

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

In the Matter of)
)
Connect America Fund) WC Docket No. 10-90
)
Wireline Competition Bureau Seeks)
Comment on Options to Promote Rural)
Broadband in Rate-of-Return Areas)

**REPLY COMMENTS
OF THE GILA RIVER INDIAN COMMUNITY AND
GILA RIVER TELECOMMUNICATIONS, INC.**

The Gila River Indian Community (“GRIC”) and Gila River Telecommunications, Inc. (“GRTI” and, together with GRIC, the “Parties”),¹ by their attorneys, hereby submit these reply comments in the above-referenced proceeding, in which the Wireline Competition Bureau (“WCB”) of the Federal Communications Commission (“FCC” or “Commission”) has sought comment on options to promote the availability of modern voice and broadband-capable networks in rural areas served by rate-of-return carriers.² Specifically, WCB has sought comment on (1) a proposal by rural carrier associations for the FCC to “provide high-cost support for standalone broadband loops provided by rate of return carriers”³ and (2) how to facilitate “rate-of-return carriers’ voluntary participation in Connect America Phase II.”⁴

¹ GRTI is an eligible telecommunications carrier that is wholly owned and operated by the GRIC.

² See *Wireline Competition Bureau Seeks Comment on Options to Promote Rural Broadband in Rate-of-Return Areas*, Public Notice, WC Docket No. 10-90, 28 FCC Rcd 7201 (2013) (“Notice”).

³ *Id.* at ¶ 2.

⁴ *Id.* at ¶ 1.

As described more fully herein, the Parties wholeheartedly support the Commission's efforts to promote universal broadband deployment, particularly in rural areas. However, the Parties offer their concerns that the proposal by the rural carrier associations is unlikely, on its own, to promote broadband deployment in the most vulnerable high-cost areas, *i.e.*, those areas comprised of low-income households. Alternatively, however, extending the Lifeline program to support broadband would directly and immediately promote broadband adoption in low-income areas, and thus help reduce the digital divide. For this reason, the Parties encourage the FCC to make support available for standalone broadband service only if the Commission also extends the Lifeline program to support broadband.

The Parties also remind the Commission that any action to promote standalone broadband service should also recognize the unique nature of providing service on Tribal lands.

I. THE COMMISSION MUST EXTEND THE LIFELINE PROGRAM TO SUPPORT BROADBAND IN ORDER TO PROMOTE BROADBAND AMONG LOW-INCOME, RURAL POPULATIONS.

Access to broadband is vital to modern life, and its importance increases each day. Nearly four out of every five adult Americans use broadband, and they use it for a wide range of activities.⁵ Americans use broadband to gather political information to start political movements.⁶ Social media sites have grown exponentially and now play an integral role in American life.⁷ Teachers are using digital tools widely both in their classrooms and in their

⁵ Kathryn Zickuhr, Aaron Smith, Pew Internet & American Life Project, Pew Internet: Digital Differences 6 (Apr. 12, 2012) ("one in five American adults does not use the internet").

⁶ See Comments of the Gila River Indian Community and Gila River Telecommunications, Inc. to *Further Notice of Proposed Rulemaking* in WC Docket Nos. 11-42, 03-109, & 12-23 & CC Docket No. 96-45, at 2 (filed Apr. 2, 2012) (citing Aaron Smith, Pew Internet & American Life Project, *The Internet and Campaign 2013* 3 (2011)).

⁷ See generally Joanna Brenner, Pew Internet & American Life Project, *Pew Internet: Social Networking* (2013).

professional lives,⁸ while online college courses have become increasingly prevalent.⁹ Moreover, one in three Americans have used the Internet as a diagnostic tool to get health information or as a networking tool to find others who might share the same or similar health concerns.¹⁰ Because of its critical nature and its growing importance in American life, the Commission should concentrate its efforts and resources on narrowing the digital divide. To accomplish this, the Commission must make high-cost support available for standalone broadband loops *and* extend the Lifeline program to support broadband subscriptions.

There is significant record support in initial comments for the rural carriers associations' proposal to make high-cost support available for standalone broadband loops.¹¹ This support is for good reason. As the Parties can attest, deploying broadband capable infrastructure in rural areas is an expensive endeavor. As residential customers continue to cut-the-cord on their wireline voice service, the existence of high-cost support for standalone broadband will be an increasingly important consideration in decisions both to deploy and maintain broadband capable infrastructure in rural areas.¹²

⁸ See Kristen Purcell et al., Pew Internet & American Life Project, *How Teachers Are Using Technology at Home and in Their Classrooms* 2, 5 (2013).

⁹ See Kim Parker et al., Pew Internet & American Life Project, *The Digital Revolution and Higher Education* 1 (2011) (finding that seventy-seven percent of college institutions offer online classes).

¹⁰ See Susannah Fox & Maeve Duggan, Pew Internet & American Life Project, *Health Online: 2013* 1, 5 (2013).

¹¹ See, e.g., Comments of the United States Telecom Association, WC Docket No. 10-90, 2-5 (Jun. 17, 2013) (supporting high-cost support for standalone broadband loops); see also Comments of the Alaska Rural Coalition, WC Docket No. 10-90, 2 (Jun. 17, 2013) (“The [Alaska Rural Coalition] believes it is critical for the Commission to make universal service funds available to support broadband lines even when customers choose not to purchase voice telephony service.”).

¹² The Notice requests comment on how the Commission should define characteristics of standalone broadband compared to special access. Notice at ¶ 6. The Parties note that standalone broadband differs from special access in that standalone broadband (1) allows users to connect to

Nevertheless, high-cost support for standalone broadband loops is just one piece of the equation in narrowing the digital divide. Presently, there is little demand for standalone broadband in rural areas with significant low-income populations. The vast majority of customers subscribing to standalone broadband receive voice service from a mobile provider. Low-income subscribers are extremely unlikely to be able and willing to subscribe to standalone broadband given their limited means. For example, in the GRIC, where the median household income is less than \$30,000,¹³ demand for standalone broadband service is virtually non-existent. The fact of the matter is that when it comes to GRTI's customer base, subscribing to both a mobile voice service and a wireline broadband service is too expensive.¹⁴ Consequently, while the proposal to extend high-cost support for standalone broadband will help promote rural broadband among some populations, more will need to be done to promote broadband among rural, low-income populations.

For this reason, the Parties stress the importance of permanently extending the Lifeline program to support broadband. It is well documented that cost is the biggest barrier to broadband adoption in America.¹⁵ In other words, the most effective means to promote broadband adoption is undoubtedly lowering prices, especially in low-income areas.

the public Internet, (2) requires the use of customer premises equipment, and (3) is regularly subscribed to by both residential customers and business customers. Special access shares none of these characteristics with standalone broadband.

¹³ ARIZONA RURAL POLICY INSTITUTE, DEMOGRAPHIC ANALYSIS OF THE GILA RIVER INDIAN COMMUNITY 29, *available at*: <http://azcia.gov/Documents/Links/DemoProfiles/Gila%20River%20Indian%20Community.pdf>.

¹⁴ See Kathryn Zickuhr & Aaron Smith, Pew Internet & American Life Project, Digital Differences Pew Study 19 (2012)

¹⁵ See Federal Communications Commission, Connecting America: The National Broadband Plan 167 (2010).

The Parties know firsthand the positive effects of lowering the price of broadband for low-income, rural populations. As a participant in the Commission's Broadband Adoption Lifeline Pilot Program ("Pilot Program"),¹⁶ GRTI is testing the effect of discounts on broadband service to low-income, rural residents. As part of the Pilot Program, each of GRTI's voice Lifeline subscribers¹⁷ were assigned to one of five groups, one control group which receives no discounted service or computers, two groups which receive discounts only on broadband service, and two groups which receive discounts on broadband service and computers. GRTI was selected for the Pilot Program, in part, due to the low broadband adoption rate of approximately 23% within the GRIC in 2012.

Although only two months into the Pilot Program, the results are remarkable. More than 15% of subscribers eligible for discounts on service already have chosen to participate and subscribe to broadband service. Providing discounts for computers raises broadband adoption even more significantly, as 18% of those eligible for discounts on both service and computers have chosen to participate. As word of the benefits of broadband subscription spreads throughout the GRIC, the Parties expect these percentages to increase even further.¹⁸

While the Pilot Program is still in its early stages, the results are abundantly clear: extending Lifeline to support broadband is the best way in which the Commission can promote rural broadband among low-income populations.

¹⁶ See *In the Matter of Lifeline and Link Up Reform and Modernization*, Order, WC Docket No. 11-42, 27 FCC Rcd 15842 ¶ 5 (2012).

¹⁷ Voice Lifeline subscribers that subscribed to broadband service before the Pilot Program was launched were not eligible to participate in GRTI's Pilot Program.

¹⁸ Moreover, anecdotal evidence suggests that many of GRTI's subscribers enrolled in the Pilot Program are using their new broadband service for a variety of educational purposes. If this holds true, there is a good chance that these residents will soon be able to raise their income levels in excess of the Lifeline eligibility requirements, thereby reducing reliance on Lifeline and decreasing the burden on the Universal Service Fund.

II. ANY ACTION THE COMMISSION TAKES TO PROMOTE RURAL BROADBAND SERVICE SHOULD ALSO TAKE INTO ACCOUNT THE UNIQUE NEEDS OF TRIBAL LANDS

The Parties also remind the Commission that any action it takes to promote rural broadband should also take into account the unique needs of tribal lands, specifically, the higher costs of providing service on tribal lands and the longer periods required for buildout of infrastructure on Tribal lands.

The Commission's regression analysis methodology recognizes that "it is more costly to provide service on Tribal lands."¹⁹ Although flawed in many respects, the regression analysis methodology establishes a valuable precedent in that it recognizes that serving tribal lands is more expensive than serving non-tribal lands. High-cost support for standalone broadband, Connect America Fund model support for rate-of-return carriers, and any other alternative mechanism the Commission adopts to promote broadband in rural, rate-of-return areas should recognize this principle and account for it accordingly in awarding support to carriers serving such areas.

In addition, the Commission also must recognize the longer buildout periods necessary for deploying broadband infrastructure on tribal lands. Obtaining cultural clearances, right-of-way, and other approvals required to deploy broadband infrastructure on tribal lands often increases the amount of time that goes into planning and constructing broadband networks on tribal lands. The Commission must recognize these delays in any actions it takes to promote broadband on tribal lands.

¹⁹ *Connect America Fund*, Order, 27 FCC Rcd 4235, ¶ 23 (WCB 2012).

III. CONCLUSION

The Parties applaud the Commission's continued efforts to enhance broadband deployment and reiterate that they are not opposed to the proposal to make support available for network infrastructure that provides standalone broadband service. However, the Parties encourage the Commission to extend the Lifeline program to support broadband and prioritize funding related to broadband connectivity for low-income residents. In addition, the Commission must ensure that any actions it takes to promote rural broadband recognize the unique needs of tribal lands with respect to the higher costs and longer buildout periods required to deploy infrastructure on such lands.

RESPECTFULLY SUBMITTED,

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