



**Iowa
Telecommunications
Association**

June 3, 2010

Secretary Tom Vilsack
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Re: Negative Impact of National Broadband Plan on Iowa's Rural Communities

Dear Secretary Vilsack,

I begin by thanking you for your efforts to support rural and community development through a number of vital USDA programs and resources. The members of the Iowa Telecommunications Association collectively offer high praise for the valuable resources and assistance they receive from RUS, Rural Development, Community Development and other programs.

We believe that broadband deployment is a key economic development driver that is critical to our communities, and the members of the ITA are committed to offering their customers the highest level of communications services.

There is much attention surrounding the FCC's recently released National Broadband Plan. We believe in and support the main goal of the NBP -- to guarantee that every American has access to affordable high speed broadband connection.

As the FCC begins its proceedings to implement the NBP, however, it appears that many consumers, farmers and businesses in rural Iowa will be left behind in a newly-created, urban/rural broadband digital divide.

While the NBP aspires to achieve broadband internet speeds of 100 megabits per second to at least 100 million Americans by the year 2020, it also sets the bar for broadband access in rural and other difficult to serve regions at the unreasonably low level of just 4 meg. Establishing such a low speed goal for rural America provides woefully inadequate bandwidth capacity for today's needs—let alone future demands—of rural consumers, businesses, farms, hospitals and schools. For example, several of our telecom providers advise that their local schools are seeking broadband connections in excess of 20 meg.

If we are trying to “build a world-class broadband network for the future” and make rural America competitive with the rest of the world, it makes little sense to settle for only 4 meg of speed. Community development and retention of existing population and business will become infinitely more challenging for a rural town that can offer only a second-class broadband speed connection.

The Iowa Telecommunications Association represents more than 140 locally owned and operated telecommunications carriers who serve rural Iowans. Most of our providers have upgraded their networks over the past several years so they can offer what I call “1st generation” broadband (in the range of 3-5 meg) to all or nearly all of their customers, whether in town and outside city limits.

We hear loud and clear from our member companies that their customers want access to more broadband speed. Therefore, dozens of companies have begun projects to upgrade their existing networks to provide the types of “2nd generation” broadband speeds (capable of up to 20, 50, or 100 meg) that today’s rural consumers, businesses, farmers and schools are beginning to use, and which tomorrow’s consumers will surely demand.

RUS has been a key partner in assisting with broadband deployment and economic development in Iowa’s rural communities. Scores of our member companies have utilized RUS loans, as well as other sources to finance these expensive upgrades. RUS loans are an important source of capital to our members, they need access to that capital now more than ever.

The proposals in the NBP are likely to significantly reduce future revenue streams of rural carriers, jeopardizing the ability of RUS borrowers to meet debt obligations or qualify for future loans. The NBP also fails to account for, or provide cost recovery for, recent network investments, many of which have been financed by RUS loans

In April, the ITA held a Board of Directors meeting in Victor, Iowa that was attended by dozens of broadband providers and by USDA Field Representative Jock Aplin. During our discussion about the impact of the NBP on financing and investment, communications providers reported that some lenders are already recalling loans and others are significantly tightening lending practices to rural communications providers because of the lenders’ own analysis and forecast of the impact of the NBP.

The purpose of my letter is to make you aware of these concerns.

Our Association leaders traveled to Washington in May to express these points during meetings with several officials at the FCC. We have met with our Congressional delegation.

All five Iowa Congressmen have signed a letter to FCC Chairman Julius Genachowski stating their “grave concern that implementing the NBP as recommended will not provide all Americans with adequate broadband service” and that the “ plan as written will lead to job loss, less investment in rural areas, a further erosion of state and local economies, and the deterioration of communications services for our constituents.” I have attached a copy of that letter for your information. A similar letter is being circulated in the US Senate, and we have been advised that both Senator Tom Harkin and Charles Grassley intend to sign onto it.

I have had conversations with RUS Deputy Administrator Jessica Zufolo and State Director Bill Menner, and I look forward to continuing to work with your agency to discuss these matters in more detail. The bottom line is that we believe that the FCC and Congress must modify the NBP to ensure all Americans are entitled to the same level of high-speed internet.

I thank you for your consideration of this perspective, and I urge you to join in the call for broadband policy that treats all Americans equally and sets a sustainable course for the future of rural America.

Sincerely,

David C. Duncan
President