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ON BEHALF OF THE FIBER-TO-THE-HOME COUNCIL
FEDERAL COMMUNICATIONS COMMISSION APRIL 27, 2011 WORKSHOP
TRANSITIONING UNIVERSAL SERVICE TO A
TECHNOLOGY NEUTRAL CONNECT AMERICA FUND
SUMMARY

Because funding is limited, the Commission in seeking to achieve its universal broadband objective needs to maximize the effect of any support and ensure it is provided efficiently. These objectives should be achieved consistent with facts about customer demand, network supply, operating optimization, and investment return:

Residences and businesses are requiring greatly increased broadband performance to utilize an expanding array of services, and this trend shows no signs of abating.

Fixed and mobile broadband have materially different capabilities and should be considered distinct services. For fixed broadband service, by 2020, 100 Mbps symmetrical service will be considered a basic service utilized by most households.

For fixed broadband service, the only way to meet these performance requirements is by deploying all-fiber networks (or fiber very close to the home).

All-fiber networks are economical without government support to a majority of the households; they are economical to most other households with targeted government support; and, in the least dense areas, they are cost-prohibitive.

Private sector entities evaluate the cost of deploying networks based on getting a sufficient return on investment – which today is the ability to cover the cost of deployment within a 5 to 8 year period.

Because of these objectives and facts, the Commission should pursue the following policies:

- All technologies considered for deployment under CAF reverse auctions or continued High-Cost mechanisms should be required to support a lifespan through 2020 and be able to be upgraded to bandwidths “comparable” to the 100 mbps bandwidths targeted for the rest of the United States, as part of their economic justification. Limited CAF and High-Cost funds should not be expended on technologies that meet bandwidth needs today, but have to be replaced one or more times prior to 2020. This avoids funds being spent on building infrastructure that rapidly becomes obsolete and being viewed as “wasted federal funding.”
- Many high cost service providers have invested significant capital resources to expand broadband access to rural areas, exceeding the 4Mbps/1Mbps goal in many areas, and others are now upgrading their networks. It is important to not disincentivize these service providers from continued investment in broadband. The best way to accomplish this is to retain support mechanisms for small (less than 100,000 access line) telephone providers over a sufficient period of time (through 2020) so that existing plant can be depreciated and private capital can be attracted to expand or complete planned broadband build outs.