

Accuracy and Scope

WTA's predominate concern is that the URS procedures and data employed to calculate reasonably comparable broadband rate benchmarks be as accurate and comprehensive as possible.

WTA does not presently take a position on the need to modify or replace the weighted least squares linear regression analysis that is currently used by the Commission to calculate broadband rate benchmarks. WTA does not have a more accurate statistical methodology to propose at this time, but will review any alternatives advanced in the initial comments.

WTA notes that the Commission might limit the width of the spectrum of service speeds for which it must develop rate benchmarks to those download/upload combinations that constitute the specified public interest obligations (also known as deployment obligations and minimum performance tier standards) for the various then-current Commission high-cost support programs and mechanisms. For example, there is no present need to go beyond the currently highest required download/upload combination (namely, the 1 Gbps/500 Mbps obligation elected by some Rural Digital Opportunity Fund support recipients) until a future Commission order or proceeding adopts and implements a higher speed service obligation for certain high-cost support mechanisms or recipients. Likewise, as the Commission modifies existing high-cost support programs in response to evolving broadband service demands, certain lower-speed download/upload combinations may be dropped from the Survey because they are no longer specified as deployment obligations for any of the then-current programs.

Upload Speeds and Capacity Allowances

WTA's primary concern is that the continued inclusion of upload speeds and capacity allowances in the URS is necessary to ensure that the reasonably comparable broadband rate

benchmarks derived from the URS data remain accurate and relevant to rural broadband needs, usage and pricing.

Upload Speeds

WTA is not familiar with the circumstances regarding which the Commission has found anomalies “in some cases” where upload speed is included in rate calculations. *Notice, p. 3.* However, upload speeds constitute a very important component of the broadband service demands of RLEC customers and the resulting rural broadband service costs and pricing, and are becoming more and more so at a rapid pace. Put simply, increased upload speeds save rural residents the time and cost of hundreds and thousands of miles of annual driving to workplaces, schools, hospitals, doctors, shopping areas and other essential destinations. High upload speeds permit rural residents to participate in work from home, video conference calls, distance learning, remote medical examinations and monitoring, and a host of other activities that have required lengthy automobile or bus travel until very recently. Developing broadband services such as remote home monitoring, online livestock auctions, and a variety of existing and future precision agriculture and “Internet of Things” applications will continue to increase rural demand for higher and higher upload speeds.

Higher upload speed demands and usage require WTA members and other RLEC high-cost support recipients to extend their broadband trunks further and further into their rural service areas, in many cases upgrading many or most of their customers to fiber-to-the-home (“FTTH”) service. Increased upload speeds and usage also increase second mile and middle mile capacity needs and usage costs. Some of these increased construction and operating costs resulting from higher upload speed demand and usage must be recovered in higher retail prices charged to customers.

Therefore, in order to accurately and equitably recognize the impact of upload speed demand and usage on reasonably comparable rural broadband service rates, upload speeds need to be included in the Survey. While upload speeds may not be as significant of an alternative to distance and travel in urban areas as in rural areas, they still have impacts on urban broadband rates because urban customers need and purchase service tiers containing substantial upload speeds for work from home, video conferencing, remote home monitoring and developing “Internet of Things” applications. Meanwhile, both urban and rural residents also purchase and use higher and higher upload speeds for gaming and social media activities. Hence, it is far more accurate to include the impact of upload speeds in the URS survey and benchmark calculations than to exclude the upload speed factors and cost impacts that are so critical to rural broadband service and pricing.

Capacity Allowances

Capacity allowances and overage charges likewise significantly impact the comparison of urban and rural broadband service rates, and therefore need to be included and considered in the Survey and benchmark calculations.

The monthly price actually charged to a customer for broadband service includes both the base monthly rate for his or her service tier plus any and all overage charges for usage in excess of the capacity allowance for the service tier. For example, the real monthly price for a \$40 dollar per month broadband service tier is actually \$60 if the customer is also charged \$20 for usage in excess of the applicable capacity allowance.

Virtually no WTA members impose capacity allowances on their broadband service tiers that they offer to their rural customers. WTA members have found that most of their rural customers do not like capacity allowances and overage charges, and that unlimited usage tiers are a very effective way both to increase broadband adoption and to retain existing customers. WTA

members could offer service tiers with capacity allowances at lower monthly basic rates and make up some or all of the revenue decrease (or exceed it) with overage charges. However, many of their potential and existing customers would not take or continue to take such service because they require the ability to plan for stable and predictable monthly broadband service bills. WTA members have found that unlimited monthly service tiers with no capacity allowances and no overage charges are the most effective way to achieve widespread broadband adoption and customer retention.

However, WTA members and other high-cost support recipients would be put at a serious disadvantage if the reasonably comparable rate benchmarks for their unlimited usage tiers were calculated solely by using the basic monthly rates for urban speed tiers without adjustment for the capacity allowances and overage charges that also apply. This would constitute an unfair apples-and-oranges comparison of total rural broadband service charges vis-a-vis partial urban broadband service charges.

WTA understands that monthly usage overcharges can vary from customer to customer and from month to month. The most accurate and equitable, and least cumbersome, approach would be to require a responding urban provider to compute its average usage overcharges for each particular tier during the applicable survey month, and then add that average amount to the base price of the tier for Survey reporting and calculation purposes. This would permit the reasonable comparability benchmarks imposed upon rural providers of unlimited broadband service to reflect at least a reasonable estimate of the total base rate and overage charges paid by urban residents for similar service.

Conclusion

WTA urges that the Urban Rate Survey procedures and data employed to calculate reasonably comparable broadband rate benchmarks for rural high-cost support recipients be as accurate and comprehensive as possible. In particular, WTA strongly supports the continued inclusion of accurate upload speed and capacity allowance variables in the URS and its benchmark calculations. Upload speeds are a major and growing service requirement and cost component of rural broadband service, and need to be properly included in rural benchmark calculations. Likewise, capacity allowances and overage charges appear to be a much more common component of urban broadband pricing than rural broadband pricing, and need to be included in the Survey data and benchmarks in order to provide an accurate and equitable standard against which to compare rural rates.

Respectfully submitted,
WTA – ADVOCATES FOR RURAL BROADBAND

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