

Broadband Plan identifies the critical role broadband will play in enabling economic growth, job creation, and improvements in the quality of life for all Americans.⁴

The future viability of rural America will hinge primarily upon one thing—jobs. In today’s world, few things play a greater role in job creation than does the availability of dependable high-speed Internet access. The ability of rural LECs to offer broadband service comparable to that available in non-rural areas will be critical to generating new opportunities in rural America and stemming the current population flow from rural to non-rural areas.

In a recent article in its *Rural Telecom* magazine, NTCA examined the importance of broadband for job creation in rural America.⁵ According to the article, an area moving from no broadband providers to one to three providers during the years from 1999 to 2006 would achieve overall employment growth of 6.4%.⁶ There are numerous businesses that could benefit from the lower cost of operations and high overall quality of life that rural areas can offer. Many information sector jobs can be done from literally anywhere—and as Wayne Pearson, former president of the Smethport, PA Chamber of Commerce noted, “If you can do your job from anywhere, why not choose small-town America?”⁷

But without access to robust broadband service, business owners will have no choice and little incentive to move to rural America. Increasingly, broadband Internet access is proving critical to economic development efforts in rural areas. In a recent survey of more than 300 economic development professionals sponsored by the International Economic Development Council, 76% of respondents indicated that they believe that broadband availability has had, or

⁴ Connecting America: The National Broadband Plan, FCC, pp.3, 9 (rel. Mar. 16, 2010)

⁵ “Can Broadband Save Rural America?” NTCA, *Rural Telecom*, July-August 2010, pp. 14-19.

⁶ *Id.*, p. 19.

⁷ *Id.*, p. 16.

will have, an impact on attracting businesses to a community.⁸ As more and more businesses come to rely on the Internet as a necessary part of their day-to-day business operations, the availability of such service will impact their decisions as to where to locate their businesses. The lack of affordable robust broadband service is a non-starter.

The availability of broadband in rural America is not only key to attracting new business to rural America; it is also critically important for existing businesses in rural areas. In the agriculture sector, numerous businesses—such as farms and ranches—have come to rely on broadband service as a part of their day-to-day operations. The Internet allows the proprietors of these businesses instantaneous access to accurate, up-to-the-minute data on weather conditions, commodity prices, and other data vitally important in order to compete successfully in today’s marketplace. Similarly, the Internet allows them to sell their products on the worldwide market while minimizing transaction costs. The farming industry is becoming increasingly high-tech; those who fail to adapt and instead continue to rely on “traditional” methods will soon be left behind, if they have not been already.

Other industries vital to rural life require broadband access, as well. Financial institutions, such as banks, insurance agents and investment brokers can no longer function without access to up-to-the second information. Law firms need access to online libraries. Tourism-related industries, such as chambers of commerce, hotels, motels, and bed and breakfasts, need the ability to advertise their services and take reservations online. Retail establishments, and the companies that provide and transport the goods they sell to rural

⁸ “Broadband’s Impact on Economic Development: The Real Deal,” National Survey Report prepared by Successful.com, Sponsored by International Economic Development Council, September 2010, p. 15. Available online at <http://successful.com/msp/snapshot-09-10.pdf>. (“Broadband’s Impact on Economic Development Survey Report”).

residents, rely on Internet access for inventory control and tracking. Energy companies, who both mine and extract raw materials and generate and distribute energy to rural end users, make use of the Internet to manage their operations. As diverse as these industries may seem to be, they all have one thing in common—the need for affordable, high-quality Internet access. Without it, the prospect of doing business in rural America becomes significantly less attractive.

Sadly, rural America as we know it is slowly vanishing. Denying rural citizens access to broadband service comparable to that available in non-rural areas will only serve to hasten that decline. Providing Internet access to rural businesses will represent a tremendous step toward allowing them to do business in rural areas and thereby creating the jobs that will allow rural America to survive and thrive. NTCA urges the Commission to take necessary steps to ensure that all Americans, regardless of whether they live in urban or rural areas, have access to broadband Internet access services that are comparable in terms of both speed and price.

Rural Broadband Deployment as Envisioned by the National Broadband Plan Will Not Be Sufficient to Allow Rural Businesses to Survive.

Maximizing the advancement of the various “national purposes” enumerated in the American Recovery and Reinvestment Act of 2009 will require not only robust and affordable connections to rural community anchor institutions, but to all homes and businesses as well.⁹ The widespread availability of high-speed connections throughout a rural area creates economic opportunity by attracting new businesses to the area, retaining existing ones, allowing residents to “telework,” and enabling interactive job training from home. In addition, robust residential broadband connections are necessary for health care applications such as remote patient

⁹ American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, § 6001(k)(2)(D), 1243 Stat. 115, 516 (2009).

monitoring. The national vision will be realized if rural homes and businesses have access to the necessary bandwidth.

Unfortunately, the Commission's stated goal in this proceeding, to "ensure that businesses realize the maximum benefits of broadband services and competition"¹⁰ will not be fully realized if reform proceeds as outlined in the National Broadband Plan. The National Broadband Plan proposes a target of 4 megabits per second ("Mbps") down, 1 Mbps up to determine universal service support for residences in high-cost areas, but also establishes a national goal of affordable access to actual download speeds of at least 100 Mbps and actual upload speeds of at least 50 Mbps for at least 100 million homes by 2020. This low-ball goal for high cost (rural) areas will not only disadvantage rural households, but is likely to substantially hinder the financial success of rural businesses.

A 100/50 Mbps goal for most, but not all, means urban and suburban businesses will have access to the superior speeds. It also means that applications will be developed specifically for the high speeds. Many rural businesses, especially those located away from the community center, will be stuck with inferior speeds, and inferior applications. Many farms, ranches, auction houses and home based businesses will lack the tools necessary to thrive and lack the ability to compete with similar operations with greater bandwidth access. Ninety percent of economic development professionals surveyed found the recommended goal of 4 Mbps inadequate for impacting economic development outcomes.¹¹ The survey respondents' sentiment about the FCC having a goal for rural communities that is only 4% as fast as the

¹⁰ Public Notice, p.2.

¹¹ "Less than 9% of respondents believe 2-4 megabits per second (mbps) by 2013 is adequate for ANY of the five top economic development goals that are cited. In other words, 4 Mbps is not enough bandwidth to " lure business, retain business, serve local companies, revive business districts, or revive communities. Broadband's Impact on Economic Development Survey Report, p. 16 (emphasis in original).

FCC’s goal of 100 Mbps for the rest of the country was: “1) it takes too long to reach a goal that is too low to meet economic development needs (41%), and 2) if communities pursue this goal, it should be seen only as a stepping stone to more useful speeds (37%),”¹² Businesses choosing where to invest in new plant or offices are less likely to choose a location where a key input to doing business – connectivity – is unaffordable or effectively unavailable.

In May 2009, Commissioner Copps issued a Report on a Rural Broadband Strategy, which wisely advised that rural networks should be able to “evolve over time to keep pace with the growing array of transformational applications and services that are increasingly available to consumers and businesses in other parts of the country.”¹³ The Report recognized that the requirements for Internet access are growing,¹⁴ and stated that “networks deployed in rural areas should not merely be adequate for current bandwidth demands. Instead, they should also be readily upgradable to meet bandwidth demands of the future.”¹⁵

Networks built only to a 4/1 Mbps standard cannot deliver on long-term national goals. This standard will over time widen the digital gap between rural and urban consumers and businesses in contradiction of Section 254(b)(3) of the Act, which requires “reasonably comparable” services at “reasonably comparable” rates. Rural areas are at risk of being left behind. To solve the infrastructure challenge and achieve its availability, affordability, and adoption objectives, the FCC should ensure that sufficient, predictable, and sustainable USF support is available for broadband services throughout rural America. While USF funding is not an infinite resource, 2010 funding levels are insufficient to support deployment and ongoing

¹² *Id.*, p. 23.

¹³ Acting Chairman Michael J. Copps, Federal Communications Commission, *Bringing Broadband to Rural America: Report on a Rural Broadband Strategy*, GN Docket No. 09-29, 24 FCC Rcd 12791, ¶ 11 (2009).

¹⁴ *Id.* at 80.

¹⁵ *Id.* ¶ 82.

operation of tomorrow's high-capacity rural broadband networks. The size and allocation of the USF should be driven primarily by the challenges ahead.

Conclusion

In order to remain viable and successfully compete for the businesses that drive economic development, rural communities must have access to sufficient and affordable broadband. Unfortunately, the Commission is proposing a system that would doom rural communities to service that is inferior to their urban counterparts, one that will widen the digital gap between rural and urban consumers and businesses. The Commission should re-evaluate its priorities and work to ensure that all communities, urban and rural, have access to the high-capacity broadband networks that will drive future business applications and services.

Respectfully submitted,



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CERTIFICATE OF SERVICE

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