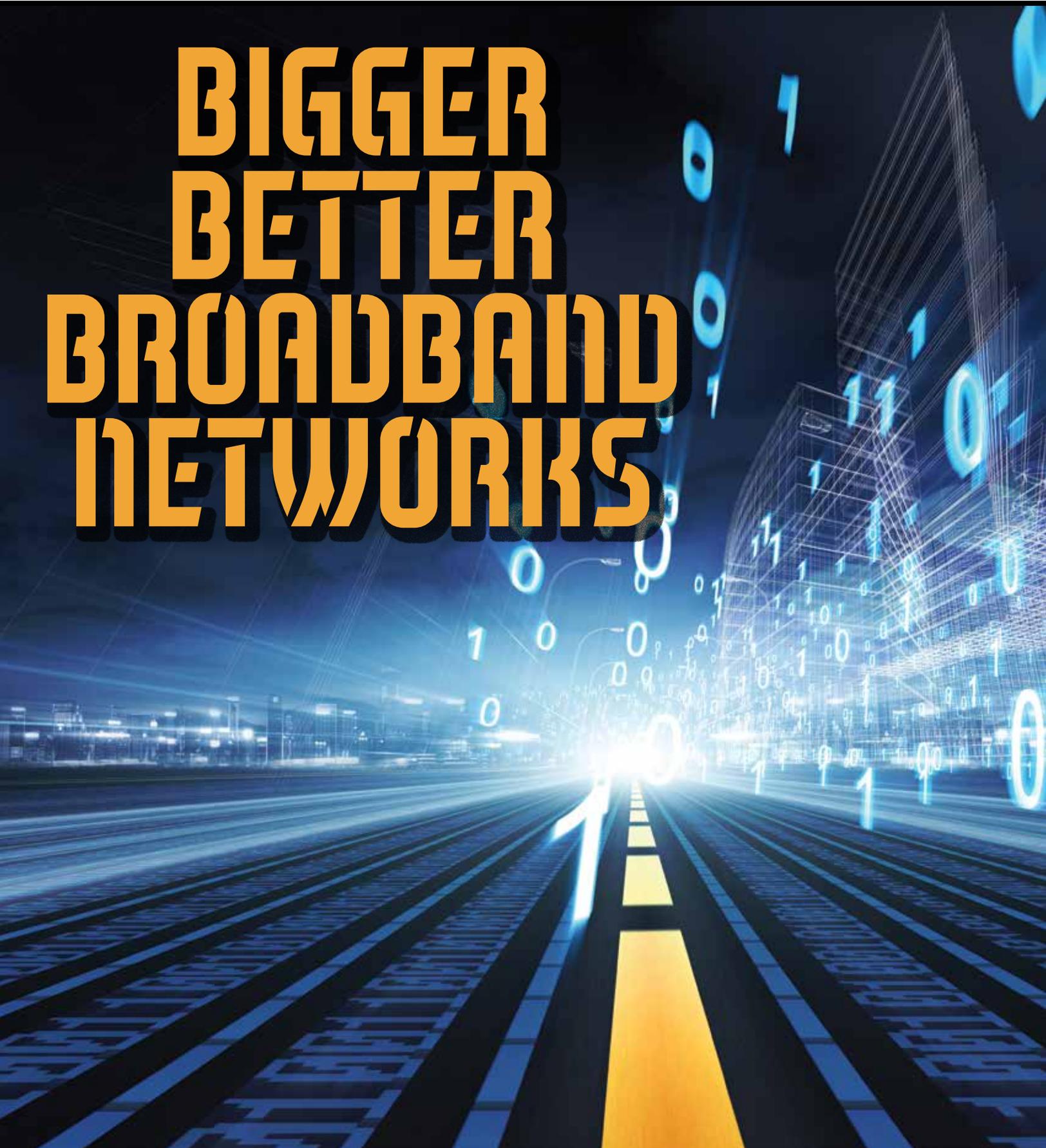


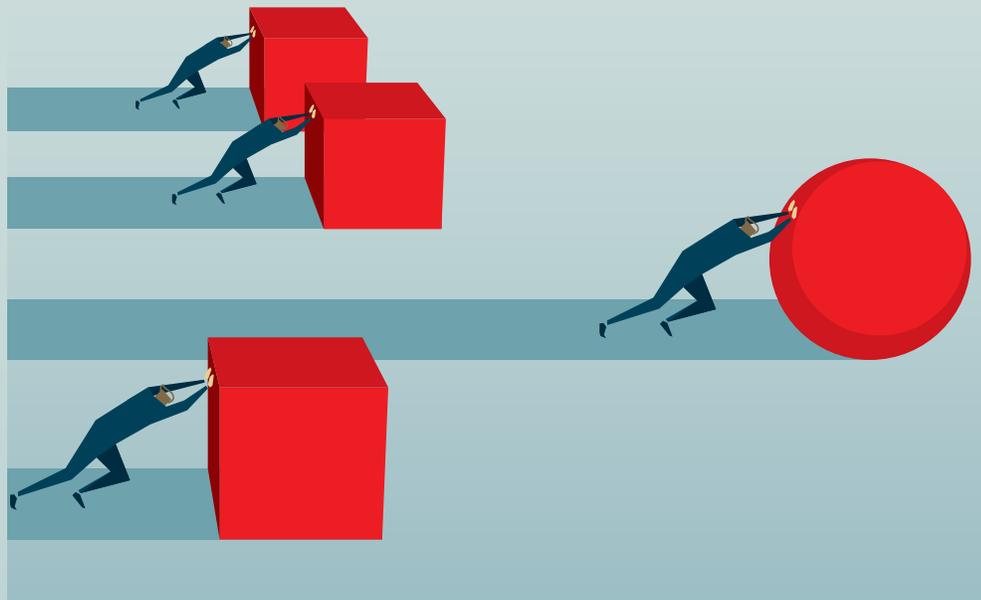
BIGGER BETTER BROADBAND NETWORKS



Want Broadband Deployment? Stop the Competition Cut Off

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In the interest of national security and our economic future our nation must unite to promote Gigabit Goals for every American, regardless of their zip code. This requires an ambitious, national deployment agenda. The Federal Communications Commission (FCC) has expressed just such an agenda, and the Administration has placed particular focus on connecting rural communities to broadband. At INCOMPAS we heartily support their efforts to speed both wired and wireless connectivity.

Over the past year there have been a number of positive steps in that direction. In March, the FCC, in an effort led by Commissioner Brendan Carr, passed the Wireless Infrastructure Streamlining Order, designed to speed the deployment of small cells and 5G.

Chairman Pai wisely set-up the Broadband Deployment Advisory Committee (BDAC) to work on the FCC's deployment agenda. BDAC has endorsed One Touch, Make Ready policies that speed the deployment process surrounding pole attachments.

And in January, Congresswoman Anna Eshoo (D-CA) and Congressman David McKinley (R-WV) introduced a bipartisan bill – “Dig Once” – that takes a similar approach to streamlining the broadband deployment process and integrating it with all new publicly-funded infrastructure projects.

For Americans who want faster speeds at lower prices, this is all good news. But despite these encouraging efforts,

our nation still falls woefully short of our connectivity goals. Today, almost half of all Americans have only one choice of broadband provider, and three-fourths have at most two choices.

The key to a successful national deployment agenda has been, and always will be, competition policy. It drives new innovation, consumer benefits and infrastructure investment.

But sadly, America's original monopoly, AT&T, continues to throw buckets of cold water on these efforts. After lobbying to raise prices on small business customers and schools, and filing lawsuits against local deployment efforts, AT&T is back again with a new chapter in their competition-killing saga.

In May, AT&T's big telecom trade group, USTelecom, filed a petition at the FCC that is a poison pill to competition. The petition, if granted, would allow incumbent providers to escape their obligations under Section 251 of the Communications Act which require them to provide wholesale access to unbundled network elements (UNEs) and certain services. These methods of wholesale access are critical to providing a means of competitive entry that spurs fiber build and innovation.

Price Hikes and Competition Killers

This ‘competition cut off’ will immediately raise prices that impact consumers and small businesses by 15 percent, and threatens to put many small, local broadband builders out of business. It will also curtail fiber deployment, putting

America's goal of building faster, more affordable broadband networks at risk.

The USTelecom petition is designed to threaten the very business models of companies that are often the only competition to the incumbent in any given market. While this move may seem so brazenly anti-competitive it's beyond the pale – this isn't the first time we've seen such an egregious action taken by big phone companies.

In fact, we witnessed this playbook before in big telecom's destructive changes to the Business Data Services (BDS) market. In that proceeding, big telecom convinced the FCC to change the definition of a competitive market to say “one” provider is deemed sufficient. Yes, you read that right – one is now a competitive market.

Both the BDS ruling and the new ‘competition cut off’ petition clearly run counter to the Department of Justice's concerns about the lack of competition in the broadband business market.

Wholesale Means Business

Multi-location customers, from nationwide retail chains to local banks with several branches, have turned to competitive broadband providers to help solve customer service problems. Wholesale access allows businesses large and small to connect and grow with greater ease.

While the wholesale provisions of the Telecom Act don't get many headlines, they've helped some of America's leading brands thrive. Ask any COO from a

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company who's had success with a competitive provider how they feel about the prospect of paying more or being forced back to an incumbent provider with limited network vision.

Rural Communities Hit Hardest

The petition also runs afoul of the Trump Administration's goals of increasing rural broadband investment for forgotten communities who need it most.

Companies like IdeaTek in Kansas use UNEs to provide service to customers in traditionally underserved and rural communities. In fact, in some locations, IdeaTek is the only broadband provider for that community.

You see, incumbents neglect these rural areas even though they are capable of providing broadband service as evidenced by competitors offering the service using UNEs. If you think incumbents are suddenly going to start offering services on these networks when they didn't bother to before, then I have some swampland in Florida to sell you. If AT&T's petition is successful, entire communities, especially rural ones, will be cut off - unable to connect with the jobs and economy of the future.

Competitive Access: The Bridge to New Networks

Make no mistake, new network building will take a significant hit without competitive access. Some of America's brightest broadband stars, like INCOMPAS member Gorge Networks of Oregon, use wholesale access as a critical bridge to fiber construction and infrastructure

investment. The wholesale market serves as an entry point to build up a customer base. Once that customer base is substantial enough, resulting capital is invested into building fiber to the home. And we are talking state of the art, high speed Gigabit networks of the future.

This is good for everyone. We've seen time and time again - when a competitive fiber builder enters a market, generally the third or fourth entrant, the incumbent providers increase their speeds and lower prices.

Look, new competitors have always had to pull old telecom kicking and screaming into the future. But with the new attack on competitors' wholesale access, we're witnessing exactly what lengths incumbents will go to just to avoid building or upgrading networks.

The FCC has fully endorsed a broadband deployment agenda to help bring faster, lower-cost networks to all Americans, including underserved rural communities. Cutting off competition and eliminating a wholesale market that incentivizes new fiber deployment runs counter to those goals.

The AT&T 'competition cut off' petition delays the future and will freeze broadband deployment while burning consumers and small businesses with higher bills. Cutting off access and kicking the little guy where it hurts is anti-business, anti-competition, anti-consumer and anti-innovation. We urge the FCC to reject big telecom's competition cut off.