

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208
)	
ETC Annual Reports and Certifications)	WC Docket No. 14-58
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
Developing an Unified Intercarrier Compensation Regime)	CC Docket No. 01-92

COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION

I. INTRODUCTION

Frontier Communications Corporation (“Frontier”) respectfully submits its comments on the Federal Communications Commission’s (“Commission” or “FCC”) Further Notice of Proposed Rulemaking (“*FNPRM*”)¹ in the above captioned dockets. The *FNPRM* proposes changes to “update and implement further” Phase II of the Connect America Fund (“CAF”) with the goal of adapting “universal service reforms to ensure those living in high-cost areas have access to services that are reasonably comparable to services offered in urban areas.”² Specifically, the Commission proposes to “revise its current broadband performance obligations to require

¹ See *in re*: Connect America Fund (WC Docket No. 10-90), Universal Service Reform – Mobility Fund (WT Docket No. 10-208), ETC Annual Reports and Certifications (WC Docket No. 14-58), Establishing Just and Reasonable Rates for Local Exchange Carriers (WC Docket No. 07-135), Developing an Unified Intercarrier Compensation Regime (CC Docket No. 01-92), *Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking (“FNPRM”)* (rel. June 10, 2014).

² *Id.* at ¶ 10.

minimum speeds of 10 Mbps downstream to ensure that the services delivered using Connect America funds are reasonably comparable to the services enjoyed by consumers in urban areas of the country.”³ Frontier supports the *FNPRM*’s goal, which can be achieved with appropriate adjustments to the CAF Phase II program.

II. FRONTIER, WHICH HAS A DEMONSTRATED COMMITMENT TO PROVIDING ADVANCED BROADBAND SPEEDS IN RURAL AMERICA, SUPPORTS A 10 MBPS SERVICE OBLIGATION FOR CAF PHASE II

Frontier has been at the forefront of providing broadband service to rural America for years and remains so today. Before its 2010 acquisition of Verizon’s rural properties, which tripled the size of its footprint, Frontier had “a broadband deployment rate of 92 percent in its existing, less dense footprint.”⁴ As part of the Verizon transaction, Frontier agreed that it would bring broadband to the Verizon rural properties, of which 62% had access to any speed of broadband and only 50% had access to 3 Mbps service.⁵ The Commission, in approving Frontier’s acquisition, noted that the “transaction holds promise for the future of broadband in certain areas of rural America.”⁶ Frontier’s acquisition of the Verizon properties also demonstrated Frontier’s commitment to delivering more than just the status quo advanced services; instead Frontier committed to delivering 4 Mbps speeds to 85 percent rural America before the Commission even decided that 4 Mbps should be the new definition of “broadband.”⁷

³ *Id.*

⁴ *In re: Applications Filed by Frontier Communications Corporation and Verizon Communications Inc. for Assignment or Transfer of Control, Memorandum Opinion and Order*, WC Dkt. No. 09-95, 25 FCC Rcd 5972 at ¶ 50 (2010).

⁵ *Id.*

⁶ *Id.* at ¶ 2.

⁷ *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, Amended by the Broadband Data Improvement Act, Report*, GN Docket Nos. 09-137, 09-51, 25 FCC Rcd 9556, 9559, ¶ 5 (2010) (establishing the 4 Mbps/1 Mbps broadband speed threshold for the first time).

Four years later, Frontier is not only delivering on its broadband promises⁸ but also providing even faster speeds in its high-cost territories. Today, Frontier continues to invest in its network to deliver increased speed and capacity, bringing an urban broadband experience to rural America. The results have been dramatic—since the Verizon acquisition Frontier has invested over \$1.5 billion in broadband expansion and network improvements, increasing broadband penetration up over 85% in four years.⁹ Frontier’s speed offerings continue to rise: 83% of households are now capable of receiving broadband speeds of 6 Mbps, 75% are capable of 12 Mbps, and 54% are capable of receiving 20 Mbps or higher.¹⁰

A shift in customer broadband usage patterns has led the need for customers to have at least 10 Mbps speed broadband service available; accordingly Frontier is expanding this offering. In the context of Frontier’s proposal to purchase AT&T’s wireline assets in Connecticut, which the Commission recently approved, Frontier pledged to provide at least 10 Mbps service to 100,000 new Connecticut customers who lack such service today.¹¹ Maggie Wilderotter, Frontier’s Chairman and C.E.O., recently stated that “we feel very comfortable that we’re going to be at 10 Mbps in 80% of our markets in a very short period of time” and added “10 Mbps down and 1 Mbps up . . . that’s what we’ve been talking about internally to make sure that we try to deliver

⁸ Frontier Communications, Quarterly Report (Form 10-K) at 9 (Feb. 27, 2014) (“As of December 31, 2013 we had expanded broadband availability in excess of 3 Mbps to 85.4 % of the households throughout the Acquired Territories, and in excess of 4 Mbps to 83.5 % of the households throughout the Acquired Territories. Accordingly, we have met our FCC requirement to provide 3 Mbps coverage to 85% of the households and 4 Mbps coverage to 75% of the households in the Acquired Territories as of the end of 2013. We have also met our FCC requirement to provide 4 Mbps coverage to 80% of the households in the Acquired Territories by the end of 2014.”).

⁹ Frontier Communications, Quarterly Report (Form 10-Q), at 28 (Aug. 5, 2014).

¹⁰ *Id.*

¹¹ See Letter from Maggie Wilderotter, Chairman and C.E.O., Frontier Communications, to the Honorable Tom Wheeler, Chairman, FCC, WC Dkt. No. 14-22 (Jun. 26, 2014).

that to basically all of our customers.”¹² Frontier recognizes that consumer behavior has changed and that while not every customer needs or desires a 10 Mbps service, it is important for rural customers to have that option. For these reasons, Frontier supports the Commission’s proposal to set the CAF Phase II speed obligation at 10 Mbps.

III. THE COMMISSION SHOULD MAXIMIZE THE POTENTIAL OF CAF PHASE II AND ENSURE THE GREATEST NUMBER OF HIGH-COST LOCATIONS POSSIBLE RECEIVE 10 MBPS SERVICE

While Frontier is expanding 10 Mbps broadband service into rural America, Frontier will require support from CAF Phase II in order to provide this service to the highest-cost areas of Frontier’s already rural territory. CAF Phase II is currently structured to provide 4 Mbps service throughout the supported high-cost areas, which is a much different engineering proposition than providing 10 Mbps service throughout the supported area. Frontier appreciates that the Commission has recognized that changes are appropriate to the right of first refusal terms in order to preserve its viability,¹³ as the statewide elections associated with the right of first refusal have the ability to bring broadband to the most high-cost locations in the timeliest fashion.

The Commission should also maximize its broadband impact by altering the definition of what constitutes an “unsubsidized competitor” for CAF Phase II eligibility;¹⁴ doing so can bring

¹² SEEKING ALPHA, FRONTIER COMMUNICATIONS CORPORATIONS' (FTR) CEO MAGGIE WILDEROTTER ON Q2 2014 RESULTS - EARNINGS CALL TRANSCRIPT, <http://seekingalpha.com/article/2385705-frontier-communications-corporations-ftr-ceo-maggie-wilderotter-on-q2-2014-results-earnings-call-transcript> (last visited Aug. 8, 2014).

¹³ See *FNPRM* at ¶ 148 (seeking comment on extending the term of support); *id* at ¶ 165 (seeking comment on providing additional flexibility for a CAF Phase II recipient’s deployment obligations).

¹⁴ *Id.* at ¶ 174 (proposing to revisit the definition of an unsubsidized competitor to “exclude from Connect America Phase II those census blocks where there is a facilities-based terrestrial competitor offering fixed residential voice and broadband services meeting [the 10 Mbps] standard.”)

10 Mbps broadband to an additional 500,000 locations, equating to over a million Americans.¹⁵ As a matter of consistency, if the Commission changes its CAF Phase II service obligation to 10 Mbps then it should also ensure that all high-cost locations within the CAF Phase II price benchmarks have the ability to receive such speeds. In order to do so the Commission must adjust its definition of “unsubsidized competitor” from one that provides a minimum of 3 Mbps download to one that provides a minimum of 10 Mbps download. The Commission’s recent *Tenth Broadband Progress Notice of Inquiry* presents many rationales for why 4 Mbps (let alone 3 Mbps) may no longer be an adequate measure of what constitutes “advanced telecommunications capabilities.”¹⁶ Chairman Wheeler has noted that it was time to “ask[] if all consumers, even in the most rural regions, should have greater access to better broadband.”¹⁷ The Commission can provide a resounding “yes” to this question by ensuring the eligibility of high-cost areas that lack 10 Mbps service.

If the Commission did not change its benchmark for an unsubsidized competitor it is unlikely that many of the areas excluded from CAF Phase II, areas that lack 10 Mbps service, will receive such service in the near term, if at all due to their inherent high-cost nature. In Frontier’s territory alone, this would strand 182,415 locations¹⁸ with some minimal level of internet service while surrounding areas were empowered to harness the potential of 10 Mbps service

¹⁵ Compare Wireline Competition Bureau Releases Connect America Cost Model Illustrative Results Using Higher Speed Benchmark, *Public Notice*, DA 14-833 (rel. June 17, 2014) with Wireline Bureau Announces Availability of Version 4.1.1 of the Connect America Fund Phase II Cost Model, *Public Notice*, DA 14-515 (rel. Apr. 17, 2014).

¹⁶ See, e.g., *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, Amended by the Broadband Data Improvement Act*, *Notice of Inquiry*, GN Dkt. No. 14-126, FCC 14-113 at ¶ 6 (rel. Aug. 5, 2014).

¹⁷ *Id.* at Statement of Chairman Thomas E. Wheeler.

¹⁸ See *supra*, n. 15.

comparable with urban areas. The Commission can get the most benefit from its CAF Phase II funding, and ensure equal broadband access in high-cost areas, by adjusting the benchmark for an unsubsidized competitor to 10 Mbps.

IV. CONCLUSION

The Commission has a unique opportunity through the CAF Phase II *FNPRM* to bring a very advanced level of broadband service to rural and high-cost Americans. Frontier supports the Commission's proposal to increase the CAF Phase II deployment obligation to 10 Mbps. Concurrently, it should also ensure that it is getting the most "bang for the buck" by allowing the program to reach all high-cost areas that lack 10 Mbps service today.

Respectfully submitted,

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