

Recommendations for Improvements to the Lifeline Program by the City of Montrose (Group 2)

City of Montrose

- We represent Montrose, a rural community of approximately 20,000 in eastern Colorado. We believe that the structural changes to the Lifeline program detailed below will help our city and other rural communities like ours by improving access to quality internet and thus increasing our citizens' quality of life. Our research shows that if Montrose were to install fiber connections to each building in the city, Montrose can achieve a 1Gbps connection per household that costs each end user about \$100 per month and costs the city \$18 million in sunk capital costs.

Proposed Fixed Broadband Service Definition

- Fixed Broadband Service qualifying for Lifeline is high-speed, fixed internet service with minimum 25Mbps download and 3Mbps upload speeds for the first 100Gb of a user's monthly usage, maximum 2% packet loss, and an average last-mile latency of 25ms for fiber, 35ms for DOCSIS, and 50ms for DSL. A provider meeting this standard shall receive \$9.25 per user. A provider who supplies 1Gbps to users, all other criteria the same, shall receive \$18.50 per user.

Technical Justifications

- Our 1Gbps policy incentivizes fiber, which is the only technology with enough bandwidth to handle projected consumer demands during the next decade reliably and cost effectively.
- Fiber, relative to DOCSIS and DSL, suffers from far less interference and data loss.
- Network latency becomes more visible as bandwidth increases. TCP, which accounts for about 90% of traffic on the internet, experiences a lower transmission rate when there is high latency. A last-mile latency standard will reduce the risk of suboptimal bandwidth utilization.
- A 25Mbps standard will preclude the use of copper-based connections. It will create the need to use more advanced, fast, and reliable services provided through cable and fiber-optics.
- With more than 2% packet loss, video and audio functions in telepresence systems will cause blockiness in videos and audio drop-outs.

Economic Justifications

- Adopting our bifurcated standard will help close the digital divide by incentivizing organizations that connect their end-users to very fast internet speeds while also allowing communities to receive needed Lifeline benefits for meeting the lower 25Mbps minimum standard.
- Some communities, particularly smaller, rural ones, might only be able to meet the lower standard and shouldn't be forced to pay for expensive fiber upgrades if they are not economically feasible.
- A 1Gbps connection requires fiber. Doubling the subsidy from Lifeline for 1Gbps connections adequately compensates both providers and users for the higher costs of fiber.
- A minimum threshold of usage allowance will eliminate possible loopholes that could allow providers to supply high bandwidths for a short time and then reduce bandwidth to customers.
- USF programs such as the Connect America Fund can be used to help minimize the capital costs associated with installing new networks, allowing for infrastructure development.

Legal Justifications

- Our recommendation simply increases requirements to receive a subsidy that is already in place and thus will pass judicial review under *State Farm* and *Chevron* provided the FCC articulates fact-based reasons, such as those outlined in our proposal, for adopting our recommendations.
- To help close the Digital Divide, state laws prohibiting municipalities and public-private partnerships from establishing broadband infrastructure, such as Colorado SB 152, should be invalidated nationwide, pursuant to the doctrine of regulatory preemption, in order to allow communities to construct their own telecommunications infrastructure.
- Adjusting Eligible Telecommunications Carriers designations under 47 U.S.C.A. §214(e) will allow for municipalities and Public-Private partnerships to be designated as ETC's for Lifeline.
- This policy is consistent with the Telecommunications Act of 1996 because, per 47 U.S.C.A. §157 the FCC is removing barriers to infrastructure investment and increasing competition.