



May 3, 2010

***The FCC's National Broadband Plan Disadvantages Rural Consumers, Creates a New Urban/Rural Digital Divide, and Harms Future Rural Economic Development***

Dear Representative:

On April 23, 2010, the Federal Communications Commission (FCC) released a Notice of Inquiry (NOI) on a broadband cost model along with a Notice of Proposed Rulemaking (NPRM) on proposed Universal Service Fund (USF) rules in regard to the National Broadband Plan (NBP). The NBP has set a goal of 4 Mbps for universal broadband availability to all Americans by 2020, while pursuing download speeds of 100 Mbps (100 squared plan) for 100 million households. This approach guarantees that consumers, businesses and communities in high-cost, rural areas throughout the United States will receive severely inadequate broadband service, while more densely populated, lower-cost urban areas, which will be part of the 100 squared plan, will enjoy the benefits of speeds 25 times faster. These proposed rules, if adopted, would most certainly create a new broadband urban/rural digital divide.

Urban, metropolitan, and suburban areas across the United States have the population bases and economic foundations to support 100 Mbps broadband availability well before the year 2020. Conversely, many rural communities neither have the populations nor independent financial means to support 4 Mbps, let alone a comparable 100 Mbps broadband service by 2020, without a strong cost-recovery system. Without broadband speeds greater than 4 Mbps, expanded opportunities for medical services such as telemedicine and electronic X-ray sharing; distance learning; home businesses; and high-definition programming will not be available due to inadequate bandwidth. The NBP's broadband service goals would also violate the comparability and affordability standards contained in the Communications Act, and would greatly endanger investment, jobs and economic development throughout rural America.

The importance of higher speed broadband access to rural economies was recently confirmed in an April 2010 report by the President's Council of Economic Advisers, titled "Strengthening the Rural Economy – The Current State of Rural America." The report said, "Broadband service helps rural businesses find markets that otherwise might be unavailable to them, facilitates online ordering and billing, and integrates the rural economy with the rest of the country (and the world) more effectively than is possible over slow-speed Internet connections."

Since the early 20<sup>th</sup> century, many of the industry's largest telecom providers chose not to invest in facilities to provide basic telephone service in the geographic areas of the United States that are the most economically challenging to serve. These areas consist of the most rural, insular, and sparsely populated areas of the nation, such as the Northern Plains, Appalachian and Rocky Mountains, Southwestern Deserts, Central and Mid-Western farmlands, Native American reservations and the frozen tundra of Alaska.

Conversely, NTCA, OPASTCO and WTA member companies have invested in and built the networks that serve these rural communities that provide food, energy and raw materials to urban America and the world. These companies and their ability to continue to provide comparable telecommunications services to rural Americans are vital to our nation's economic development, national security and public health and safety. Their investments have been possible due to a time-tested cost-recovery structure consisting of rate-of-return regulation, National Exchange Carrier Association pooling, intercarrier compensation and USF support. It has been through these mechanisms that rural consumers' access to services at prices that are affordable and comparable to services and prices received by urban consumers has been achieved, as required by the Communications Act. The FCC should now be looking to recreate this success story and not undermine and otherwise ignore what has worked to reach these goals.

Our associations and our member companies urge Congress to insist that the FCC redirect the course of its NBP to ensure adequate cost recovery for rural broadband providers so that all consumers and businesses residing in the nation's high-cost, rural communities receive the benefits of comparable and affordable broadband service as required by law.

Thank you for your consideration and attention to this critical issue confronting our great nation.

Sincerely,

/s/ Michael Brunner  
Michael Brunner  
Chief Executive Officer  
NTCA

/s/ John Rose  
John Rose  
President  
OPASTCO

/s/ Kelly Worthington  
Kelly Worthington  
Executive Vice President  
WTA

cc: FCC Chairman Julius Genachowski  
Commissioner Michael Copps  
Commissioner Robert McDowell  
Commissioner Mignon Clyburn  
Commissioner Meredith Attwell Baker