

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
High-Cost Universal Support)	WC Docket No. 05-337
)	

COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION

I. INTRODUCTION

Frontier Communications Corporation (“Frontier”) hereby submits the following comments in response to the Federal Communications Commission’s (“Commission” or “FCC”) request for comment on Windstream Corporation’s *Petition for Waiver* (“*Petition*”)¹ of rules related to Phase I of the Connect America Fund (“CAF”).² As described herein, Frontier supports Windstream’s *Petition* seeking a waiver of certain portions of §54.312(b) of the Commission’s rules.³

Windstream seeks waiver of “the rule requiring price cap carriers to deploy broadband to one unserved location for every \$775 in incremental support they elect to receive under CAF Phase I” and instead “allow Windstream to use such funds to deploy second-mile fiber to reduce the length of copper loops and enable broadband service for rural consumers unserved by

¹ Windstream Election and Petition for Waiver, WC Dkt. Nos. 10-90, 05-337 (filed July 24, 2012).

² Wireline Competition Bureau Seeks Comment on Windstream Communications Petition for Waiver of Certain High-Cost Universal Service Rules, WC Dkt. Nos. 10-90, 05-337, *Public Notice*, DA 12-1181 (rel. Jul. 25, 2012).

³ 47 C.F.R. § 54.312(b). The rules contained in this subsection govern the incremental support that the Commission proposed to distribute as part of Phase I of the Connect America Fund.

Windstream and unsubsidized competitors.”⁴ Frontier supports this request and urges the Commission to grant the *Petition* expeditiously in order to allow Windstream to bring much needed broadband to tens-of-thousands of unserved Americans.

The Commission has committed itself to providing broadband to all Americans. The FCC’s recent *Broadband Progress Report* states that “[a]pproximately 14.5 million of the 19 million (or 76 percent) Americans without access to fixed broadband meeting the speed benchmark reside in rural areas.”⁵ The Commission concluded that because of the deployment gap, “rural Americans are more than thirteen times more likely to lack access to fixed broadband than Americans in non-rural areas.”⁶ CAF Phase I provided a rare opportunity to make an immediate impact by providing broadband to rural areas, such as those served by Windstream and Frontier. Bringing broadband to these communities will allow those “Americans [to] find benefits in devices, applications, and services that use broadband in their homes, schools, businesses, and on the road.”⁷ Windstream has stated that it can only accept one percent of the funding available to it under the current constructs of CAF Phase I, but has the ability to provide broadband to many thousands more if its waiver is granted. Accordingly, the Commission should not allow the potential of CAF Phase I funding (and the associated broadband deployment benefits) to go unrealized by requiring strict adherence to the program design that may not work where a carrier has already deployed broadband to a substantial portion of its territory.

⁴ *Petition* at 6.

⁵ *In re: 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, Eighth Broadband Progress Report*, GN Dkt. No. 11-121, FCC 12-90, at ¶ 48 (rel. Aug. 21, 2012).

⁶ *Id.*

⁷ *Id.* at ¶ 1.

Windstream has continually demonstrated since the announcement of CAF Phase I that the Commission's requirement to deploy broadband to one unserved location for every \$775 in funding accepted is uneconomical for it given its current level of deployment and high-cost territories.⁸ While Frontier and Windstream are similarly situated companies with respect to the number of customers and their largely rural service territories, Frontier was able to accept the CAF Phase I funding offered by the Commission⁹ largely because of Frontier's 2010 purchase of lines formerly owned by Verizon.¹⁰ At the time of the acquisition of the Verizon territories, Frontier had a "broadband deployment rate of 92 percent in its existing, less population-dense footprint"¹¹ while Verizon had "deployed broadband to only approximately 62 percent of housing units in the transaction market areas."¹² Despite the fact that Frontier has committed to improving the broadband availability rate to 85 percent in the acquired territory—and has invested approximately \$1.5 billion towards this goal since the acquisition—the former Verizon territories did provide additional areas beyond Frontier's initial commitment in which it was economically feasible to deploy broadband using the Commission's CAF Phase I cost structure. Had Frontier not acquired the Verizon properties, it would have faced the same economic realities as Windstream when doing its CAF Phase I assessments, as the cost curve of new

⁸ See, e.g., Frontier Communications and Windstream Communications *Petition for Reconsideration and/or Clarification*, WC Dkt. Nos. 10-90 *et al.*, (filed Dec. 29, 2011); Letter from Jennie B. Chandra, Windstream, to Marlene H. Dortch, Fed. Commc'ns Comm'n, WC Dkt. Nos. 10-90 *et al.*, (filed Feb. 7, 2012); Letter from Michael Rhoda, Windstream to Chairman Julius Genachowski, Commissioner Robert McDowell, and Commissioner Mignon Clyburn, Fed. Commc'ns Comm'n, WC Dkt. Nos. 10-90 *et al.*, (filed Apr. 16, 2012).

⁹ See Letter from Michael Golob, Frontier, to Marlene H. Dortch, Fed. Commc'ns Comm'n, WC Dkt. Nos. 10-90 *et al.*, (filed Jul. 24, 2012).

¹⁰ See *in re: Applications Filed by Frontier Communications Corp. and Verizon Communications, Inc., for Assignment or Transfer of Control*, *Memorandum Opinion and Order*, 25 FCC Rcd. 5972, WC Dkt. No. 09-95, FCC 10-87 (rel. May 21, 2010).

¹¹ *Id.* at ¶50.

¹² *Id.*

broadband deployment is dramatically different when comparing an 85 percent broadband availability rate to 92 percent deployment.

Indeed, now that Frontier has committed to deploying to over 92,000 additional homes under CAF Phase I, the cost of deploying new broadband infrastructure will also increase sharply on a going-forward basis. The *USF/ICC Transformation Order* contemplates that CAF Phase I may continue beyond the initial offering¹³ and though the Commission has identified changes to the requirements for price cap carriers' frozen Universal Service support,¹⁴ the Order does not identify changes to the requirements surrounding the incremental funding available for price cap carriers. Frontier may not be able to accept the conditions associated with a second round of incremental funding at \$775/household; adjustments to the CAF Phase I requirements are necessary for the Commission to achieve its broadband deployment objectives. Frontier believes that the proposal Windstream identifies in its *Petition*--to increase broadband service through deploying middle-mile fiber--may be an appropriate plan for the Commission to consider when crafting new requirements for incremental support should CAF Phase I continue into 2013. In that vein, granting Windstream's *Petition* could also provide the Commission an opportunity to evaluate such a funding mechanism on a smaller scale while it considers how it would proceed with a second round of CAF Phase I incremental funding.

Regardless of which changes the Commission chooses to employ for the future of CAF Phase I, the Commission should grant Windstream's *Petition*. Windstream, like Frontier, has committed to deploying broadband to rural America. Through its conditional acceptance, Windstream further demonstrates this commitment, yet understandably Windstream can only

¹³ *In re: Connect America Fund, Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd. 17663, WC Dkt. No. 10-90 *et al.*, FCC 11-161, at ¶ 148 (rel. Nov. 18, 2011).

¹⁴ *Id.* at ¶150.

agree to further deployments in an economically-justifiable manner. Due to its previous efforts to deploy broadband to the areas the Commission finds are most lacking—the highest cost areas—the CAF Phase I rules do not currently work for Windstream. The Commission, however, should not let strict adherence to these interim rules prevent thousands of Americans from receiving broadband from a company willing to make that investment in rural America.

Respectfully submitted,

Frontier Communications Corporation

By:

/s/

Michael D. Saperstein, Jr.

Director of Federal Regulatory Affairs

Frontier Communications Corporation

2300 N St. NW, Suite 710

Washington, DC 20037

Telephone: (202) 223-6807

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