

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 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
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109
	)	
Universal Service Reform – Mobility Fund	)	WT Docket No. 10-208
	)	

**COMMENTS OF  
THE MINNESOTA DEPARTMENT OF COMMERCE**

**I. INTRODUCTION**

On June 26, 2012, CenturyLink filed a limited waiver request of the Commission’s rules, 47 C.F.R. § 54.312(b), seeking authority to use CAF Phase I funds to deploy broadband to areas that, according to the National Broadband Map (NBM) are served by certain Wireless Internet Service Providers (WISPs), but that, according to CenturyLink’s data, those WISPs cannot fully serve. On June 27, 2012, the FCC issued a public notice seeking comments on CenturyLink’s

waiver request.<sup>1</sup> The waiver request was assigned proceeding number DA 12-1007. Comments are due by July 12, 2012.

The Minnesota Department of Commerce (MNDOC) is the state agency in Minnesota that advocates for the public interest on telecommunications matters affecting the residents of Minnesota. The Minnesota Department of Commerce also houses the state's Broadband Development Office, staffing the Governor's Task Force on Broadband; and is the state agency partner to Connect Minnesota, the designated entity for the National Telecommunications and Information Administration's (NTIA's) American Recovery and Reinvestment Act (ARRA) funded State Broadband Initiative (SBI). As explained herein MNDOC generally supports CenturyLink's request and urges the Commission to grant it.

## **II. DISCUSSION**

In its waiver request, CenturyLink provided two reasons and supporting rationale for its waiver request. First, it requested a waiver if "the community lies within a state that has not independently verified WISP coverage areas shown in the NBM, and objective indicia demonstrate that the WISP could not plausibly serve the areas that the NBM shows it to cover" and second, it requested a waiver in areas where, "the WISP, like satellite broadband providers, imposes unusually high retail prices (\$720 or more for the first year of service) or unusually stringent data caps (25 GB per month or below), even though its services, also like satellite broadband services, are technologically inferior to wireline broadband."<sup>2</sup> CenturyLink also provided identification, in attachments to its waiver request, of those areas for which it requested authority to use CAF Phase I funds to deploy broadband under each reason. CenturyLink's first

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<sup>1</sup> *Wireline Competition Bureau Seeks Comment on CenturyLink Petition for Limited Waiver of Certain High-Cost Universal Service Rules*, WC Docket Nos. 10-90, 05-337 (rel. June 27, 2012)(Public Notice).

<sup>2</sup> Petition for Waiver, p. 2.

reason does not apply to Minnesota, as CenturyLink has identified no such areas in Minnesota and Connect Minnesota has verified WISP coverage areas in the state.

However, CenturyLink's second reason, that the service provided by the WISP is comparable to satellite broadband providers, and imposes unusually high retail prices (\$720 or more for the first year of services) or unusually stringent data caps (25 GB per month or below) is applicable to the State of Minnesota. CenturyLink has identified five WISPs providing service in Minnesota with unusually high retail prices: Genesis Wireless, Broadband Corp, Bradco Wisp, Inc., Redwood County Telephone (Arvig Communications Systems), and Red River Rural Telephone Association (RRT Ag Wireless). Together, these five WISPs offer service over an area that affects 5880 CenturyLink living units.<sup>3</sup>

According to the Connect Minnesota 2011 residential survey for Minnesota, 21 percent of households that do not subscribe to broadband service cite either the monthly cost of broadband or the activation and installation fees as the main reason for not subscribing to home broadband service.<sup>4</sup> This is evidence that high prices are a significant factor in broadband adoption in Minnesota. The Pew Internet and American Life Project 2012 reports that household income is a strong predictor of Internet use as 62% of those living in households in the lowest income bracket of \$30,000 or less use the Internet compared to 90% of those living in households making \$50,000-\$74,999 and 97% of those in households making more than \$75,000. Thus, it is important that service be made available at affordable prices if broadband is to be adopted.

In its waiver request, CenturyLink indicates that if its request is granted, it expects to take an additional amount of approximately \$32.6 million in CAF Phase I funding, which equates to

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<sup>3</sup> Exhibit B to CenturyLink's waiver request.

<sup>4</sup> See Connect Minnesota 2011 Residential Survey results available at <http://www.connectmn.org/survey-results/residential>

an obligation to serve around 42,000 additional living units.<sup>5</sup> For Minnesota, this equates to \$4.557 million and an additional 5880 living units receiving a wireline broadband option at much more affordable rates and higher speeds than the WISP offering that may be available.

The FCC should grant the waiver request of CenturyLink to allow for inclusion in CAF Phase I funding those areas served only by WISPs whose pricing is more comparable to satellite broadband service. Granting of the waiver under this narrow circumstance would be consistent with the FCC's reasoning and decision to exclude satellite broadband service from identification of areas as "unserved" for CAF Phase I funding purposes. Granting of the waiver would serve the public interest by making a more affordable broadband option available to 5880 additional living units in Minnesota.

### **III. CONCLUSION**

CAF Phase I funding is designed to provide an immediate boost to broadband deployment in areas that are unserved by any broadband provider, excluding satellite providers. The WISPs identified by CenturyLink in its waiver request provide a service that, based on the high monthly fee and/or nonrecurring charges, offer service that is comparable to that of a satellite provider. Therefore, as satellite providers are not considered in determining that an area is served, these WISPs should also be excluded from determining that an area is served.

CenturyLink should be allowed to request CAF Phase I funding for those areas in Minnesota where the identified WISPs are the only fixed wireless providers identified on the most current version of the NBM. The Commission has found that waiver is "appropriate if special circumstances warrant a deviation from the general rule, and such deviation will serve the

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<sup>5</sup> Petition for Waiver, p. 16.

public interest.”<sup>6</sup> The waiver requested by CenturyLink satisfies that standard and should be granted. Grant of the waiver request would provide an additional 5880 households in Minnesota with a fixed broadband offering comparable to that envisioned by the Commission when it created the parameters for CAF Phase I funding.

Respectfully Submitted,

MINNESOTA DEPARTMENT OF COMMERCE

A handwritten signature in black ink, appearing to read "Dennis Ahlers", is written over a horizontal line.

By: Dennis Ahlers  
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July 10, 2012

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<sup>6</sup> Report and Order and Memorandum Opinion and Order, Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements et al., 22 FCC Rcd 16440, 16484 ¶ 88 n.256 (2007); *see generally* 47 C.F.R. § 1.3.