

Broadband Progress Issue Brief

Updated: Second Quarter, 2020

SUMMARY

Electric utilities empower broadband deployment. In doing so, the Utilities Technology Council (UTC) supports the Federal Communications Commission (FCC, the Commission) in its efforts to promote broadband in unserved and underserved areas. These parts of the country are often rural, and in many cases electric utilities are in the best position to bring broadband services to these locations.

As required by law, the FCC releases a regular Broadband Deployment Report, which analyzes the pace and availability of internet services at certain speeds. In its most recent report (May 2020), the Commission reached a contested conclusion that found that broadband is now being deployed fairly and reasonable across the country, while also acknowledging that too many Americans still lack access to high-speed internet services. In many locations, electric utilities are helping fill this gap.

UTC POSITION

While not opining on the contested conclusion of the FCC's recent report, UTC agrees that too many Americans do not have access to high-speed broadband. UTC is also appreciative of the Commission's funding programs which have distributed millions of dollars to rural electric utilities, for example, to build out broadband networks. Rural populaces continue to lack access to fast, reliable, and affordable internet services, as telecommunications providers have not invested in these locations.

And despite the FCC's efforts to reduce fees for telecommunications companies to do business, it remains clear that the true hurdle in rural broadband investment is economics, not so-called regulatory burdens like pole attachments. In fact, many rural organizations have offered broadband providers essentially free access to infrastructure in order to

attract competitive internet service, only to receive no response.

As a result, numerous electric utilities have stepped up to provide service in many rural areas, either providing broadband directly or by providing so-called "middle-mile" services and partnering with local providers. These utilities are connecting many unserved and underserved Americans to the internet and bringing a much-needed economic boost to their localities.

BACKGROUND

The Telecommunications Act of 1996 (1996 Act) requires the FCC to examine the availability of advanced telecommunications capability to all Americans. It directs the Commission and each state regulatory utility commission to take immediate action to remove barriers to broadband if the FCC finds that it is not being deployed on a reasonable and timely basis.

Congress later passed the 2008 Broadband Data Improvement Act, which directed the FCC to initiate annual inquiries to "determine whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion." Starting in 2010, the Commission has concluded in every report that advanced telecommunications are not being deployed in a reasonable and timely fashion. The FCC reached the same conclusion in 2018, though it hopes new policies will help expedite deployment.

2020 BROADBAND PROGRESS REPORT

In its latest report, the FCC uses the current speed standard for fixed service of 25 Mbps downloads/3 Mbps uploads, and analyzes the mobile wireless speeds for which it has the most comprehensive data: minimum advertised speeds collected by the FCC of 5 Mbps/1 Mbps, and actual median speeds of 10 Mbps/3Mbps. The report concludes that mobile services are not currently full substitutes for fixed

services.

Additionally, the report finds that from 2016 to 2017, the number of Americans lacking access to 25 Mbps/3 Mbps dropped from 26.1 million to 21.3 million. In addition, the FCC's latest numbers claim that broadband providers deployed fiber networks to 5.9 million new homes in 2018, which the FCC says is the highest number ever record. In addition, the FCC's findings also claim that Higher-speed services are being deployed at a rapid rate as well: The number of Americans with access to at least 250 Mbps/25 Mbps broadband grew in 2017 by more than 36%, to 191.5 million.

However, two members of the FCC have challenged these findings and do not believe they are representative of the true pace of broadband deployment across the country, which could be slower than what the FCC is reporting.

SITUATIONAL AWARENESS

Given the infrastructure owned and operated by electric utilities to power every American home and business, utilities are uniquely situated to provide broadband service, particularly in unserved and underserved areas. Unfortunately, state and local policies in some areas prohibit utilities from providing such service. Still, those utilities who are able to provide broadband are doing so, an acknowledgement of their commitment to serve their communities.

UTC does not believe that advanced telecommunications are being deployed to all Americans in a reasonable and timely fashion. In addition, UTC has recommended that the FCC consider a new broadband speed benchmark of 50 Mbps or higher because of evidence that consumers generally subscribe to such speeds (or higher) if they are available and because the current benchmark of "25 Mbps down/3Mbps up" will quickly become inadequate due to increasing consumer demands.

For latency (the time that data on the network takes to travel from its source to its destination), UTC suggests that the FCC adopt a benchmark of 100 milliseconds, which is necessary to support certain latency sensitive applications like Voice-over-Internet-Protocol (VoIP) telephony, videoconferences or online

games. For the same reasons, UTC also recommends that the FCC adopt a benchmark for jitter (the change in the amount of time it takes for a packet in the network to move from its source to its destination).

On mobile broadband, UTC supports findings that fixed and mobile broadband are not functional equivalents and that they should be considered separately from mobile broadband when assessing the current state of broadband deployment. Finally, UTC believes utilities need reliable broadband communications to support their private, internal communications networks that ensure the safe, reliable and secure delivery of essential electric, gas and water services to the public at large.

As Congress explores infrastructure development legislation, it has been paying particular attention to broadband deployment and how to speed the deployment of broadband to unserved and underserved areas. UTC has been closely monitoring these efforts and communicating utilities' positions on the topic.

ABOUT UTC

The Utilities Technology Council (UTC) is a global trade association dedicated to serving critical infrastructure providers. Through advocacy, education and collaboration, UTC creates a favorable business, regulatory and technological environment for companies that own, manage or provide critical telecommunications systems in support of their core business.

UTC CONTACTS

Sharla Artz, Senior Vice President of Government and External Affairs

Email: Sharla.Artz@utc.org

Brett Kilbourne, Vice President & Deputy General Counsel

Email: Brett.Kilbourne@utc.org

Rob Thormeyer, Senior Director of Communications and Advocacy

Email: Rob.Thormeyer@utc.org

David Rardin, Director of Government Affairs and Communications

Email: David.rardin@utc.org