



# Washington Report

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## NATIONAL BROADBAND PLAN ADVOCACY UPDATE

More than 20 senators have signed a letter to FCC Chairman Julius Genachowski citing concern over the impact of the national broadband plan on rural consumers' ability to receive comparable and affordable broadband service. At press time, additional senators were still considering signing the letter, already signed by Sen. Byron Dorgan (D-N.D.). Once the letter has been sent, members may access a copy online at [www.ntca.org/NBPRResourceCenter](http://www.ntca.org/NBPRResourceCenter).

## NTCA AND PARTNERS MEET WITH FCC STAFF ON NATIONAL BROADBAND PLAN

NTCA, along with industry partners National Exchange Carrier Association, OPASTCO, WTA and the Rural Alliance, met on June 3 with several FCC staff members to discuss the national broadband plan and its implications for rate-of-return rural carriers.

The group voiced concerns about the insufficient size of the Connect America Fund, as proposed, and the inadequacy of the 4 Mbps broadband access goal for rural areas, compared with the 100 Mbps service goal in urban areas.

In addition, the group discussed with commission staff how a freeze on interstate common line support and the mandatory conversion from rate-of-return regulation to incentive regulation will immediately have a negative impact on carriers and their communities, not to mention their ability to obtain financing.

The group also noted that the commission's proposed broadband cost model does not accurately reflect the actual costs associated with real-world rural local exchange carrier high-cost networks.

NTCA and its industry partners met with Sharon Gillett, chief of the Wireline Competition Bureau (WCB); Carol Matthey, deputy chief of the WCB; WCB staff members Amy

Bender, Ted Burmeister, Rebekah Goodheart, John Hunter, Katie King, Al Lewis, Marcus Maher, Alexander Minard, Gary Seigel and Donald Stockdale; and Office of Strategic Planning & Policy Analysis staff members Lisa Gelb, Elise Kohn and Steve Rosenberg.

For the full text of the *ex parte* filing, visit [www.ntca.org](http://www.ntca.org).

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## RUS REPORT REVIEWS FIRST ROUND OF BIP AWARDS

Expanding rural Internet service is “rebuilding and revitalizing the rural economy,” according to U.S. Department of Agriculture (USDA) Secretary Tom Vilsack, who announced on June 9 the release of a new USDA report on the first round of the Rural Utilities Service's Broadband Initiatives Program (BIP).

The report, “Connecting Rural America,” shows that the \$1.1 billion spent on the first round funded 68 broadband projects in 31 states and one territory. The report estimates that this round of funding will bring broadband service to an estimated 529,249 households, 92,754 businesses and 3,332 anchor institutions across more than 172,000 square miles.

The report states that the program funded 13 last-mile projects in remote areas, 49 last-mile projects in nonremote areas and six middle-mile projects. The report also describes the technologies used for the various projects and the types of entities that received funding.

Upon releasing the report, Vilsack noted that in addition to helping rural businesses grow, rural broadband will improve life for rural Americans in general through improvements in

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health care, education and emergency services. In addition, he stated that quality broadband access will give farmers and ranchers “up-to-the-minute commodity and weather information that will allow them to make the very best decisions for their operations.”

To access the full text of the report online, visit [www.usda.gov/documents/RBB\\_report\\_v16.pdf](http://www.usda.gov/documents/RBB_report_v16.pdf).

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## NECA RELEASES BROADBAND “SPILLOVER EFFECTS” PAPER

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The National Exchange Carrier Association, along with Princeton Edge Lab, released a paper on June 1 that explores case studies and network scenarios to encourage an idea exchange on the actual science needed to achieve the national broadband plan policy goals.

The paper, “United States’ Broadband Goals: Managing ‘Spillover Effects’ to Increase Availability, Adoption and Investment—A Discussion,” seeks to serve a helpful role in policy development by lending these scenarios as a point of discussion.

The network scenarios demonstrate the importance of “spillover effects”—defined in the paper as a situation in which an individual participant in the broadband market can alter the efficiency and value of the entire U.S. broadband network.

According to the paper, these spillovers can come in many forms, including when end-users compete for limited broadband bandwidth resulting in congestion.

Implementing policy instruments such as the Universal Service Fund, infrastructure funding, interconnection oversight and fair access to content may help reduce negative spillover effects, the paper noted.

The paper also emphasized the range of further research and data collection that is necessary to understand complex issues such as two-sided cost recovery, usage-based pricing, and the dynamics between network providers and content providers.

For the full text of the report, visit <https://www.neca.org/cms400min/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=3604&libID=3624>.

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## NOTES IN THE NEWS

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**Correction:** There was an error last week in the link to the new Verizon Wireless website created to seek interested rural wireless carriers to partner with the company in deploying

Long Term Evolution services. The website can be found at <http://aboutus.vzw.com/rural/Overview.html>.

**The FCC issued** a public notice on June 2 announcing August 31 as the effective date for electronic disbursement of Universal Service Fund (USF) support payments. After this deadline, if a USF recipient does not provide information on its financial institution on FCC Form 498, USF payments will be withheld until that information is provided.

**The FCC announced** on June 3 that it is planning a public forum to discuss the proposed Comcast/NBC-Universal merger. The meeting will be held on July 13 at Northwestern University Law School. For more information, visit [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-298586A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-298586A1.pdf).

**The Department of Commerce extended** the deadline for comments to June 14 in its Internet privacy proceeding [*Washington Report, May 13, 2010*].

**The FCC announced** on June 7 that the deadline is August 31 for submitting annual lifeline verification surveys and certifications to the Universal Service Administrative Co. For more information, visit [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DA-10-1033A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-10-1033A1.pdf).

**The FCC issued** an erratum correcting certain figures in the annual adjustment of revenue thresholds. The revenue threshold between Class A carriers and Class B carriers should be corrected to read \$142 million instead of \$152 million. And, the GDP-PI base should be corrected to read 77.146 instead of 72.146.

**The FCC’s Wireline Competition Bureau announced** a June 23 roundtable discussion to explore the idea of a broadband pilot program for low-income consumers. For details, visit [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DA-10-1041A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-10-1041A1.pdf).

**Free Press released** a paper on June 8 that explores “facts and fictions” about the FCC’s plans to reclassify broadband Internet service. The report, “The Truth About the Third Way: Separating Fact From Fiction in the FCC Reclassification Debate,” examines certain myths about reclassification issues such as investment, regulation and the role of Congress. For the full report, visit [http://www.freepress.net/files/The\\_Truth\\_About\\_the\\_Third\\_Way.pdf](http://www.freepress.net/files/The_Truth_About_the_Third_Way.pdf). The commission plans to address the reclassification issue during its upcoming open meeting on June 17.

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