



INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

January 16, 2009

The Honorable David R. Obey  
Chairman, House Committee on Appropriations  
U.S. House of Representatives  
Room 2314 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Jerry Lewis  
Ranking Member, House Committee on Appropriations  
U.S. House of Representatives  
2112 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Obey and Ranking Member Lewis:

The members of the Independent Telephone and Telecommunications Alliance (ITTA) are mid-size telecommunication carriers that serve more than 30 million customers in 44 states. Our members serve some of the most rural parts of the United States, where technological limitations and market economics pose challenges to making high speed Internet services available to all consumers. Accordingly, meaningful policies, including economic incentives, are needed to achieve the goal of greater broadband availability for all Americans.

ITTA members are encouraged that under your leadership and the leadership of President-Elect Barack Obama broadband to all Americans is a priority for the 111<sup>th</sup> Congress. ITTA has reviewed the provisions of the recently released draft of the American Recovery and Reinvestment Act of 2009 (ARRA or the Act), with keen focus on the sections intended to provide incentives for the deployment of broadband in unserved and underserved parts of the Nation.

ITTA members are especially interested in Titles II and III of the Act as those sections relate to broadband. As a general policy, getting broadband to consumers who have no access today, and having that service provided by private, rather than public, entities will be most beneficial in realizing the goal of President-elect Obama and Congress that all Americans have access to broadband. While ITTA appreciates the efforts made in this Act to spur development in rural areas through increased broadband availability, ITTA has some concerns regarding ARRA, as drafted.

First, Title II gives priority to projects from borrowers or former borrowers from the Department of Agriculture for the Rural Utilities Service ("RUS") program, for the funds made available in ARRA. This provision would shut out of the process the

very providers who are in the best position to help get broadband to rural Americans. Specifically, many ITTA members were not previously allowed to borrow from the RUS program, or otherwise chose not to do so. During last year's debate on the 2008 Farm Bill, great strides were made to improve the RUS program by expanding eligibility for RUS funding so that rural telecommunications providers that were previously unable to participate in the program could avail themselves of this worthwhile program. **Therefore, we ask that the Committee remove the prior borrower prioritization from the ARRA and mandate the RUS's final implementation of the Farm Bill's provisions effective upon enactment .**

Second, Title II provides \$2.825B for grants, loans and loan guarantees for broadband infrastructure. ITTA would encourage the Committee to place a greater, if not exclusive, emphasis on grants for the funds to be appropriated to the RUS. Many of the rural areas in the service territories of ITTA members will not be economic to serve even if loans or loan guarantees are offered. Although companies may be afforded better borrowing terms, substantial deployment costs still will far outweigh projected subscriber revenues in many rural areas. **The emphasis should be on grants , because what is needed in these sparsely populated, high cost areas are grants or tax incentives that take an otherwise uneconomic business case and make it economic.**

Third, Title III provides that state and local governments are eligible for receipt of the broadband grants to be administered by the National Telecommunications and Information Association ("NTIA"). ITTA has consistently been opposed to and cautioned against government entry into the business of being a broadband service provider. The capital costs and operational challenges of such entry place a great strain on public resources. Using public resources to compete against private entities creates competitive distortions in the marketplace and runs the risk of further destabilizing an industry with tremendous potential to make long-term investments and create telecommunications jobs. Finally, government networks typically provide service within municipal boundaries where few if any unserved Americans live. **ITTA opposes allowing public entities to receive grants under this Title. At a minimum, the incumbent provider should be given the right of first refusal to invest in an unserved area before grants are awarded to a state or local government.**

Fourth, Titles II and III refer the issue of open access to the FCC for expedited resolution. **Any approach to this issue must affirm network operators' ability to reasonably manage their networks.**

Finally, Title III directs the NTIA to allocate broadband grant money so that 75 percent is allocated to *underserved* areas and 25 percent to *unserved* areas. Both Titles II and III make reference to *unserved* and *underserved* areas. The term *underserved* has been used in many of the debates and discussions regarding broadband deployment. To date, no clear definition or understanding of *underserved* has been developed. Focusing the grants on *unserved* areas, would be consistent with the goals of President-elect Obama and many Members of Congress that broadband be available to all Americans, the limited resources in this bill would

be best utilized if the focus is placed on unserved areas (i.e. those parts of the country in which consumers have no access to broadband today). ***We recommend that 75 percent of the money be targeted to deployment in unserved areas, and 25 percent of the money to deployment in underserved areas.***

ITTA looks forward to continuing to partner with you to stimulate the economy and deploy broadband infrastructure to more unserved Americans. If you have any questions please contact me or Paul Raak, Vice President of Legislative Affairs at 202.898.1514, [praak@itta.us](mailto:praak@itta.us)

Sincerely,

A handwritten signature in black ink, appearing to read 'Curt Stamp', written in a cursive style.

Curt Stamp  
President

Independent Telephone and Telecommunications Alliance

Cc: Member of the House Committee on Appropriations  
The Honorable Henry Waxman, Chairman House Committee on Energy and Commerce  
The Honorable Joe Barton, Ranking Member, House Committee on Energy and Commerce  
The Honorable Rosa DeLauro, Chairwoman, Subcommittee on Agriculture  
The Honorable Jack Kingston, Ranking Member, Subcommittee on Agriculture  
The Honorable Alan Mollohan, Chairman, Subcommittee on Commerce  
The Honorable Rodney Frelinghuysen, Ranking Member, Subcommittee on Commerce