

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Business Data Services in an Internet Protocol Environment)	WC Docket No. 16-143
)	
Investigation of Certain Price Cap Local Exchange Carrier Business Data Services Tariff Pricing Plans)	WC Docket No. 15-247
)	
Special Access for Price Cap Local Exchange Carriers)	WC Docket No. 05-25
)	
AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services)	RM-10593

To: The Commission

COMMENTS OF THE RURAL WIRELESS ASSOCIATION, INC.

The Rural Wireless Association, Inc. (“RWA”)¹ files these comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) Further Notice of Proposed Rulemaking (“*Further Notice*”) requesting comment on the creation and implementation of a new regulatory framework for Business Data Services (“BDS”).² RWA’s comments focus on one specific aspect of the BDS marketplace – backhaul services. As explained herein, obtaining

¹ RWA is a 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications companies who serve rural consumers and those consumers traveling to rural America. RWA’s members are small businesses serving or seeking to serve secondary, tertiary, and rural markets. RWA’s members are comprised of both independent wireless carriers and wireless carriers that are affiliated with rural telephone companies. Each of RWA’s member companies serves fewer than 100,000 subscribers.

² *Business Data Services in an Internet Protocol Environment*, WC Docket No. 16-143, *Investigation of Certain Price Cap Local Exchange Carrier Business Data Services Tariff Pricing Plans*, WC Docket No. 15-247, *Special Access for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, *AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, RM-10593, Tariff Investigation Order And Further Notice Of Proposed Rulemaking, FCC 16-54 (May 2, 2016) (“*Further Notice*”).

backhaul services at just and reasonable rates, terms and conditions is of critical importance and concern to RWA members and their ability to provide advanced mobile wireless services in rural and remote areas.

I. THE COMMISSION MUST ADOPT PRO-COMPETITIVE REFORMS TO THE RULES GOVERNING THE PROVISION OF BUSINESS DATA SERVICES.

In the *Further Notice*, the Commission correctly recognizes that “backhaul...is critical to the ability of wireless carriers to expand and operate their networks.”³ With consumer demand for mobile data services showing no signs of slowing down, mobile wireless providers are forced to deploy higher-capacity backhaul connections to their cell sites. Indeed, high-capacity backhaul is a key input for LTE service, but at the same time, it is one of the most expensive inputs. In many areas across the U.S., there is often only one option for purchasing dedicated high-capacity connections, which leads to backhaul services being offered at exorbitant prices. As Chairman Wheeler recently acknowledged, “backhaul connections can be as much as 30 percent of the cost of operating a wireless network.”⁴ This lack of competitive choice is almost always present in the most rural and remote areas of the country.

In rural and remote areas, the demand for BDS is generally low, resulting in fewer competitive carriers willing to offer high-capacity backhaul services that can be used to connect wireless infrastructure. As a result, wireless carriers serving rural areas in need of backhaul services are limited in choice to large incumbent price cap carriers that have a stranglehold on the BDS marketplace, and are thus forced to accept the predatory pricing schemes under which

³ *Further Notice* at ¶5.

⁴ Prepared Remarks of FCC Chairman Tom Wheeler, *The Future of Wireless: A Vision for U.S. Leadership in a 5G World*, National Press Club, Washington, D.C. (June 20, 2016), available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db0620/DOC-339920A1.pdf.

backhaul services are offered. This situation will not change without the adoption of pro-competitive rules governing the provision of BDS.

Unreasonable prices for BDS also threaten the transition to next-generation wireless services because backhaul will be even more crucial to the roll-out of 5G services. Due to the nature of millimeter wave spectrum, deployment of 5G services is expected to be very infrastructure intensive. It will take more cell sites and more small cells, meaning wireless carriers will not be able to fully deploy 5G wireless services without sufficient backhaul connections. If the U.S. is to become the world leader in 5G, the Commission must act to address the problematic BDS market.

In a recent speech, Chairman Wheeler explained that the broken BDS market can have a long-term negative impact. He explained that limited competition in the supply of backhaul makes network build more expensive today, and it threatens the buildout of future 5G networks that will demand more backhaul connection and more antennae.⁵ In his speech he also recognized that “[t]he 5G revolution will touch all corners of this country.”⁶ RWA agrees that excessively priced backhaul services should not hold 5G hostage in rural areas. RWA urges the Commission to adopt pro-competitive measures for the BDS marketplace, and to consider not only how access to backhaul at reasonable rates and terms impacts the ongoing buildout of LTE services in rural America, but also how it will impact future 5G deployments.

II. EXCESSIVELY HIGH PRICED BACKHAUL SERVICES NEGATIVELY IMPACT THE DEPLOYMENT OF ROBUST, ADVANCED MOBILE WIRELESS NETWORKS IN RURAL AREAS.

Some parties have suggested that BDS reforms are largely unnecessary because wireless carriers have the knowledge, resources, and ability to obtain backhaul services at reasonable

⁵ *Id.*

⁶ *Id.*

rates and terms.⁷ This is not the case for RWA members, all of which have fewer than 100,000 subscribers, but none of which have the financial resources to easily pay the exorbitant prices currently being charged for critical BDS inputs. Because nearly all the markets where RWA members focus are small and rural, competition in these markets for the provision of wireless backhaul is extremely limited or non-existent; this situation is unlikely to be ameliorated absent firm direction from and action by the Commission. RWA members do not have the deep pockets to pay for excessively priced wireless backhaul, or to self-provision such facilities. Their relatively small size limits their ability to negotiate cost-based special construction of backhaul facilities (especially in sparsely populated or difficult terrains) or recover the cost of over-priced facilities from hundreds of thousands or millions of customers. Furthermore, excessively high-priced backhaul services increase rural wireless carrier dependence on Federal and state support mechanisms. If small mobile wireless providers were able to obtain backhaul service at reasonable prices and other unreasonable monopolistic barriers were removed, they would be able to invest in network expansion and modernization to better improve mobile broadband coverage in rural America and improve the overall competitive nature of the telecom landscape for the most underserved market segment.

III. CONCLUSION.

The Commission has stated that “a timely resolution of this proceeding will be beneficial for the industry and consumers.”⁸ RWA strongly agrees. Rules to safeguard BDS customers in non-competitive markets are necessary and long overdue. Moreover, the importance of this issue

⁷ For example, CenturyLink has proposed that “cell-site backhaul should constitute a separate market not subject to price regulation, given the sophistication and resources available to mobile service providers” Letter from Melissa E. Newman, CenturyLink, to Marlene Dortch, FCC, WC Docket Nos. 16-143, 15-247, and 05-25, RM-10593 (June 15, 2016).

⁸ *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No. 16-143 et al., Order, DA 16-641, ¶11 (June 8, 2016).

and its impact on the current and future state of mobile wireless competition in the U.S. cannot be overlooked. Absent reform, RWA members will not be able to purchase wireless backhaul services at prices, terms and conditions that are just and reasonable. Accordingly, RWA respectfully urges the Commission to move forward expeditiously to adopt a new, pro-competitive regulatory framework for the BDS marketplace.

Respectfully submitted,

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