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VIA ELECTRONIC FILING

EX PARTE

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

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 , Universal Service Reform – Mobility Fund, WT Docket No. 10-208*

Dear Ms. Dortch:

On March 19, 2012, Eric Einhorn and I met with Amy Bender, Joseph Cavender, Patrick Halley, Carol Matthey, and Steven Rosenberg of the Wireline Competition Bureau. Bill Kreutz of Windstream joined the meeting by telephone. I also addressed issues described below with Mr. Cavender via phone on March 21, 2012.

In these discussions, Windstream reiterated its concern that the CAF Phase I regime, as currently conceived, will produce an unjustified disparity in how fiber-unserved areas are treated: areas where a carrier has invested in copper-fed DSLAMs will not be eligible for Phase I support, while comparably high-cost areas where a carrier has not engaged in any broadband investment will be eligible. This disparity can and must be remedied. If not reformed, this regime effectively will reward carriers that have invested the least in rural broadband deployment, and will penalize consumers served by carriers that have made incremental upgrades to deliver broadband to rural consumers as soon as possible.

Windstream urged the Commission to modify the CAF Phase I regime to make it possible for all carriers to use CAF Phase I funding to deploy second-mile fiber in their fiber-unserved areas. Areas able to benefit from such support should include any census blocks that (a) are entirely unserved or supported only by copper-fed DSLAMs and (b) would not be addressed by the applicable carrier's broadband projects planned for the next three years. Funding for this

approach toward broadband deployment may be based upon “per-mile” fiber route costs,¹ which are described in multiple sources contained in the Commission’s record.²

The need for second-mile fiber has increased greatly in recent years. While customers connected to copper-fed DSLAMs may be addressed sufficiently today, carriers may not be able to continue to support sufficient broadband performance over these DSLAMs much longer. Bandwidth used by residential consumers has skyrocketed in recent years: Over the eight quarters from 1st quarter 2010 to 4th quarter 2012, bandwidth usage by Windstream’s residential customers increased by more than 300 percent. Fiber-fed DSLAMs will be needed to offer capacity sufficient to meet these increasing demands.

Indeed, the lack of second-mile fiber in rural areas is a problem not only for wireline broadband, but also *wireless* broadband. Windstream currently is deploying a substantial amount of fiber to wireless cell towers. With CAF Phase I support, Windstream would be able to drive fiber deeper into its rural areas, and thereby reduce the costs of connecting wireless cell sites to fiber that can be leveraged to enable more robust mobile offerings.

Finally, Windstream explained that the Commission should not assume that copper in its rural areas soon will be replaced, absent support, with second-mile fiber. The age of Windstream’s existing copper facilities varies substantially. But even in instances where copper is fully depreciated (per Commission accounting rules), the actual useful life of the copper may continue for many more years. Costs to deploy fiber in the rural areas lacking unsubsidized competition may be substantial, and since high-cost funding for price cap areas has been insufficient to support voice service in many instances and wholly inadequate to support robust

¹ A “per-mile” focus in the context of CAF Phase I would be consistent with the approach adopted for Phase I of the Mobility Fund, which will use road miles as the basis for calculating the number of units in each eligible census block for purposes of comparing bids and measuring performance of support recipients. *See Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 10-90, 07-135, 05-337, and 03-109, GN Docket No. 09-51, and WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, at ¶ 350 (rel. November 18, 2011) (*Comprehensive Reform Order*).

² *See, e.g., The Broadband Availability Gap: OBI Technical Paper No. 1* (Apr. 2010); Letter from Daniel Mitchell, National Telecommunications Cooperative Association, to Marlene H. Dortch, Secretary, FCC, GN Docket No. 09-51, WC Docket Nos. 05-337 and 04-36, CC Docket Nos. 96-45 and 01-92 (Sep. 2, 2009); Letter from Thomas Cohen, Kelley Drye & Warren LLP, Counsel for Fiber to the Home Council, to Marlene H. Dortch, Secretary, FCC, GN Docket No. 09-51 (Oct. 14, 2009); Letter from Jennie B. Chandra, Windstream Communications, Inc., to Marlene H. Dortch, Secretary, FCC, GN Docket Nos. 09-47, 09-51, and 09-137 (Jan. 12, 2010).

broadband,³ it almost always makes more economic sense for the carrier to repair existing copper facilities than replace the copper facilities with fiber.⁴

Please contact me if you have any questions regarding this submission.

Sincerely,

/s/ Jennie B. Chandra

Jennie B. Chandra

cc: Amy Bender
Joseph Cavender
Patrick Halley
Carol Matthey
Steven Rosenberg

³ See, e.g., *Comprehensive Reform Order* at ¶¶ 7, 128 n.201 (acknowledging existence of “ ‘rural-rural’ divide . . . in broadband access” whereby “some parts of rural America are connected to state-of-the-art broadband, while other parts of rural America have no broadband access, because the existing program fails to direct money to all parts of rural America where it is needed,” and noting that CAF Phase I is intended to begin “the process of closing the rural-rural divide by directing additional funds to areas served by price cap carriers”).

⁴ If new fiber deployment would occur without support in the foreseeable future, the broadband deployment project, in any event, would not be eligible for CAF Phase I funding, because carriers are not permitted to spend CAF Phase I funds on any broadband projects planned for the next three years.