



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 1Mbps 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**

