

Statement of Lisa Scalpone at FCC USF Workshop

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- Next-generation satellite broadband networks, launching for the first time this year, could be used to offer 4x1 Mbps speeds at a lower cost to the CAF than terrestrial alternatives for about half of all underserved homes in the U.S. (or conversely, could offer much higher speeds at the same costs).
 - These new satellites – 100x faster than in 2005, and over 10x faster than 2008 – transmit over 1 Gbps into concentrated spot beams.
 - Individual user speeds can reach 20 Mbps on these satellites.
- Next-generation satellite broadband offers the following significant advantages:
 - High-quality service, including the ability to keep up with growing bandwidth demand and user speeds.
 - Cost-effective and timely deployment..
 - Suitability for the high speed/high bandwidth requirements of distance learning, telemedicine, and telecommuting.
 - Freedom from the network congestion that used to preclude adequate provisioning and often was misperceived as “latency.”
- Fair and flexible reverse auctions are the best way to distribute CAF support to unserved areas.
 - Reverse auctions harness competitive forces to allocate limited funding resources efficiently—provided auction rules are competitively-neutral, technology-agnostic, and market-based.
 - Timely deployment of quality service can be ensured with appropriate buildout and service requirements and by performance bonds.
 - Allowing full and direct satellite participation in CAF reverse auctions would:
 - Provide the economies of scale needed to ensure the construction of additional broadband satellites to serve all of America.
 - Speed the deployment of broadband services to the unserved.
 - Facilitate competition within the bidding process, incenting other participants to bid lower and with higher service quality
 - Reduce the size of the CAF *by as much as 21 billion dollars*.
- The best and most efficient method of targeting support requires the use of all technology platforms (satellite, terrestrial landline, and terrestrial wireless).
 - Higher cost efficiencies achieved by allowing for partnering opportunities among various technology providers (most cost effective technology used for each user)
 - Leverage current broadband infrastructure and USF investments
- Providing ILECs with rights of first refusal or other funding preferences, or basing CAF support on continued rate-of-return policies, would not provide the public with the benefit of competition. Instead, it would create significant inefficiencies and entrench incumbents.
 - Any cost model that may be used should be based on the forward-looking economic costs of the lowest-cost, most efficient provider(s) in a given market (including satellite broadband). This would limit the size of the high-cost fund (although not as much as reverse auctions), reward efficiency, and encourage all providers to innovate and reduce their infrastructure costs.