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October 21, 2011

VIA ELECTRONIC FILING

EX PARTE

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: REDACTED – FOR PUBLIC INSPECTION
CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135, AND 10-90
AND GN DOCKET NO. 09-51

Dear Ms. Dortch:

Windstream Communications, Inc. (“Windstream”) has submitted confidential information into the record under seal in the above-referenced proceeding pursuant to the Protective Order entered September 16, 2010. In accordance with the Protective Order, Windstream hereby submits a version of the filing for the public record that redacts the commercially sensitive information.

Please feel free to contact me if you have any questions.

Sincerely yours,

/s/ Malena F. Barzilai

Malena F. Barzilai

Attachment

cc: Joseph Cavender
Zachary Katz
Steve Rosenberg
Michael Steffen
Amy Bender
Lynne Hewitt Engledow

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445 12th Street, SW
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Re: *WC Docket No. 10-90, Connect America Fund; GN Docket No. 09-51, National Broadband Plan for our Future; WC Docket No. 07-135, Establishing Just and Reasonable Rates for Local Exchange Carriers; WC Docket No. 05-337, High-Cost Universal Service Support; CC Docket No. 01-92, Developing a Unified Intercarrier Compensation Regime; CC Docket No. 96-45, Federal State Joint Board on Universal Service; WC Docket No. 03-109, Lifeline and Link-Up*

Dear Ms. Dortch:

On October 20, 2010, Eric Einhorn and Frank Schueneman, from Windstream Communications, Inc. (“Windstream”), spoke with Steven Rosenberg of the Wireline Competition Bureau regarding broadband obligations that may attach to incremental support received under the proposed interim high-cost universal service funding mechanism. The same day, Mike Rhoda of Windstream spoke with Michael Steffen on the same subject.

Windstream urged that the Commission take care to ensure that any broadband deployment obligations are proportionate to interim high-cost support. In particular, Windstream explained that no single calculation of support would be appropriate for different broadband providers’ service territories. Average cost to pass an unserved location can vary dramatically among providers – due to different service territories and past investment decisions. Consequently, a decision to adopt a calculation based on industry-wide averages could result in underfunding for broadband providers that have invested most aggressively in high-cost areas, as these providers face higher costs to extend broadband to the next one percent of their unserved customers as compared to those companies that have not aggressively deployed thus far.¹

¹ For example, through 2013, Windstream will spend \$241.7 million (\$60.4 million of its own money to complement \$181.3 million in Broadband Initiatives Program stimulus grants through the Department of Agriculture) to boost company-wide broadband availability from

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In addition, Windstream discussed difficulties with establishing a single calculation that would apply appropriately to broadband deployment costs solely in its service territory. Costs to deploy broadband can vary dramatically within a single provider's footprint, so the average costs to serve an unserved location will depend on the extent to which funding will allow a provider to reach locations along its upward sloping cost curve. Any "per-location" calculation also will be dependent on the manner in which locations are counted in an area, which may vary significantly depending on the source and approach to counting applicable locations.

Nevertheless, Windstream has determined that its best approximation of the average capital investment associated with deploying broadband service to unserved customers across the Windstream footprint at speeds of 4 Mbps downstream and 768 Kbps upstream would be approximately [REDACTED] per existing Windstream customer location (access line) if the company received one year of funding under the interim support mechanism, as recommended by the ABC Plan Coalition.² This one-year estimate, which is based on routes and access lines (rather than government-determined total household counts within specified geographies), is derived from a part of Windstream's prior review of possible projects that would be eligible for broadband stimulus support. Windstream's best estimate at this point in time is that its per access line capital investment is equivalent to [REDACTED] per household passed.

To the extent the Commission relies on the broadband deployment capital investment estimates above, Windstream urges the Commission to offer the opportunity to refine these numbers in the future. Windstream engineers may find that actual average deployment capital investment for specific projects addressed by interim support may differ from the estimates above. Moreover, if the interim funding extends beyond one year, then Windstream's capital investment estimates necessarily will change to reflect that the company would then be deploying broadband to different areas than those which it currently contemplates.

Like Frontier,³ Windstream also advocates that recipients receiving support under the interim proposal should be given flexibility to improve their broadband networks in a manner that brings broadband to any areas that currently do not have Internet access that meets the Commission's standards of 4 Mbps downstream. This determination could further affect Windstream's estimates of the average capital investment per location and potentially allow more locations to receive service at the Commission's desired throughput speeds in the near

approximately 90 percent of access lines to approximately 93 percent. The cost for Windstream to extend that availability increases exponentially as the company approaches 100 percent availability.

² See Letter from Cathy Carpino, AT&T, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, 04-36, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45 (dated October 21, 2011).

³ See Letter from Michael D. Saperstein, Jr., Frontier Communications, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, 04-36, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45 (dated October 20, 2011).

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term. This flexibility should include the ability to use support for middle-mile deployments, which also may enable new or enhanced service for wireless cell towers as well as anchor institutions and their surrounding communities (such as those addressed by the Gig.U initiative).

Finally, Windstream urges the Commission to not adopt a required build out timeline that is more aggressive than that used by the Rural Utilities Service. This timeline requires that projects be “substantially complete” (i.e., two-thirds done) within two years, and complete within three years after the date of issuance of the award.⁴

Pursuant to Commission rules, please include a copy of this filing in each of the above-referenced dockets. Please feel free to contact me if you have any questions.

Sincerely yours,

/s/ Malena F. Barzilai

Malena F. Barzilai

cc: Zachary Katz
Steve Rosenberg
Michael Steffen
Amy Bender
Joe Cavender

⁴ See Broadband Initiatives Program, Broadband Technology Opportunities Program, Notice of Funds Availability, 74 Fed. Reg. 33103, 33110 (July 9, 2009). An amendment allowing further time may be possible.