

**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 and Timely  
Fashion, and Possible Steps to Accelerate  
Such Deployment Pursuant to Section 706 of  
the Telecommunications Act of 1996, as  
Amended by the Broadband Data  
Improvement Act

GN Docket No. 10-159

**COMMENTS OF  
THE OREGON TELECOMMUNICATIONS ASSOCIATION  
IN RESPONSE TO  
THE SEVENTH BROADBAND DEPLOYMENT NOTICE OF INQUIRY**

**September 7, 2010**

The Oregon Telecommunications Association (OTA) welcomes the opportunity to provide comments on broadband deployment. OTA is a trade association that represents primarily, although not exclusively, rural incumbent local exchange carriers (ILECs) serving rural areas in the State of Oregon.<sup>1</sup> OTA's members have taken the lead in deploying broadband in rural Oregon.

The Notice of Inquiry (NOI) seeks information about the deployment of broadband availability. These Comments describe the broadband deployment undertaken by OTA's members. In addition, OTA cautions that care should be taken if the existing mechanisms that have allowed the broadband deployment to occur are to be changed. There are aspects of the National Broadband Plan that threaten continued investment in rural Oregon and even endanger the continuation of existing levels of broadband deployment. The Commission has the difficult task to act both carefully and with all possible speed to cure this uncertain environment that jeopardizes continued infrastructure investment.

## DISCUSSION

The NOI lists five specific questions that it seeks comments on. OTA's Comments will address each of those questions.

---

<sup>1</sup> OTA's members participating in these Comments are as follows: Asotin Telephone Company d/b/a TDS Telecom, Beaver Creek Cooperative Telephone Company, Canby Telephone Association d/b/a Canby Telcom, Cascade Utilities, Inc. d/b/a Reliance Connects, Clear Creek Telephone & Television, Colton Telephone Company, d/b/a ColtonTel, Eagle Telephone System, Inc., Gervais Telephone Company, Helix Telephone Company, Home Telephone Company d/b/a TDS Telecom, Molalla Communications, Inc. d/b/a Molalla Communications, Monitor Cooperative Telephone Company, Monroe Telephone Company, Mt. Angel Telephone Company, Nehalem Telecommunications, Inc., North-State Telephone Co., Oregon-Idaho Utilities, Inc., Oregon Telephone Corporation, People's Telephone Co., Pine Telephone System, Inc., Pioneer Telephone Cooperative, Roome Telecommunications Inc., St. Paul Cooperative Telephone Association, Scio Mutual Telephone Association, Stayton Cooperative Telephone Company, and Trans-Cascades Telephone Company d/b/a Reliance Connects.

1. What is Advanced Telecommunications Capability?<sup>2</sup>

This is the first question posed in the NOI. This question raises one of the thornier issues contained in the National Broadband Plan. There is a great deal of concern that the National Broadband Plan may inadvertently create a digital divide between rural America and urban America. That concern is created because the standard that is included in the National Broadband Plan for funding support is a 4 megabit down and 1 megabit up standard. Meanwhile, the National Broadband Plan sets as a goal the provision of 100 megabits of download speed for one hundred million homes and businesses. Although the National Broadband Plan does not say where these hundred million homes and businesses are located, it is axiomatic that without a funding mechanism, they will be by default located in the areas of the most density. This is because those densely populated areas are the only areas in which business cases can be made for reaching 100 megabit download broadband levels without a support mechanism. This in turn means that rural America may suffer.

OTA recommends that the Commission establish realistic goals for broadband deployment for all of America and create the funding mechanisms for deployment, maintenance and operation of such broadband network where support is needed.<sup>3</sup>

2. How Should Broadband "Availability" Be Interpreted and Measured?<sup>4</sup>

This second of the five questions is important for the broadband marketplace. There is a great deal of distorted information on broadband capacity; much of it is caused by overly aggressive "hype" in advertising. This situation can be helped by the broadband mapping

---

<sup>2</sup> NOI at ¶ 4.

<sup>3</sup> OTA recognizes the reality that there may be pockets that are so hard to serve that the expense outweighs the benefit. This point is made in the National Broadband Plan about the projected expense of serving the last 250,000 households. OTA recognizes that this is a reality, but urges the Commission to minimize, to the extent feasible, the households left behind.

<sup>4</sup> NOI beginning at ¶ 8.

initiative that has been undertaken. It is OTA's recommendation that broadband availability be measured based upon

the speeds that are actually available in any particular area. The mapping exercise generally uses census block groups and OTA supports use of census block groups as the appropriate level of measurement.

3. Is Broadband Being Deployed to All Americans?<sup>5</sup>

In responding to this third question, OTA will describe its members' deployment of broadband availability. OTA cannot answer the question as to whether broadband is being deployed to all Americans, but can report that with the aid of existing universal support and intercarrier compensation mechanisms broadband availability has been aggressively deployed to the areas served by OTA's members. What will happen in the future depends upon what actions the Commission takes to clarify the uncertainty that has been created by the National Broadband Fund.

OTA has twenty-seven ILEC members. Fifteen of those have already deployed broadband to one hundred percent of their service areas. In addition, four companies are currently at ninety-eight percent or better and one of those will reach one hundred percent of its customer base with broadband availability by the end of the year. Another four companies are over ninety percent and one of these companies will reach one hundred percent of its service area by the end of the year. There are two companies that are between eighty and eighty-nine percent and two companies that are less than eighty percent. While good progress has been made to date, that progress will likely be slowed, if not stopped, because of the uncertainty over the future of universal service support and intercarrier compensation and the lack of information about any replacement mechanism.

A typical speed offered by OTA members is 6 megabits down<sup>6</sup> and many exceed that download speed. It is important to keep in mind that even where a company has a 6 megabit or better download speed, that is not always available to one hundred percent of the customers in the company's service territory. Even for companies with 100% broadband coverage, some of the harder-to-reach areas will have slower speeds. A typical download speed in some of these harder-to-reach areas is 1 to 1.5 megabits, although download speed availability varies considerably from company to company. The point this makes is that the 4/1 megabit standard for support is not adequate. A more robust standard is needed for rural America. And, it should be a standard that is supported with universal service funding where needed.

There is another important issue to keep in mind. Many of the companies would be able to offer higher speeds if they had access to middle mile service on reasonable terms. Middle mile is an extremely expensive service in many parts of rural Oregon. The pricing of the middle mile services from those providers to OTA members often makes it uneconomic for the OTA members to order additional capacity and thus increase download speeds for their customers. OTA strongly recommends that the Commission include support for middle mile costs as it develops its broadband availability policies.

4. Is Broadband Deployment Reasonable and Timely?<sup>7</sup>

OTA's members have been leaders in providing broadband deployment in Oregon. Thus, the response to this question for OTA's members is a resounding "yes."

The deployment of broadband availability by OTA's members has been made possible through improvements to multi-use networks that provide both voice and broadband access. The

---

<sup>5</sup> NOI beginning at ¶ 30.

<sup>6</sup> By referencing this speed, OTA does not mean to imply that this should be the standard for support for achieved broadband speed. This reference simply reflects the factual situation at this point in time.

expansion and improvement of these multi-use networks has been made with existing universal service support mechanisms. It has also been made possible by the availability of Rural Utility Service loans and funding from other sources willing to invest in rural America such as CoBank, ACB.<sup>8</sup> However, the future is in doubt.

It is important to keep in mind that there must be a clear path for the transition from the existing mechanisms to any new mechanism if there is going to be continued investment in telecommunications infrastructure for broadband in rural America. The uncertainty created by the National Broadband Plan has caused some of OTA's members to curtail or delay existing plans to launch projects that improve existing networks and, with that improvement, improve the deployment of broadband availability. That uncertainty cannot continue for any length of time if broadband is going to become more robust in rural America.

#### 5. What Actions Can Accelerate Deployment?<sup>9</sup>

OTA is not certain what actions can accelerate deployment of broadband. However, OTA certainly is aware of actions that can hinder deployment of broadband. Chief among these is the lack of action in creating a clear, detailed path for transition from existing support mechanisms to any new mechanisms. That lack of a clear path is creating uncertainty for investment in rural Oregon, and probably other areas of America. Another area where the Commission's failure to act is causing financial uncertainty about the future is the failure to timely address VoIP based service. The lack of the declaration of the simple proposition that VoIP based service is just a rose of another color and is nothing more than another form of

---

<sup>7</sup> NOI beginning at ¶ 40.

<sup>8</sup> Existing intercarrier compensation mechanisms have, at least in the past, also contributed to the financial ability of rural ILEC to invest in communications infrastructure. The forecast in the National Broadband Plan that this revenue source may be going away with no reliable replacement contributes to the current financial uncertainty.

<sup>9</sup> NOI at ¶ 44.

telecommunications subject to existing intercarrier compensation mechanism creates arbitrage. This lack of action has removed and continues to remove needed revenue from rural carriers. Because of the inaction on these two fronts, as it now stands, it is not clear that the existing level of broadband availability can be maintained, much less improved. It is important that the uncertainty be resolved.

#### CONCLUSION

OTA appreciates the opportunity to comment. OTA's members have been doing an excellent job in deploying broadband availability. That work should not be undercut by continued uncertainty for investment in rural infrastructure. OTA encourages the Commission to take swift action yet careful action to provide clarity to an uncertain situation.

Respectfully submitted this 7th day of September, 2010.

By:   
Richard A. Finnigan  
Attorney for  
the Oregon Telecommunications  
Association