

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of)
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Modernizing the E-rate Program) WC Docket No. 13-184
For Schools and Libraries)
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**REPLY COMMENTS OF CONSUMERS UNION, COMMON CAUSE, AND THE
INSTITUTE FOR LOCAL SELF-RELIANCE**

Consumers Union, Common Cause, and the Institute for Local Self-Reliance (“Public Interest Commenters”) respectfully submit these reply comments in the above proceeding. Specifically, Public Interest Commenters take this opportunity to reiterate the importance of municipal broadband networks – as well as partnerships and consortia that include these networks – in the efforts to expand high-speed broadband to schools and libraries. Public Interest Commenters also respond to arguments that oppose the collection and publication of broadband pricing, and discuss the positive impact of these additional disclosures on broadband deployment efforts, competition, and the E-rate program in general.

**I. MUNICIPAL BROADBAND NETWORKS PLAY AN IMPORTANT
ROLE IN BROADBAND DEPLOYMENT TO SCHOOLS AND
LIBRARIES**

Municipal broadband networks play an important role in the efforts to extend broadband to schools and libraries. We are concerned that some commenters in the

proceeding have mischaracterized the ability of municipal broadband networks to deliver low-cost, reliable broadband solutions. For example, we strongly disagree with CenturyLink’s assertion that community-owned broadband networks “have a very poor track record for cost-effectiveness, quality of service, and reliability.”¹ Furthermore, we disagree with the suggestion that commercial providers always necessarily operate the most efficiently or reliably, relative to communities or anchor institutions who wish to utilize their own networks. We disagree with the broad generalization that entities other than commercial providers are ill-equipped to build or maintain their own networks, and that any funding of these efforts would be inefficient.²

Indeed, there are numerous examples of successful deployment to schools and libraries involving municipal broadband networks. As the National Association of Telecommunications Officers and Advisors (“NATOA”) notes, many of its members have built fiber connection and provided these connections to schools and libraries at “small fraction of what they would be were the fiber not available.”³ Numerous case studies from around the country reveal a similar story:

- In Medina County, Ohio, schools were able to realize more than \$82,000 a year in cost savings when they transitioned from the incumbent cable provider to the Medina County Fiber Network, operated by the Medina County Port Authority (“MCPA”). While the contract with a commercial provider cost the School District more than \$100,000, the switch to a municipal broadband network cost the MCPA a mere \$1,500 per month.⁴

¹ Comments of CenturyLink at 16-17.

² Comments of ACA at 8-9 (suggesting that schools and libraries using E-rate support lack the experience to build and maintain networks); Comments of AT&T at 8 (noting that schools and libraries have “no background in the challenges of managing broadband networks for third parties and consequently, they are not equipped and should not take on an entirely new role as broadband providers.”); Comments of ITTA at 15.

³ Comments of NATOA at 5.

⁴ See Jennifer Pignolet, THE MEDINA-GAZETTE, *Highland Schools Hooks Up with Fast Internet* (June 28, 2012), available at <http://medinagazette.northcoastnow.com/2012/06/28/highland-schools-hooks-up-with-superfast-phone-internet-network/>.

- The Mount Vernon School District was one of the first entities to use the municipal broadband network in Mount Vernon, Washington. The District connects its ten facilities at no charge and receives up to 1 GB/s service. It is estimated that the District saves \$7,000 per month as comparable connections from large private providers cost approximately \$1,000 per month per connection. Annual savings are \$84,000 and allow public dollars to be spent on other needs for the students.⁵
- In Portland, Oregon, the Integrated Regional Network Enterprise (IRNE) serves public entities including the Portland Public Schools. The School District saves over \$8,300 per year and receives forty times the capacity, relative to when it connected with a private provider.⁶
- A study of the Martin County Fiber Network in Florida found that Martin County is expected to save \$30 million over a period of twenty years, and that the network delivers 1 GB of connectivity to each school facility at a fraction of the cost of leasing a similar connection.⁷
- In rural Chanute, Kansas, local schools are connected with a gigabit wide area network for only \$250 per month per location, a fraction of what large carriers charge for similar services.⁸
- In the town of Greenacres, Florida, municipal broadband networks saved thousands of dollars each month and increased their capacity by connecting with the County fiber network rather than telephone and cable incumbents.⁹

⁵ See *Open Access network in Mount Vernon, Washington Created More Jobs and Government Savings*, Community Broadband Networks Blog (Mar. 23, 2013), <http://www.muninetworks.org/content/open-access-network-mount-vernon-washington-created-more-jobs-and-government-savings>.

⁶ See *Community Broadband Bits 7: Mary Beth Henry of Portland, Oregon*, Community Broadband Networks Blog, (Aug. 7, 2012), <http://www.muninetworks.org/content/community-broadband-bits-7-mary-beth-henry-portland-oregon>.

⁷ See Lisa Gonzalez and Christopher Mitchell, *Florida Fiber: Martin County Saves Big With Gigabit Network*, Institute for Local Self-Reliance (June 2012), available at <http://www.ilsr.org/florida-fiber-gigabit/>.

⁸ See Lisa Gonzalez and Christopher Mitchell, *Chanute's Gig: One Rural Kansas Community's Tradition of Innovation Led to a Gigabit and Ubiquitous Wireless Coverage*, Institute for Local Self-Reliance (October 2012), available at <http://www.ilsr.org/wp-content/uploads/2012/10/Chanute-Muni-BB.pdf>.

⁹ See Willie Howard, *Greenacres Links Up With County's Fiber-Optic Data Network*, THE PALM BEACH POST (June 4, 2012), available at <http://www.palmbeachpost.com/news/news/greenacres-links-up-with-countys-fiber-optic-dat-1/nPMgX/>.

The above examples demonstrate the value of municipal broadband networks and the role that creative partnerships with such networks can play in the efforts to connect anchor institutions to broadband.

II. SCHOOLS AND LIBRARIES SHOULD HAVE THE FLEXIBILITY TO CHOOSE THE BROADBAND SOLUTIONS THAT BEST SUIT THEIR NEEDS

There is widespread agreement among commenters that schools and libraries are in the best position to make decisions about the broadband solutions that best suit their needs.¹⁰ Anchor institutions should be free to consider a broad number of factors in their assessment of various broadband options, and should maintain the flexibility to participate appropriately in partnerships and consortia that increase the purchasing power of schools and libraries.

Some commenters discourage the Commission against funding E-rate recipients who participate in consortia with publicly-owned networks.¹¹ However, as others in the proceeding have correctly recognized, consortia with public partners can serve as an efficient means of purchasing E-rate services.¹² Indeed, as Cox notes, “there is ample incentive for schools to come together to purchase in bulk through state master contracts, consortia, and similar arrangements.”¹³ Furthermore, by sharing costs with other entities, participation in consortia can lower the amount of reimbursement required from the E-rate fund, allowing for more investment. The Commission should not discourage schools and libraries from participating in these valuable partnerships.

¹⁰ Comments of CenturyLink at 20; Comments of Cox at 9; Comments of Comcast at 18; Comments of CTIA at 8; Comments of CCA at 2; Comments of NTCA and WTA at 24; Comments of US Cellular at 6.

¹¹ Comments of CenturyLink at 15.

¹² Comments of Cox at 6; Comments of NATOA at 5 (noting that the ability of local, regional, and state network aggregation increases efficiency).

¹³ Comments of Cox at 6.

Some commenters argue that E-rate funding should be rigidly defined so as to prohibit wider community use of E-rate-supported services. For example, AT&T argues that third parties such as state and local government networks should not be allowed to utilize spare capacity, and that the E-rate program is not meant to fund excess capacity for non-educational uses.¹⁴ However, as other commenters have pointed out, the Commission has previously allowed the broader community use of these resources when there is no additional impact on the E-rate fund.¹⁵ An efficient E-rate program is one that uses resources to the maximum extent possible, and the Commission should allow the public to benefit from resources when they would otherwise be underutilized.

Furthermore, we agree with commenters who say that schools and libraries should be free to consider a wide range of factors when choosing the broadband option that best suits their needs.¹⁶ Broadband networks provide tremendous direct and indirect benefits to the communities. We agree with the Competitive Carriers Association, for example, that anchor institutions should be free to consider such benefits, including “how services purchased by anchor institutions can be leveraged for the students’ and communities’ benefit outside of the confines of the classroom or library.”¹⁷

III. ADDITIONAL TRANSPARENCY WILL BENEFIT THE E-RATE PROGRAM AND ANCHOR INSTITUTIONS

The Commission should strive to collect and publish additional data on the prices of various broadband options. We disagree with suggestions that additional disclosure of information would be anticompetitive or disruptive to markets. To the contrary, this

¹⁴ Comments of AT&T at 8.

¹⁵ Comments of CenturyLink at 33-34 (noting that the Commission has previously allowed after-hours community use of school facilities when there is no additional impact on E-rate funds); Comments of ITTA at 16.

¹⁶ See *supra* note 10.

¹⁷ Comments of CCA at 2.

additional data will inform the discussion, encourage competition on the basis of price and quality, and may ultimately help drive down prices for E-rate-supported services.

We disagree with commenters who argue that additional pricing transparency is unnecessary or misleading.¹⁸ Consumers and policymakers alike are empowered when they have more – not less – information on which to base decisions. Although some commenters worry about a possible lack of consistency across markets, this information can still be used as a meaningful benchmark by anchor institutions that are similarly situated and have a similar set of concerns. Indeed, the National Broadband Plan suggests as much when it notes that “comprehensive cross-sectional data on prices can inform competition analyses when controlled for factors such as population density and other region-specific factors.”¹⁹

IV. THE E-RATE PROGRAM COMPLEMENTS OTHER UNIVERSAL SERVICE REFORM EFFORTS

We continue to express our support for the Universal Service Fund’s Lifeline program – which helps provide communications service to low-income consumers who would otherwise be unable to access such services – and would like to reiterate the complementary nature of the E-rate and Lifeline programs. Both programs play an important role in getting service out to communities, and both programs are necessary components of an effective Universal Service program.

As a diverse coalition of more than thirty-five public interest, civil rights, and community-based organizations recently explained, “[t]hese two programs are

¹⁸ Comments of AT&T at 12-13; Comments of Sprint at 15-16; Comments of USTelecom at 11 (noting that the unique constraints of various markets affect pricing and terms of E-rate projects, making comparisons “difficult, if not impossible”); Comments of CenturyLink at 18 (noting that the pricing in one state has little bearing on the pricing in another); Comments of AT&T at 13; Comments of Sprint at 16; Comments of ITTA at 17.

¹⁹ FCC, *Connecting America: The National Broadband Plan*, at 39 (2010), available at <http://download.broadband.gov/plan/national-broadband-plan.pdf>.

complementary pathways to bringing connectivity to our country...[and both are necessary] to eradicate the digital divide and reduce economic disparities.”²⁰ As another commenter points out, students who lack sufficient access to digital tools at school are often the same students who lack such access at home.²¹ Lifeline and E-rate both play an integral role in helping bridge the digital divide to ensure that all children have access to comparable educational tools, both in and out of the classroom.

V. CONCLUSION

A successful modernized E-rate program has the potential to significantly transform educational opportunities by providing schools and libraries with high-speed broadband necessary for cutting-edge educational tools. The above principles play an important role in expanding the benefits of these educational opportunities to all segments of the population, so that no child is deprived of the benefits of these educational opportunities.

Respectfully Submitted,



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²⁰ See Letter to Senator Claire McCaskill (June 27, 2013), available at http://www.nasuca.org/archive/Letter%20to%20Senator%20McCaskill_6-27.pdf.

²¹ Comments of CCA at 8 (noting that “many students, including those in rural areas and impoverished communities, often lose connectivity and thus their ability to utilize digital learning tools when they leave schools and libraries”).