IUB commends the Commission on its efforts to make high-speed broadband available to all of America at reasonable rates and looks forward to providing additional comments in other proceedings.

August 11, 2010

Respectfully submitted,

Iowa Utilities Board
350 Maple Street
Des Moines, Iowa 50319
Voice: (515) 281-4034
FAX: (515) 281-5329
E-Mail: john.ridgway@iub.state.ia.us

_____/s/_____
John Ridgway
Telecommunications Mgr.