



October 10, 2019

Mr. Ed Toner, Chair
Nebraska Rural Broadband Task Force
via email at ruralbroadband@nebraska.gov

Re: CenturyLink Comments on the Nebraska Rural Broadband Task Force Draft Report

Dear Chairman Toner:

As a leading global telecommunications provider with significant operations in Nebraska, CenturyLink greatly appreciates the substantial efforts of the Rural Broadband Taskforce. It is only through a collaborative approach with policymakers, industry and key stakeholders that real solutions will be identified and ultimately implemented. There is no dispute regarding the critical importance of reliable, affordable internet service for every resident, school and business in Nebraska. While there may be different opinions on how to best accomplish those goals, especially in rural areas where traditional business practices are challenged and resources are limited, everyone involved with the Taskforce process is working to accomplish similar objectives. As a key competitor in the ultra-competitive Omaha area, as well as the leading rural broadband provider throughout Nebraska, CenturyLink is uniquely positioned to offer the Taskforce these comments.

CenturyLink has provided communications services in Nebraska under various names since 1911 and today provides critical connections to businesses and residents across the state: from Omaha to Scottsbluff, and from Valentine to McCook. CenturyLink serves large communities such as Omaha, Grand Island, Scottsbluff, North Platte, and Norfolk but also more than 20 towns with fewer than 1000 residents. CenturyLink has deployed fiber to every exchange it serves and has more than 7000 route miles of long-haul fiber throughout Nebraska. Beyond Nebraska, CenturyLink is the 2nd largest U.S. communications provider to global enterprise customers and has an extensive global fiber network to more than 60 countries

The Broadband Dichotomy

The Report notes that 89% of Nebraskans have access to fixed broadband -- a figure that is higher when mobile, satellite and other broadband forms are taken into consideration. Although the Report does not mention competitive alternatives, a vast majority of Nebraskans have competitive choices for broadband providers. Broadband availability and competitiveness are increasing throughout Nebraska as existing broadband providers continuously augment network capacities with additional infrastructure investment and new providers enter the Nebraska marketplace using a combination of technologies.

Importantly, Nebraska's broadband networks have been built with virtually all private capital, representing billions of dollars in total infrastructure investment, by dozens of companies. That broadband infrastructure investment in Nebraska requires tens of millions of dollars annually – and thousands of employees – to maintain. All, of course, contributing to the greater Nebraska economy.

Given the significant private capital broadband investment to date, as well as the overall impact on the Nebraska economy that the competitive broadband industry in the state generates, the State must move forward to address the challenges of rural broadband availability in a way that does not unintentionally disrupt or hamper the highly competitive broadband marketplace.

Two vital, and often contrasting, goals must be taken into account. First, the competitive broadband marketplace must remain unfettered from burdensome regulations and unfair government subsidies that reduce competition and results in an unlevel playing field. Second, the lack of broadband services to rural communities is difficult to address in the absence of government assistance.

This is the broadband dichotomy. The ultimate role of the Taskforce should be to balance these dual goals in a way that complements, rather than competes, with the other. To that end, CenturyLink presents the Taskforce with the following comments on the draft Taskforce Report.

Broadband Data and Mapping

CenturyLink agrees with the Taskforce Report that the current federal Form 477 reporting process is inadequate and likely overstates broadband coverage. Furthermore, CenturyLink fully supports the Taskforce recommendations to leverage the new FCC Digital Opportunity Data Collection which has been successfully piloted in Missouri and Virginia. CenturyLink suggests that the State and/or the Commission encourage the FCC to move forward with developing a “broadband fabric,” which will result in a commonly-accepted set of broadband serviceable locations and associated mapping coordinates.

One additional area that the Taskforce should consider exploring is the need to develop a robust, streamlined challenge process to award state grants. The purpose of such a challenge process is to ensure that state subsidies are truly going to unserved or underserved areas of the state and not competing with either private broadband investment and/or other federal, state or local subsidized areas. There is no public policy rationalization to provide taxpayer funded assistance to locations that have currently have broadband.

A properly structured challenge process: (1) recognizes that a broadband coverage map, even a greatly improved map, will never be 100% accurate and, therefore, can only be used as a tool, (2) allows providers to demonstrate that broadband is currently available in areas under assistance consideration so that state funds can be better targeted to unserved areas; and (3) includes a rebuttal opportunity so providers cannot manipulate the system by claiming broadband is available where it is not.

Alternative Technologies and Providers

The subcommittee recognized that several emerging technologies may be well-suited for rural areas, including fixed wireless, satellite and others. CenturyLink supports this finding and suggests that multiple providers using a combination of technologies will be the only way to reach the ultimate goal of ubiquitous broadband coverage. This recognition is also consistent with the FCC’s view and its remote area fund under the Connect America Fund initiative.

As the Taskforce continues its work into 2020, one item for possible further Taskforce consideration is how to best incorporate the available alternative technologies – either as a permanent solution or as an interim alternative until a cost-effective fiber solution can be deployed. It may be advantageous for citizens in extreme rural areas of the state without access to affordable land-based broadband service to be able to apply for one-time broadband

assistance to offset the high setup and non-recurring charges for satellite-based broadband service until such time a competitive land-based alternative is available.

Nebraska Universal Service Fund and Reverse Auction

As a threshold matter, CenturyLink strongly recommends that the communications providers, along with the Nebraska commission and the Transportation and Telecommunications committee work collaboratively to address the policy objectives of the current Nebraska universal service fund (“NUSF”) process. Since 2015, incumbent carriers have had their voice support initially intended to sustain carrier of last resort obligations redirected to broadband support. CenturyLink acknowledges that this is outside the scope of the Taskforce; however, universal service is now inherently intertwined and inextricably linked to broadband support. Specifically, the purpose of the NUSF has transformed from providing traditional voice service support in uneconomical areas to funding broadband grants; however, as the traditional voice support has declined the carrier of last resort and other regulatory obligations placed upon the incumbent carriers have not declined but remained the same.

Broadband grants are absolutely critical to expand broadband availability in rural, high-cost areas; however, reallocating funding from traditional voice support to broadband grants is simply robbing Peter to pay Paul. If both traditional voice support and broadband support are critical needs of the state, both should be adequately funded. If policymakers determine that voice support is no longer needed given today’s communications availability, then any reduction or elimination of voice support must also include the elimination of obligations that are associated with funding support, including obligations associated with serving as the carrier of last resort and regulatory oversight not in parity with all competitive providers. Alternatively, if policymakers determine that the continuation of carrier of last resort principles remains in the best interest of Nebraska, the proper support mechanisms need to be fully restored. Finally, as the Commission moves forward with reverse auctions and other plans to provide non-incumbent providers with broadband support, to the extent that policymakers require a carrier of last resort, the winning broadband provider must also assume the regulatory obligations for the area and the incumbent relieved of such requirements.

The final subcommittee recommendation envisions the NPSC expanding its data collection and oversight regulations; however, the more regulations and/or conditions associated with accepting such financial assistance, the less robust participation by broadband providers. All too often, a federal, state or local broadband grant program is rolled out with so many strings attached that participation is hampered. The Taskforce must find the right balance of financial assistance and accountability while simultaneously implementing necessary data collection and/or oversight regulation in a technology neutral and competitive manner.

Public-Private Partnerships and Broadband Planning

The Public-Private Partnerships subcommittee made six key findings along with eleven recommendations. CenturyLink provides the following comments.

One recommendation calls for the public power and communications industries, along with the Transportation and Telecommunications Committee, to work towards implementing a less burdensome process for public entities to lease dark fiber. As a public policy matter, CenturyLink acknowledges that there is a role for public power in the broadband ecosystem, especially in unserved and underserved areas; however, it must be recognized that dark fiber leasing by government entities not only discourages private infrastructure investment by communications companies but also risks distorting or disrupting a highly competitive market. In

very simple terms, communications companies are in the business to lease their networks to customers, and that can happen in a number of ways including lit and dark fiber. When government entities lease taxpayer funded dark fiber, these public entities are, in essence, competing with the private sector and thereby introducing significant competitive disparities (e.g. cross-subsidization, preferential access/treatment to pole attachments, etc.) and disrupting the competitive marketplace.

Unfair governmental interference may have a chilling effect on private infrastructure investments in Nebraska with long-term (fiber infrastructure has a 30-year or greater outlook) and adverse impacts. Consequently, CenturyLink agrees with the concept that efforts be explored to improve the current process, but CenturyLink opposes any initiative to eliminate current restrictions on leasing dark fiber by tax-funded entities, including public power.

Another finding regards private easements set up for telephone and electric use; however, the related recommendation calls for the NREA and NPPD to work with the Transportation and Telecommunications Committee to explore clarifying legislation. CenturyLink submits that communications carriers should participate in negotiations as communications providers provide utility poles for broadband purposes and lease such utility poles from public power and other entities. Furthermore, to facilitate the deployment of broadband, the discussions should be expanded to identify and implement less burdensome processes to lease and make-ready utility poles owned by public power entities.

Finally, CenturyLink agrees with the recommendation for local governments to review rights of way and permitting processes and make the processes less burdensome for telecommunications providers. CenturyLink suggests that this recommendation can be expanded to also review other rights of way and permitting impediments such as state highways, state parks and railroad rights of way as CenturyLink has experienced significant project delays and costs associated with these impediments.

Conclusion

CenturyLink submits that the Report is not the end of the Taskforce and that the truly beneficial role of the Taskforce is just beginning. The Taskforce needs to continue, if not expand, its efforts to identify the root causes of challenging rural broadband investment and work collaboratively with all providers to identify and implement workable solutions. The task at hand will have both challenges and opportunities, and CenturyLink appreciates being a trusted resource on telecom and broadband issues in Nebraska.

Yours appreciatively,



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