

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

In the Matter of)	
)	
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)	GN Docket No. 14-126

**COMMENTS OF
THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

The National Rural Electric Cooperative Association (“NRECA”) hereby respectfully submits comments in response to the Federal Communications Commission’s (“Commission”) Tenth Broadband Progress Notice of Inquiry in the above-captioned proceeding.¹ In the *Notice of Inquiry*, the Commission seeks comment on the development of telecommunications services pursuant to section 706 of the Telecommunications Act of 1996.² NRECA appreciates the Commission’s efforts to assess whether advanced telecommunications capability is being deployed to all Americans on a reasonably and timely fashion.

¹ *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*, Tenth Broadband Progress Notice of Inquiry, GN Docket No. 14-126, FCC 14-113 (rel. Aug. 5, 2014) (“*Notice of Inquiry*”). The comments contained in this filing represent the comments and recommendations of the NRECA, but not necessarily the views of any particular member of NRECA.

² Section 706 of the Telecommunications Act of 1996, Pub. L. No. 104-104, § 706, 110 Stat. 56, 153 (1996), as amended by the Broadband Data Improvement Act, Pub. L. No. 110-385, 122 Stat. 4096 (2008), is now codified in Title 47, Chapter 12 of the United States Code. *See* 47 U.S.C. § 1302.

I. INTRODUCTION

NRECA is the national service organization for more than 900 not-for-profit rural electric utilities that provide electric energy to approximately 42 million people in 47 states or approximately 12 percent of electric customers. Rural electric cooperative infrastructure covers 72% of the land mass of the United States. NRECA's members include approximately 65 Generation and Transmission cooperatives and 840 Distribution Cooperatives.³ Rural electric cooperatives were formed to provide safe, reliable electric service to their owner-members at the lowest reasonable cost. Rural electric cooperatives are dedicated to improving the communities in which they serve. Management and staff of rural electric cooperatives are active in rural economic development efforts.

NRECA's members rely on a mix of wireline and wireless telecommunications services to support and maintain their rural electric distribution systems, including broadband and smart grid applications, and to support their commitment to spur economic development in the communities they serve. Electric cooperatives also serve in 327 of the nation's 353 "persistent poverty counties" (93%). Of the 42 million Americans served by cooperatives, an estimated 4 million live in persistent poverty counties.⁴ Electric cooperatives are interested in providing broadband services to meet the demand of their members – the customers to which they provide electric service – and to meet the demands of the communities that they serve.

³ The Generation and Transmission cooperatives generate, purchase, and transmit power to the Distribution Cooperatives.

⁴ An interactive map depicting the "persistently poverty counties" served by electric cooperatives is available at <http://www.nreca.coop/wp-content/plugins/nreca-interactive-maps/persistent-poverty/index.html>.

II. THE BROADBAND SPEED BENCHMARKS SHOULD BE INCREASED BUT TWO-TIERED SPEED BENCHMARKS SHOULD NOT BE USED

The Commission seeks comment on the appropriate speed benchmark that would permit users to achieve the purposes identified in section 706, *i.e.*, the ability “to originate and receive high-quality voice, data, graphics, and video telecommunications using any technology.”⁵ Specifically, the Commission seeks comment on what broadband speeds are necessary for households to originate and receive high-quality voice, data, graphics, and video services and whether it should adopt a higher download speed benchmark such as 10 Mbps and a whether a upload speed of 1 Mbps is sufficient for purposes of section 706.⁶

In Tables 1 and 2 of the *Notice of Inquiry*, the Commission identifies various household broadband scenarios based on the number of devices, users and type of broadband use. The Commission then provides its recommended download and upload bandwidths necessary for each broadband scenario.⁷ Importantly, the tables show that demand for broadband services and bandwidth requirements has increased from 2011 to 2014. These scenarios illustrate that all household types need at least 4 Mbps, that some households need 10 Mbps, and suggests that a 1 Mbps upstream speed may not accommodate all household types. Accordingly, NRECA suggests that a download speed of 10 Mbps and an upload speed of more than 1 Mbps represents the typical household demand for broadband.

Furthermore, the aforementioned household scenarios illustrate that the increased demand for relatively high-bandwidth services are helping to drive telecommunications providers to build out networks capable of handling higher bandwidths. For example, according to a recent report

⁵ *Notice of Inquiry* at para. 6.

⁶ *Notice of Inquiry* at paras. 11-16.

⁷ *Notice of Inquiry* at paras 11-12.

by the Commission's Office of Engineering and Technology & Consumer and Governmental Affairs Bureau, the average residential broadband consumer's wireline speed is now 21.2 Mbps.⁸ In addition, as identified by the Commission, state commissions are raising their broadband speed benchmark standards to 6/1.5 Mbps thresholds as way of determining served and unserved areas.⁹

NRECA believes that statistics, such as identified above, provide strong evidence that the current 4 Mbps/1 Mbps speed benchmark that the Commission has relied on in its previous reports respecting whether advanced telecommunications capability is being deployed in a reasonable and timely fashion should be increased for future reports. NRECA recommends that the speed benchmark should be increased to a minimum of 10 Mbps downstream and 1+ Mbps upstream. While a 10/1+ speed benchmark is lower than what many consumers in more urban areas have today and are lower than the average speeds recognized by the Commission as necessary for awarding funding respecting rural broadband experiments,¹⁰ NRECA believes that these speeds serve as a good starting point for defining the benchmark speed attributes of advanced telecommunications capability. Broadband applications, such as streaming video is a common broadband use by homes, business, farms and schools and libraries (both upstream and downstream) and a 10/1+ Mbps speed benchmark should be defined as a minimum broadband infrastructure requirement for purposes of assessing whether advanced telecommunications

⁸ *Federal Communications Commission, Office of Engineering and Technology & Consumer and Governmental Affairs Bureau, 2014 Measuring Broadband America Fixed Broadband Report*, available at <http://www.fcc.gov/reports/measuring-broadband-america-2014>

⁹ *Notice of Inquiry* at para 17.

¹⁰ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 14-98 at para. 5 (rel. July 14, 2014) ("*Rural Experiments Order*") at para. 26 (Out of the \$100 million for funding, \$75 million is provided for projects offering at least one plan at 25/5 Mbps).

capability is being deployed in timely fashion.

The Commission also seeks comment on whether, in setting the speed benchmark, the Commission should take into account disparities in speeds available in urban areas, as compared to the speeds available in other areas.¹¹ The answer is a resounding “NO”. To do so would create two classes of Americans – the “haves” and the “have nots.”

Section 706 requires the Commission to determine whether advanced telecommunications is being provided to all Americans in a reasonable and timely fashion. Policies such as universal service are driven by addressing whether all locations in America have access to voice and broadband service and comparable rates and service quality. If the Commission defines advanced telecommunications capability based on a speed benchmark for rural America that is relatively slower than urban America, then an argument could follow that additional universal service funding would not be needed to help rural Americans have access to the same broadband speeds as urban Americans - a result that could be ruinous for businesses and consumers located in rural America where access to advanced telecommunications services is essential to community development, economic growth and prosperity and educational attainment. The Commission’s policy to implement section 706 should require the same speed benchmark for all Americans so that the Commission can continue to develop rational policies to close the digital divide and ensure that rural America has access to 21st century telecommunications services.

The Commission also seeks comment on whether it should set a speed benchmark based on adoption rates and whether to develop a forward-looking benchmark.¹² NRECA urges the Commission not to set a speed benchmark based on adoption rates or based on speeds to which a

¹¹ *Notice of Inquiry* at para 18.

¹² *Notice of Inquiry* at paras. 19-20; 23.

“substantial portion” of consumers subscribe. The current adoption rates in rural America are in part determined by availability, quality of service and household income. Not until after there is comparable, affordable universal access to advanced telecommunications in urban and rural areas could adoption rates serve to inform rational broadband policy. Respecting setting a forward-looking speed benchmark, NRECA believes that a forward-looking benchmark of at least 25/6 Mbps could be used as a tool to assess the availability of broadband in the Commission’s future broadband reports.

III. BROADBAND IS NOT BEING DEPLOYED TO RURAL AREAS IN A REASONABLE AND TIMELY MANNER

The Commission seeks comment on whether broadband is being deployed to all Americans in a reasonable and timely manner. With respect to rural areas, broadband deployment is not being deployed in a reasonable and timely fashion. Statistics cited by the Commission bear this out. Over the last three years, the availability of broadband at 10/1 Mbps has increased from 95 to 98 percent in urban areas and 60 to 67 percent in rural areas and at 25/10 Mbps speeds, have increased from 43 to 64 percent in urban areas and 10 to 21 percent in rural areas.¹³ According to more recent data, the Broadband Map provides that 93.8% Americans in rural areas have access to 10 Mbps or more as compared to 99.9% located in urban areas.¹⁴ At speeds of 25 Mbps or more the contrast is even starker: 51.2% as compared to 93.8%.

While the availability of broadband at different benchmark speeds is increasing, these figures also show that there remains a severely large gap in broadband accessibility between rural and urban areas. It is therefore not surprising that according to the U.S. Small Business Administration, 48 percent of rural small businesses are not satisfied with the speed of their

¹³ *Notice of Inquiry* at para. 41.

¹⁴ *Id.*

Internet connection.¹⁵ Accordingly, NRECA recommends that the Commission base its conclusion about whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion on whether rural Americans have access to broadband that is “reasonably comparable” to that available in urban areas. With more than 6% of all rural Americans not having access to basic 10 Mbps broadband service and almost 50% not having access to at least 25 Mbps, advanced telecommunications capability is not being deployed to rural Americans in a reasonable and timely fashion.

The Commission also seeks comment on the extent that broadband providers are investing in their networks to deploy broadband and whether non-traditional broadband providers are entering the market, and if so, where.¹⁶ In its recent comments in the Connect America Fund Further Notice of Proposed Rulemaking,¹⁷ NRECA pointed out that in response to the Commission’s Rural Experiments Order,¹⁸ 1,024 expressions of interest regarding the rural broadband experiments were submitted in the from a wide range of entities and that approximately 11 percent were from electric utilities.¹⁹

Electric cooperatives are important new participants in bridging the digital divide. The unique non-profit status and lengthy time horizon over which they can depreciate capital investments provide electric cooperatives with a unique framework to economically allow for

¹⁵ U.S. Small Business Administration, <http://archive.sba.gov/advo/research/rs373tot.pdf>.

¹⁶ *Notice of Inquiry* at para. 43.

¹⁷ *Connect America Fund*, WC Docket No. 10-90 et seq, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 at para. 5 (rel. June 10, 2014) (“*FNPRM*”).

¹⁸ *Rural Experiments Order* at para. 5.

¹⁹ Comments of the National Rural Electric Cooperative Association, WC Docket No. 10-90 at 13-14 (August 8, 2014) (“*NRECA Comments*”).

actual broadband deployment to rural America. Electric cooperatives have the technical ability to provide affordable, robust and reliable broadband services and they realistically expect to see relatively very high take rates, low churn and high overall customer satisfaction.²⁰ Moreover, several of NRECA's members are in the process of deploying advanced telecommunications networks for use by their member-customers.²¹ For example, Co-Mo Electric Cooperative, Inc., a utility serving approximately 2,300 square miles in a remote part of Central Missouri, has deployed a hybrid fiber optic network that provides broadband through its subsidiary, Co-Mo Connect, offering various different levels of affordable Internet services, ranging from 5/3 mbps for \$39.95/month to \$99.95 for 100/25 mbps, as well as affordable voice and video services. Co-Mo has also recently announced that signups have begun for its fiber-to-the-home 1 Gbps service.²² Electric cooperatives are interested in providing broadband services to meet the demand of their members – the customers to which they provide electric service – and to meet the demands of the communities that they serve.

IV. ACTIONS TO ACCELERATE DEPLOYMENT

The Commission seeks comment on what immediate action it could take to accelerate infrastructure investment and deployment and to promote competition in the telecommunications market.²³ As NRECA emphasized in its comments to the *FNPRM*:

[A]reas for which a rural broadband experiment formal proposal is submitted should be removed from a price cap carrier's state-level commitment. By

²⁰ NRECA Comments at 12.

²¹ See, letter of Robert L. Hance, Midwest Energy Cooperative, dated December 9, 2013, WC Docket No. 10-90; Comments of Midwest Energy Cooperative, dated August 8, 2014, WC Docket No. 10-90 at 4 (Midwest intends to leverage a 243-mile fiber ring through utility substations and facilities for high-speed broadband deployment).

²² See, "Co-Mo Connect Expanding Into Tipton, Versailles; Signups Open Now" (August 15, 2014) available at <http://www.co-mo.coop/news/newsdetail.aspx?itemID=276>.

²³ *Notice of Inquiry* at paras. 49-50.

removing the right of first refusal, a price cap carrier, the applicant submitting the rural broadband experiment formal proposal and any other eligible provider, would then be able to participate in the competitive bidding process for model-based support for that area. Competing for a chance to provide voice and broadband services in unserved and underserved locations is a once in a generation opportunity for entities such as electric cooperatives to close the digital divide. A more inclusive approach to solving this issue will allow for a better allocation of scarce Phase II funds at relatively higher broadband service performance levels.²⁴

The elimination of the price cap carrier's right of first refusal is required so that these cooperatives can participate in the CAF Phase II competitive bidding process.

The Commission should also adopt a CAF Phase II funding requirement based on offerings of 10/1 Mbps broadband service. Moreover, if the Commission ultimately decides to adopt a 10/1 Mbps speed benchmark requirement for CAF Phase II support, then the Commission should also consider requiring both subsidized and unsubsidized providers located in price cap territories to expeditiously provide 10/1 Mbps broadband speeds or risk loss of loss of CAF Phase II support (to the subsidized providers) and/or allow new competitors to compete for CAF Phase II support in the census blocks that are served by the subsidized and unsubsidized providers. By allowing all potential providers to compete for Phase II support, the Commission can fulfill its statutory obligation of ensuring that all consumers have access to advanced telecommunications and information services.²⁵ No entity that is willing to help bridge the digital divide should be left out of the Commission's funding mechanisms, including the CAF Phase II competitive bidding process. This is especially true with respect to electric cooperatives that cover 72% of the nation's land mass and which have very strong community ties.

²⁴ NRECA Comments at 18.

²⁵ 47 U.S.C. § 254(b)(3).

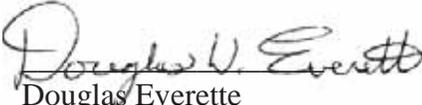
V. CONCLUSION

NRECA recommends that the Commission increase the broadband speed benchmarks to 10/1+ Mbps. Also a two-tiered speed benchmark should not be used. The Commission's policy to implement section 706 should require the same speed benchmark for all Americans so that the Commission can continue to develop rational policies to close the digital divide. With respect to rural areas, more work needs to be done as broadband is not being deployed in a reasonable and timely fashion. While electric cooperatives are important new participants in bridging the digital divide, areas for which a rural broadband experiment formal proposal is submitted should be removed from a price cap carrier's state-level commitment so that these cooperatives can participate in the CAF Phase II competitive bidding process.

Respectfully submitted,

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