Kansas Corporation Commission
Broadband & Telecommunications on the Cusp

March 11, 2011
Universal Access to Broadband
The New National Priority

• Policy makers consider broadband an economic growth engine and want to make universal access to broadband a national priority

• Federal support for ubiquitous telephone service will be shifted to broadband services that deliver the benefits of the Internet, including voice as an application

• Transforming the legacy regulatory regimes will be a sea change requiring longstanding public policies to be re-thought and restructured for a 21st century environment

• A viable plan is needed to bring broadband to all areas of the nation and we should work together to problem solve and deliver this plan
FCC’s Principles to Guide Reform

- **Modernize USF & ICC for broadband** – Refocus USF and ICC to make affordable broadband available and accelerate the transition from circuit-switched to IP networks

- **Fiscal responsibility** – Control the size of USF as it transitions to support broadband

- **Accountability** – Require accountability from companies that receive support to ensure public investments deliver intended results

- **Market-driven policies** – Rely upon market-driven and incentives-based policies to encourage technologies and services that benefit consumers
Start with the End Game

- Starting with the end game provides focus and helps reduce the debate over transition details – AT&T’s vision of an end game includes:
  - Broadband is fully deployed
  - No LATAs, MTAs or local/toll distinctions - calling scopes are nationwide
  - The loop is 100% broadband and interstate – no jurisdictional splitting of the loop
  - A company’s revenue sources should be derived from its end users and explicit universal service funding
  - End user rates in rural high cost areas should be reasonably comparable to rates in urban areas – they should not be lower and they may not be the same
  - Connect America Fund for fixed broadband and Advanced Mobility Fund for mobile wireless – we think customers want both services – policy makers have to decide
  - Obligations to serve attach in areas where a provider elects to take CAF support
  - CAF support limited to a single provider – only available in high cost areas where another fixed-location facilities-based provider is not present
Connect America Fund

- The CAF should support broadband in areas where there is no business case for deployment without the support
  - High cost areas where broadband has already been deployed
  - Unserved areas where customers do not have access to broadband

- FCC proposed supported broadband service with 4 Mbps down and 1 Mbps up – the speed chosen will drive the size of the fund

- CAF should support last mile infrastructure and the middle mile services to reach an Internet POP

- CAF will support broadband service, not telephone service, but much of the loop infrastructure is common to both services

- CAF should support the total loop infrastructure, not just the infrastructure added to provide broadband
Other Issues

- **How to replace legacy USF mechanisms with CAF**
  - High Cost Loop Support
  - High Cost Model Support
  - Interstate Common Line Support
  - Interstate Access Support
  - Local Switching Support
  - Others

- **How to reduce or eliminate switched access charges**

- **How should the loop be re-allocated from POTS to interstate broadband and how does it impact legacy USF/ICC mechanisms**

- **How should rate of return regulation be reformed**