

**From:** [Duggan, Martha A.](#)  
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Attached please find NRECA's response to the Council's Notice and Request for Comment.

Please do not hesitate to contact me should you have any questions.

Martha

Martha A. Duggan  
Senior Principal, Regulatory Affairs  
National Rural Electric Cooperative Association  
4301 Wilson Blvd.  
Arlington, VA 22204  
Office: (703) 907-5848  
Mobile: (202) 271-4395  
Email: [Martha.Duggan@NRECA.coop](mailto:Martha.Duggan@NRECA.coop)

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**DEPARTMENT OF AGRICULTURE**  
**Rural Utilities Service**  
**DEPARTMENT OF COMMERCE**  
**National Telecommunications and**  
**Information Administration**  
**[Docket No. 1540414365-5365-01]**  
**RIN 0660-XC019**

**Response of the National Rural Electric Cooperative Association to the Broadband Opportunity Council Notice and Request for Comment**

**I. Introduction**

The National Rural Electric Cooperative Association (“NRECA”) is pleased to submit these comments to the Broadband Opportunity Council. NRECA is the national service organization dedicated to representing the national interests of cooperative electric utilities and the consumers they serve. NRECA is the national organization of more than 900 not-for-profit rural electric utilities that provide electric energy to over 42 million people in 47 states or 12 percent of electric customers. The facilities of electric cooperatives span over 75% of the land mass of the United States. Electric cooperatives were formed to provide reliable electric service to their owner-members at the lowest reasonable cost. Electric cooperative interest in and need for broadband services is driven by two purposes. First, system operational needs and smart grid adoption have led to increased need for broadband services. The rural nature of our members has driven them to become leaders in smart grid adoption. Across the nation, rural electric cooperatives are deploying advanced communication and automation technologies to improve services, increase reliability and help to control electricity costs for members. As the Federal Energy Regulatory Commission (FERC) found in its 2012 survey, co-ops lead the industry in the penetration of advanced meter infrastructure (AMI). The ability to operationalize smart grids is dependent on excellent communications networks allowing two way communications between host utility and customer. Second, in recent years, a number of electric cooperatives have expanded operations to provide, directly, through wholly-owned subsidiaries, or in conjunction with other cooperatives, voice, video and broadband services to their communities. Many of the broadband projects for which our members have sought funding serve this dual purpose, meaning that funding for these projects is a highly efficient use of federal dollars. Throughout our comments we refer to this dual purpose as “Smart Grid+Broadband.”

## II. Overview

The lack of broadband service in rural America in current times is similar to the lack of electricity in rural America in the 1930's and 1940's. Then, as now, the business case for a capital intensive investment for sparsely populated areas is difficult if not impossible to make. Then as now, rural populations were left behind in a revolutionary technological development. Then, rural electric cooperatives were created to bridge the electricity divide between urban and rural areas. Now, electric cooperatives are stepping up to bridge the current technological divide – the digital divide. Because the profit driven incumbent telecommunications providers can't make the business case for providing broadband throughout rural areas, we need to develop a different way to guarantee that all Americans have access to excellent broadband service and the benefits it brings – i.e., telemedicine, remote education, small business creation and community economic development. In our answers to the questions below, we stress the need for federal government support for rural broadband deployment in an efficient way that safeguards taxpayer dollars while supporting the efforts of those that are dedicated to bridging the digital divide. We stress the dual purpose nature of rural electric cooperative broadband initiatives: electric utilities are increasingly dependent on robust and reliable communications networks to support their business operations (keeping the lights on), and, our communities are looking to us to provide broadband services to residents and businesses. As electric cooperatives have examined deploying their own networks to support business needs, more and more have expanded projects to include providing broadband services to their member owners. Recognizing that the traditional incumbent carriers are not going to expand their services to all rural Americans makes it critical for the federal government to seek out and partner with non-traditional providers that have the success of rural communities as a goal. Rural electric cooperatives are dedicated to improving the communities in which they serve; providing broadband service to these communities helps reach that goal.

## III. Answers to Specific Questions

### A. Overarching Questions

1. *How can the federal government promote best practices in broadband deployment and adoption? What resources are most useful to communities? What actions would be most helpful to communities seeking to improve broadband availability and use?*

The federal government can provide a number of services and undertake actions that would promote best practices in broadband deployment. First, the federal government should continue to deliver programs that financially support the expansion of broadband in rural areas. The Broadband and Telecommunications programs of the Rural Utilities Service within the U.S. Department of Agriculture continue to support advancing broadband service in rural America. RUS's many years of administering loan programs for both the electricity and telecommunications sector make it uniquely qualified to continue to provide funding for these services. The Federal Communications Commission's Rural Broadband Experiment program is an excellent start at providing the desperately needed capital to communities that lack broadband service. We recommend that the FCC continue to make funds available to providers that serve rural areas. In particular, funding electric cooperative programs that serve a dual purpose – supporting robust communications networks that underlie operational needs to keep the lights on AND providing broadband services to member consumers is an efficient use of federal dollars. The level of interest in the Rural Broadband Experiments program, the number of applicants, and the ability of applicants to meet the FCC's participation criteria indicate a high level of interest and capability to address the digital divide through the FCC's program. We applaud the FCC's introduction and testing of this concept and urge the Council to support continuation and growth of funding for non-traditional providers like electric cooperatives.

**2. *How can the federal government best promote the coordination and use of federally-funded broadband assets?***

One of the best ways the federal government can promote coordination and use of federally-funded broadband assets is to lead the campaign to extend funding opportunities beyond the traditional, incumbent, profit driven carriers. By being more inclusive with funding, the federal government stands a much higher chance of closing the digital divide. Given the dual purpose of many rural electric cooperative broadband programs (Smart Grid+Broadband) we urge the Council to facilitate communication and coordination between DOE, NTIA and the FCC to best leverage available funds to support these projects and to streamline processes.

**3. *What federal regulations and/or statutes could be modernized or adapted to promote broadband deployment and adoption?***

There are many controversial issues at the forefront of the telecommunications policy debate that divide the industry. However, most people would agree that the policy has not kept pace with

innovation in the industry. It is time to update the 1996 Communications Act in order to effectively deal with today's issues that divide the industry. We believe that any update to Communications policy must do two things:

- 1. Maintain the Electric Cooperative exemption from the federal pole attachment statute and reject any recommendation from telecommunications or broadcast interests that electric cooperatives should be subject to federal pole attachment regulations.**

In 1978, Congress acted to speed deployment of cable television service. Among other initiatives, Congress provided for federal regulation of pole attachments. It gave the FCC jurisdiction over rates, terms and conditions for cable lines attached to investor-owned utilities' poles unless a state chose to regulate pole attachments. Recognizing the unique, locally-directed governance of electric cooperatives, Congress exempted electric cooperatives from the pole attachment provisions and did not disturb that exemption in the 1996 reauthorization of the Telecommunications Act.

In the 1978 statute and continued in the 1996 Act, Congress specifically allowed state pre-emption of federal regulation where states certify to the FCC that they regulate rates, terms and conditions for pole attachments. Eighteen states and the District of Columbia have exercised this right to regulate pole attachments. Depending upon the scope of a state's public utility commission jurisdiction, some of these states regulate electric cooperatives' pole attachments.

During debates on the 1978 Pole Attachment statute, Congress clearly expressed an interest in preserving a balance of state vs. federal authority, stating, "The Committee considers the matter of CATV pole attachments to be essentially local in nature, and that the various state and local regulatory bodies which regulate other practices of telephone and electric utilities are better equipped to regulate CATV pole attachments.... It is only because such state or local regulation currently does not widely exist that federal supplemental regulation is justified."

Congress recognized an important distinction for electric cooperatives when it stated that "cooperatively owned utilities, by and large, are located in rural areas where often over-the-air television service is poor. Thus customers of these utilities have an added incentive to foster the growth of cable television in their areas ... pole rates charged by municipally owned and cooperative utilities are already subject to a decision-making process based on constituent needs and interest."

That statement is as true today as it was in 1978. Today's electric cooperatives are similarly motivated by their consumers' desire for broadband and other advanced services.

In order to maintain 501(c)(12) cooperative tax-exempt status, cooperatives charge cost-based rates for their services, including pole attachments. Often, cooperatives charge rates that do not fully recover all of their costs, especially considering that pole attachments may cause operational and/or safety problems. If a federal uniform rate pushed attachment rates lower than actual costs, electric co-op consumers would wind up subsidizing cable, broadband and telecommunications corporations.

The locally, democratically elected Boards of Directors of electric cooperatives are responsible for ensuring that the integrity of the cooperatives' distribution lines and poles is maintained. Local regulation of pole attachments ensures that cooperative boards and management can facilitate the deployment of cable, telecommunications and broadband services while protecting the critical infrastructure that brings essential power to homes and businesses.

**2) All potential providers, including electric cooperatives, should be eligible for programs designed to bridge the digital divide. Any effort to bring robust broadband service to rural America must be an open inclusive process that allows all eligible providers the ability to compete for opportunities.**

In the 1930s, electric cooperatives brought electricity to rural America when the for-profit utilities would not. Today, that same scenario is being replayed as broadband service is deployed in rural America. Without access to broadband, rural Americans cannot take advantage of the educational opportunities or employment prospects that most Americans now take for granted. Electric cooperatives need access to broadband service to manage their systems. Their members need broadband to facilitate employment, access to health care and other economic development benefits. As technology advances in the electric industry, utilities need more sophisticated telecommunications technology. Our member cooperatives deploy automated metering systems, energy efficiency and demand response programs, and grid monitoring systems that require real-time communication in order to provide safe, reliable electricity 24 hours a day.

Electric cooperatives are pursuing and implementing plans utilizing varied models to deploy broadband to rural America. Through the Recovery Act broadband programs administered by the Rural Utilities Service and the National Telecommunications and Information Administration, 13 cooperatives in 9 states received funding for system designs that included fiber to the home, middle mile, microwave and wireless technology.

In 2014, over 100 electric cooperatives in 26 states filed Expressions of Interest in the FCC's Rural Broadband Experiments program and 23 filed formal applications for the program. Eight electric cooperatives were provisional winners in the Rural Broadband Experiment Program.

In addition, the Rural Broadband Loan program at the Rural Utilities Service is enabling incremental progress toward bridging the digital divide between rural and urban America. The FCC recently announced the final rules that will govern Phase II of the Connect America Fund. The Commission made some significant changes that could benefit electric cooperatives and allow for greater competition for limited Connect America Fund dollars. We applaud the FCC for adopting a more inclusive approach to solve the digital divide.

In the most recent Farm Bill, many changes were made to the RUS Broadband Loan Program that will have significant impact on what qualifies an area to be eligible for funding. These changes will make the program more difficult and costly to use. We will be closely watching the implementation process for new program regulations that we hope will ensure that the program remains a viable funding source for deploying broadband to rural areas.

We encourage the federal government to continue to seek alternative providers such as rural electric cooperatives to expand broadband in rural areas. Recognizing that traditional profit driven incumbent providers are not going to expand into rural areas makes it critical for the federal government to expand its horizons in terms of the stakeholder community that receives help from the government.

***4. As the federal government transitions to delivering more services online, what should government do to provide information and training to those who have not adopted broadband? What should the federal government do to make reasonable accommodations to those without access to broadband?***

The best approach the federal government can take is to focus on providing broadband to those not currently served, or that are currently underserved. Developing reasonable accommodations may remove the urgency to provide broadband to all Americans. Our experience is that rural Americans that lack access to broadband make their own accommodations, traveling long distances to public libraries or other facilities where they can access the internet. We encourage the federal government to spend time and resources supporting critical programs that are building now and will build broadband to every community in the United States.

**5. *How can the federal government best collaborate with stakeholders (state, local, and tribal governments, philanthropic entities, industry, trade associations, consumer organizations, etc.) to promote broadband adoption and deployment?***

We urge the federal government to broaden its horizons in terms of stakeholder engagement and we applaud the Council for posing this question. Many of the nontraditional providers that can help get broadband built in rural American are very remotely located and likely don't have the resources to send large numbers of staff to Washington DC to attend meetings. Therefore we urge the Council and the federal government to be very creative in conducting robust outreach to these nontraditional providers. Use of remote meeting technology (which, ironically, may not be possible, given the need for broadband service to use such technology) and holding meetings in rural areas will help engage nontraditional providers. Many times newcomers to an industry where players are well known and have been engaged for decades, feel intimidated by what is perceived as lack of knowledge. The federal government should consider developing primers for nontraditional participants that educate these groups on how to engage with federal agencies, including some of the unwritten traditional practices that incumbent providers know due to their lengthy experience. The Rural Utilities Service provides a good model in that RUS hold meetings and seminars across the country and doesn't limit its geography to Washington, DC.

**B. Addressing Regulatory Barriers to Broadband Deployment, Competition, and Adoption**

**6. *What regulatory barriers exist within the agencies of the Executive Branch to the deployment of broadband infrastructure?***

The single largest barrier that exists to the deployment of broadband infrastructure is the lack of funds available to entities in unserved areas that are willing to build out networks to bridge the digital divide. The vast majority of the funds allocated by the Federal Communications Commission are awarded to profit driven incumbent telecommunications providers who have no appetite and no willingness to build broadband in rural communities. We urge the federal government, led by the Broadband Opportunity Council, to commit to significant funds and programmatic support to non-traditional, non-incumbent providers of broadband service. Rural electric cooperatives are willing to build networks themselves, or in partnership with providers willing to work with them. For too long, large sums have been allocated to for-profit, incumbent carriers. If we as a country are serious about closing the digital divide, the federal government must change the way it allocates funds to broadband providers and re-examine what areas and programs federal tax dollars are subsidizing.

Second to lack of funding in terms of barriers is the issue of permitting and rights of way. Particularly in instances where a right-of-way already exists for electric facilities, there should be little to no delay in permitting for broadband facilities that may share the electric facilities. In terms of permitting to cross federal lands, the Council can play an important role in facilitating meetings and understandings that will speed the process at the federal level. These issues are also encountered at state and local levels, and while the Council could convene and facilitate meetings to discuss permitting and rights of way issues as barriers, we urge the Council to allow the resolution of state and local issues at the state and local level.

***7. What federal programs should allow the use of funding for the deployment of broadband infrastructure or promotion of broadband adoption but do not do so now?***

Currently there are two major federal programs that support the deployment of broadband infrastructure. These are the Federal Communications Commission and the USDA Rural Utilities Service's Broadband and Telecommunications Programs. Our view is that these two programs reflect a high degree of the specialized knowledge needed to administer a program that is capital intensive and must be managed with utmost care. To expand the federal agencies involved in this highly technical endeavor would be to risk less than efficient use of tax payer dollars. We need only remember the early results of the DOE loan program to recall the potential negative but unintended results in asking a federal agency to recreate itself into a bank loan and processing entity, when it

had little to no experience doing so. We strongly recommend that the focus on closing the digital divide remain limited to the FCC and the RUS, with technical assistance from NTIA.

**8. *What inconsistencies exist in federal interpretation and application of procedures, requirements, and policies by Executive Branch agencies related to broadband deployment and/or adoption, and how could these be reconciled? One example is the variance in broadband speed definitions.***

One of the most troubling inconsistencies related to broadband deployment is the lack of an accurate and up to date depiction of broadband availability in the United States. We are encouraged by the NTIA's cooperation with the FCC on updating and correcting the National Broadband Map and we urge the NTIA and the FCC to update and correct the map as quickly as possible. Further we recommend that NTIA and the FCC consult with RUS in order to incorporate into the map data reflecting broadband availability made possible by RUS funding. Without accurate data showing where broadband exists and doesn't exist, it will be difficult to design programs to address the gap. Additionally, an accurate map will also allow to government programs to target limited dollars to fund unserved and underserved areas as the first priority.

A second inconsistency is the different definitions of "rural" that are used in different programs. We encourage the Broadband Opportunity Council to lead on the issue of one consistent definition of rural, and we further encourage the Council to adopt the definition found in the Rural Electrification Act of 1936, as amended in the 2008 Farm Bill, ((7 USC Section 913) (3)). Section A of the definition included below includes any area other than a city, town, or unincorporated area that has a population of greater than 20,000 inhabitants and Section B includes service territories of RUS Electric and Telephone program borrowers.

Rural Electrification Act of 1936 (7 USC Section 913) (3).

SEC. 13. [7 U.S.C. 913] DEFINITIONS.

In this Act:

(3) RURAL AREA.—Except as provided otherwise in this Act, the term "rural area" means the farm and nonfarm population of—

(A) any area described in section 343(a)(13)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C.1991(a)(13)(C)); and

(B) any area within a service area of a borrower for which a borrower has an outstanding loan made under titles I through V as of the date of enactment of this paragraph.

Finally as the Notice mentions, a consistent definition of broadband speed would help deployment efforts. We understand that the FCC uses very high speeds as a metric for availability of service, but accepts lower speeds in build out of networks using Connect America Funds or rural broadband experiment money. We applaud the FCC's efforts to incentivize service at the highest speeds, but we encourage the Council to develop a consistent speed metric that will not allow for lower speeds to become the norm in rural areas. While providing service will close the digital divide, providing it at speeds lower than urban America enjoys will perpetuate the digital divide.

**9. *Are there specific regulations within the agencies of the Executive Branch that impede or restrict competition for broadband service, where residents have either no option or just one option? If so, what modifications could agencies make to promote competition in the broadband marketplace?***

A discussion of promoting competition in the broadband marketplace rests on several assumptions; notably that there is a market (many sellers and many buyers) and that substitutes exist for the product being sought. In rural American, there is no "market" for broadband services — there are willing buyers but few to no sellers. And, there is no substitute for high speed broadband that consumers in rural America can access. Simply stated, telecommunications competition policy must recognize that competition and markets do not exist evenly in all areas of the United States. That said, in areas where competition exists, federal policy should encourage and not discourage it. For example, electric cooperatives argued recently that the existence of an application to participate in the Rural Broadband Experiments program should be evidence to the FCC that competition exists in an area and that the area should not be included in the incumbent carrier's right of first refusal area. Because historically electric service territories and communications service territories have been defined and delineated completely independent of each other, there will inevitably be cases where the two may overlap. Federal policy should aim to balance the need to avoid duplicate funding while encouraging competition.

**10. *Are there federal policies or regulations within the Executive Branch that create barriers for communities or entities to share federally-funded broadband assets or networks with other non-federally funded networks?***

N/A

- 11. *Should the federal government promote the implementation of federally-funded broadband projects to coincide with other federally-funded infrastructure projects? For example, coordinating a broadband construction project funded by USDA with a road excavation funded by DOT?***

To the extent there are opportunities to coordinate infrastructure projects such as the example cited above; there are efficiencies to be gained in doing so. However, we wouldn't recommend that the federal government spend a lot of resources looking for or creating those coordinated activities. The federal government should be laser focused on delivering programs that support the delivery of broadband to all parts of the United States. Said another way, this coordination should be encouraged but not mandated.

**C. Promoting Public and Private Investment in Broadband**

- 12. *How can communities/regions incentivize service providers to offer broadband services, either wired or wireless, in rural and remote areas? What can the federal government do to help encourage providers to serve rural areas?***

Communities and regions don't need to incentivize certain potential providers of broadband in their communities. The economics of providing broadband to sparsely populated areas will never pencil out for for-profit, traditional incumbent providers. Communities and regions should partner instead with the federal government and non-traditional broadband providers such as rural electric cooperatives, to devise programs that allow nontraditional providers the opportunity to build out networks into rural communities.

- 13. *What changes in Executive Branch agency regulations or program requirements could incentivize last mile investments in rural areas and sparsely populated, remote parts of the country?***

As we've pointed out in the answer to several questions above and below, the federal government should change its focus from traditional, incumbent for-profit entities as the entities that will deliver any broadband investment to rural America. The Executive Branch agencies and indeed the entire federal government should instead focus on those that ARE willing to deploy broadband to rural America. While willing to do so, non-traditional providers will still need help

(financial and technical) from the federal government. Given the dual purpose of many electric cooperative broadband initiatives (Smart Grid+Broadband), support for these projects is an efficient use of federal dollars.

***14. What changes in Executive Branch agency regulations or program requirements would improve coordination of federal programs that help communities leverage the economic benefits offered by broadband?***

A very large challenge faced by broadband providers is the time it takes to receive a right of way permit when broadband projects cross federal lands. For example, one of our members experienced an 18 month delay to attach broadband equipment to 6 existing utility poles that crossed a corner of land managed by the Bureau of Land Management. These processes should be expedited particularly in a case like this where facilities already existed. An 18 month delay in providing broadband service to a deserving rural community is discouraging.

***15. How can Executive Branch agencies incentivize new entrants into the market by lowering regulatory or policy barriers?***

The Federal Communications Commission is doing a good job looking at how to incentivize new entrants into the market for provision of broadband service. Through the FCC's Rural Broadband Experiments, the FCC has encouraged non-traditional providers of broadband, such as rural electric cooperatives, to explore providing broadband to our underserved and unserved communities. NRECA urges the Broadband Opportunity Council to encourage the FCC to continue its efforts to fund rural broadband. Further, we urge the Council to facilitate a change to existing federal regulation that appears to be a relic of historical technology. The FCC does a good job of trying to meet the challenge of keeping regulation updated with rapid technological change. The current requirement that Eligible Telecommunications Carriers ("ETCs") must offer voice service as well as broadband strikes us as antiquated and adds costs to projects that are already capital intensive. The requirement seems antiquated as fewer and fewer Americans rely on land line service from their telecommunications providers. According to Time Magazine, "People who live at or below the poverty level are also more likely to forego landlines. Fifty-six percent of people in that group live in wireless-only households, while 46% of of people who live near the poverty level and 36% of non-

poor people are cellphone-only.”<sup>1</sup> As discussed below, electric cooperatives serve the vast majority of the nation’s persistent poverty counties (327 out of 353, or 90%), so this statistic is particularly compelling. In addition to the decline in land line use, requiring providers to offer voice as well as broadband service can become costly in the event that a consumer opts for voice service and not broadband. This is because so few customers opt for voice that the per customer cost becomes astronomical. We recommend that this requirement for ETC status be reexamined in light of recent trends in technology and in view of cost issues.

#### ***D. Promoting Broadband Adoption***

##### ***16. What federal programs within the Executive Branch should allow the use of funding for broadband adoption, but do not do so now?***

At the moment, the Federal Communications Commission and the Broadband and Telecommunications programs within the Rural Utilities Service at the U.S. Department of Agriculture are the two major federal programs that are dealing with broadband. We recommend that the federal government resist the temptation to involve other, less experienced agencies in the provision of federal support for broadband. Both RUS and the FCC have highly technical and experienced staffs that are capable of driving the federal agenda to deploy broadband to unserved and underserved communities.

One only need look at the issues that arose with DOE’s recent loan guarantee program to be reminded of the time and experience necessary to come up the learning curve when spending American taxpayer dollars.

##### ***17. Typical barriers to broadband adoption include cost, relevance, and training. How can these be addressed by regulatory changes by Executive Branch agencies?***

(We have limited our answers to availability issues, rather than both availability and adoption issues.)

#### ***E. Issues Related to State, Local, and Tribal Governments***

***NOTE: NRECA as the national association for rural electric cooperatives focuses on federal agencies and actions, thus we have chosen not to address state-related questions 18-21.***

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<sup>1</sup> Time Magazine, July 8, 2014, [www.time.com](http://www.time.com)

18. *What barriers exist at the state, local, and/or tribal level to broadband deployment and adoption? How can the federal government work with and incentivize state, local, and tribal governments to remove these barriers?*
19. *What federal barriers do state, local, and tribal governments confronts they seek to promote broadband deployment and adoption in their communities?*
20. *What can the federal government do to make it easier for state, local, and tribal governments or organizations to access funding for broadband?*
21. *How can the federal government support state, local, and tribal efforts to promote and/or invest in broadband networks and promote broadband adoption? For example, what type of capacity-building or technical assistance is needed?*

**F. Issues Related to Vulnerable Communities and Communities with Limited or No Broadband**

22. *How can specific regulatory policies within the Executive Branch agencies be altered to remove or reduce barriers that prevent vulnerable populations from accessing and using broadband technologies? Vulnerable populations might include, but are not limited to, veterans, seniors, minorities, people with disabilities, at-risk youth, low-income individuals and families, and the unemployed.*

As the Report “Jobs and Economic Security for Rural America” found: “(R)ural Americans are also an integral part of our military. Although rural residents account for 17% of the population, they make up 44% of the men and women who serve in uniform. In fact, approximately 6.1 million veterans currently live in rural communities. Despite their contributions, many of our veterans face enormous economic challenges. The unemployment rate as of July 2011 among post-September 11 veterans is 12.4%. Many of these unemployed veterans need educational training and job certification to successfully transition back into the civilian workforce. To fully honor the service of the men and women in uniform, this Administration has worked hard to make sure our veterans receive the medical care, training, and employment support they deserve in the rural communities where they live.”<sup>2</sup>

To provide the medical care, job training and employment support our veterans deserve, they must have access to high speed broadband. The federal government should consider increasing the support it gives to broadband providers that can demonstrate significant veteran populations in proposed service territories.

In addition to being home to a large percentage of our nation’s veterans, rural America also tends to be a place of persistent poverty. For example, the average household income for co-op

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<sup>2</sup> White House Rural Council, “Jobs and Economic Security for Rural America”, August 2011.

served households is \$68,347, 11.5% lower than the national average of \$77,190. Excluding majority metropolitan co-ops lowers this figure to \$59,659, or 23% below the national average. In general, nine-in-ten electric cooperatives have average household incomes below the national average.

At 16.8%, the poverty rate in co-op served areas is somewhat higher than the national rate of 15.9%, meaning that Americans served by co-ops are 5.5% more likely to be in poverty. Again, when the more affluent metropolitan co-ops are excluded, the co-op poverty rate rises to 18.7% (nearly 18% above the national rate).

Furthermore, cooperatives serve the vast majority of the nation's persistent poverty counties (327 out of 353, or 90%). These counties, primarily non-metropolitan, have deeply entrenched poverty with rates consistently 20% or above for the last three decades.<sup>3</sup> In all, over seven million Americans served by cooperatives live below the poverty line, many of them in these counties.

***23. How can the federal government make broadband technologies more available and relevant for vulnerable populations?***

We focus on the piece of the question that addresses "available" for vulnerable populations. It is critical that the federal government do all within its power to deliver the benefits of broadband service especially to veterans and poverty stricken populations. Absent federal government support underlying the provision of broadband to these communities in rural areas, these areas will never have a chance to lift themselves out of the cycle of poverty. Poor rural children who can't access the internet will lag behind their urban counterparts in educational attainment. Veterans who are not able to consult with medical experts without traveling thousands of miles are not going to regain health and become strong, functioning members of rural communities as they once were.

**G. Issues Specific to Rural Areas**

***24. What federal regulatory barriers can Executive Branch agencies alter to improve broadband access and adoption in rural areas?***

Executive Branch agencies should be encouraged to expand and redirect their focus areas in administering programs to deliver broadband service. Through its programmatic actions, the federal government should recognize that traditional, incumbent, for-profit entities have no

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<sup>3</sup> Of note, there is a significant racial and historic component to many of these counties. The majority are in the Southeast with large African-American populations, while many in the Southwest and Midwest are areas with high Native American populations, and large Hispanic populations along the US-Mexico border.

incentive or interest to expand their service into rural America. It makes no economic sense for them to do so, given their obligations to provide returns to shareholders. Given this reality, the federal government should focus on supporting the efforts of non-traditional, non-incumbent entities that are willing to build and deploy networks into rural America. And, the federal government should focus on programs that leverage scarce federal dollars. The dual purpose nature of electric cooperative broadband projects (Smart Grid+Broadband) is an excellent way to leverage projects and taxpayer funding.

***25. Would spurring competition to offer broadband service in rural areas expand availability and, if so, what specific actions could Executive Branch agencies take in furtherance of this goal?***

As a starting point, it is important to note three principles underlying the Communications Act and thus U.S. telecommunications competition policies. Two of these principles -- universal service and consumer protection-- are critical to the ability of telecommunications providers and the federal government to be able to provide services to rural America. The third principle -- "market based frameworks" applies minimally, and in some cases, not at all in rural America. The lack of markets in rural America for telecommunications services makes the third principle unworkable in rural communities. Unless and until markets develop in rural areas for these services, we encourage the federal government to focus on the use of other mechanisms -- not competition -- to drive broadband to rural communities. And, as stated earlier, where competition does exist, the government should encourage it. We cite again the recent FCC decision that recognizes that where an applicant for the Rural Broadband Experiments exists, this is an indication of potential competition to serve customers and a reason to remove the area from an incumbent provider's right of first refusal area.

***26. Because the predominant areas with limited or no broadband service tend to be rural, what specific provisions should Executive Branch agencies consider to facilitate broadband deployment and adoption in such rural areas?***

We applaud the Council's recognition of the reality that broadband service eludes rural areas of America. The list of what Executive Branch agencies should consider and act upon to address this reality is long. In short, however, we urge the Council to lead the Executive Agencies and the rest of the federal government, in changing the focus of how to bridge the digital divide. Allocating more money to traditional, incumbent, for-profit broadband providers has been clearly demonstrated to

be an ineffective way to deliver more broadband to rural America. These companies, because of their business models, will never offer service in areas where they are not guaranteed a profit. Instead, the Council and the federal government should focus on partnering with nontraditional, not-for-profit entities that exist in rural America today, are willing to roll up their sleeves, not to make money, but to provide desperately needed services.

#### **H. Measuring Broadband Availability, Adoption, and Speeds**

***27. What information about existing broadband services should the Executive Branch collect to inform decisions about broadband investment, deployment, and adoption? How often should this information be updated?***

One of the most troubling inconsistencies related to broadband deployment is the lack of an accurate and up to date depiction of broadband availability in the United States. We are encouraged by the NTIA's cooperation with the FCC on updating and correcting the National Broadband Map and we urge the NTIA and the FCC to update and correct the map as quickly as possible. Further we recommend that NTIA and the FCC consult with RUS in order to incorporate data reflecting broadband availability made possible by RUS funding. Without accurate data showing where broadband exists and doesn't exist, it will be difficult to design programs to address the gap. Additionally, an accurate map will also allow to government programs to target limited dollars to fund unserved and underserved areas as the first priority.

We also urge the Council to focus more on better use of the data at hand. Both NTIA and the FCC collect large amounts of data from applicants for and recipients of broadband funding. A closer look at what data is available prior to creating additional administrative burdens for recipients is advisable.

***28. Are there gaps in the level or reliability of broadband-related information gathered by other entities that need to be filled by Executive Branch data collection efforts?***

We recommend the Council support the FCC and NTIA in the effort to correct the national broadband map so that it accurately reflects the availability of service in our nation. This will allow to government programs to target limited dollars to fund unserved and underserved areas as the first priority.

**29. What additional research should the government conduct to promote broadband deployment, adoption, and competition?**

We recommend to the Broadband Opportunity Council that it consider conducting a comprehensive study on the impact of little or no broadband in a community on employment, education, small business development, and veteran's health. Such a study should strive to be the cornerstone in demonstrating once and for all the extent of the digital divide and the urgency of closing it. In addition, NRECA has consistently urged the FCC to bring the voice of the community into decisions on which entities to fund. (See, for example, our August 8, 2014 comments in the FCC's Connect America Phase II docket<sup>4</sup>.) NRECA members that are deploying broadband can deliver to the Council reams of paper containing letters from member owners urging the electric cooperative to provide broadband service, and expressing dissatisfaction with incumbent providers, if any. We recommend the Council undertake consumer satisfaction and preference studies to document the voice of the community in meeting in broadband needs and preferences.

**30. How might the federal government encourage innovation in broadband deployment, adoption, and competition?**

As we have stated throughout our responses, the best way the federal government can encourage innovation in broadband deployment, adoption and competition, is to expand the types of entities that currently are subsidized to provide voice and broadband services. The Broadband Opportunity Council has the opportunity to lead the federal government in adopting a very different approach to bridging the digital divide. The Council should coordinate and lead an effort to bring in more non-traditional stakeholders into the broadband conversation and listen deeply to those who live in rural communities, who are willing to deploy broadband into the communities they live in and serve.

**IV. Conclusion**

We appreciate the opportunity to submit these comments and we look forward to working with the Broadband Opportunity Council as it fulfills its important mission.

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<sup>4</sup> In the Matter of the Connect America Fund, Federal Communications Commission WC Docket No. 10-90, *et al.*

Respectfully submitted,

A handwritten signature in black ink, reading "Martha A. Duggan". The signature is written in a cursive style with a large initial 'M'.

Martha A. Duggan  
Senior Principal, Regulatory Affairs  
National Rural Electric Cooperative Association  
4301 Wilson Blvd.  
Arlington, VA 22203  
Phone: (703) 907-5848  
Email: [Martha.Duggan@NRECA.coop](mailto:Martha.Duggan@NRECA.coop)