

# Comments on Framing an Oregon Broadband Policy

## A Developers Perspective

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### **Continue to build out high speed broadband infrastructure to all Oregonians.**

The politics for creating incentives to build out infrastructure are daunting. The imbedded Incumbent Providers wield considerable power to stop non Incumbent efforts to build infrastructure. They use their considerable influence to assure incentives never support industry upstarts. Moreover, the Incumbent Providers seek to define broadband around their infrastructure capabilities so as to minimize the need to build new infrastructure thus claiming little need for incentives in the first place.

To support this assertion I would point to my former company ComSpan. During my tenure as CEO we attempted to access State Economic Development funds to build our Bandon FTTP project. This effort was thwarted by the Incumbent companies. Additionally, on two separate occasions we sought funds from the USDA under the Broadband Loan program. One of the reasons cited for denial: lack of need as high speed internet already exists in the target markets. Target markets that are Consortia members such as Oakridge, Creswell, Veneta which were part of the proposal have perennially complained about lack of coverage and speed by the Incumbent Provider and would be surprised to learn they are fully served. Yet the Incumbents do just enough work to create a barrier to funding.

In my opinion the “new class of incentives” for building infrastructure should be based on Fiber and fiber backbone in communities with densities greater than 1000 per square mile or wireless in communities not meeting the threshold for fiber deployment. Only wireless technologies that can deliver significant bandwidth (greater than 10megabits per second) should be incentivized. Wireless on the edge of Fiber communities should be part of the fiber incentive. The incentives should be builder and technology agnostic. Incumbent providers and newcomers that demonstrate both financial and operational wherewithal should have a level playing field to access these incentives.

### **Develop model permitting standards.....**

It is a fact that a lack of coherent and standardized franchising caused projects in Oakridge and Creswell to not be built. Moreover advice from County government, conflicting with a consistent franchising strategy, caused untold confusion, delay and ultimately led to the Comspan halting their efforts to build these project communities. It is also a fact that the publicly funded project in Cottage Grove, which is significantly limited in scope, stopped an FTTP deployment which would have reached all citizens.

An “all underground” ordinance in Cottage Grove was broadly interpreted by city management to mean that the complete FTTP project would have to be underground regardless of the availability of existing overhead options. This created a decidedly unfriendly atmosphere for developing a project. A similar ordinance in Sutherlin was changed when the consequences were explained to city management. Although Sutherlin moved relatively quickly to resolve the issue, the public process is slow by business standards and thus the community was removed from inclusion in at least two separate project lists.

Cities closely guard their independence regarding franchising yet they have little knowledge of the process so they must rely on legal counsel. There seems to be a great fear of doing something wrong and creating a political problem for the city council. Some governments look at the franchising process as a negotiation to see how much they can extract from the Franchisee. LCOG was particularly egregious in this area seemingly confusing long haul fiber which had no community benefit with FTTP. The combination of weak city leadership and county interference create a difficult environment in which to plan a project.

Communities would best be served by clear, consistent standards and agreements. I would suggest that the ORTCC take the lead in defining the guidelines and providing an Infrastructure Friendly certification to communities who follow the guidelines. The guidelines should not only include draft franchise and ROW language but clear timelines for their adoption. Make it easy for the FTTP developer by establishing clear expectations regarding the process and product. Certainly developers will look first to communities with this certification as it takes uncertainty off the table as a risk factor.

### **Increase the use and adoption of broadband and computer technology**

Schools are doing a good job of providing access and education of computer technology. We of the older generation who are computer literate must recognize that many of our brethren lag far behind and sadly always will. The new generations will drive the need for greater broadband speeds. So too will new technologies.

The convergence of the computer (internet) and the television is at hand. This convergence will drive broadband usage and proliferation. It will also drive the funding for infrastructure builds. The reason the triple play works is it drives more revenue over the connection to the home.

The Fiber Divide is coming and will make the Digital Divide seem trivial. Therefore the best way to encourage the adoption of broadband is to provide the infrastructure onto which significant broadband can be deployed.

### **Engage and reward broadband innovation and research**

At the State and Community level we can influence innovation and research by helping develop the marketplace for the end product. E-Government use is one of the critical markets for innovative project yet to often, because of political and budget pressures, government cannot make innovative choices to advance technology. Federal help is needed to allow state and local governments to take technology innovation risks on their projects.

### **Create an Oregon Health Network**

The Oregon Health Network should use private industry networks where ever possible. The consolidation of governmental use onto their own network has a detrimental effect for the general proliferation of broadband. Use of private industry networks, such as that of LS Networks, for these projects creates opportunities for private FTTP and wireless to utilize the backbone.

### **Build a modern 21<sup>st</sup> Century public safety communication network**

This is the only area where I believe the government should rightly build a private network. You cannot mix public and emergency traffic on the same network.

### **Leverage educational opportunities to increase broadband use**

Absolutely! There is no reason that the U of O, Oregon State or Harvard could not have a virtual campus in every city. With reasonable broadband requirements, University classrooms could be established in libraries which could coordinate timing and availability of classes as well as broadly advertise their existence. This could very well be the educational direction that libraries will hold in the technology age. While many of us currently participate in online education; greater broadband speeds and new broadcast technologies will make it feasible to broadcast content from every college classroom, not just a select few topics.

### **Identify and create focused state level and statewide leadership**

Whether it be in certifying Infrastructure Friendly communities, leading the formation of franchising and ROW standards, creating a forum for exchange of ideas, or otherwise generally supporting the goals of the Broadband policy the need for statewide leadership is critical to success. I think the ORTCC is well positioned to pro actively drive this but it does have the political difficulty of Incumbent representation on the board. My observation is that the board does a good job of letting the Incumbent representatives know when they are to parochial in their thinking. It must be recognized that much of the policy runs in the face of conventional wisdom as espoused by the Incumbent and therefore the ORTCC must be ever vigilant to not compromise its ideals based on the Incumbent objections.

### **About the author**

John Stadter is a founder and former CEO of Comspan USA. In that capacity he developed triple play FTTP projects in Bandon, Coquille and Myrtle Point. After the sale of ComSpan to Ledcor, he helped the company identify 20 more potential FTTP targets and was the executive responsible for writing the USDA Broadband Project proposal for the company.

His interest in telecommunications and broadband infrastructure dates back to the 1990's when he worked for 800 Support and developed a call center in Coos Bay. That center operated without route diversity and without sufficient bandwidth availability. In his current role as a founder and President of First Call Resolution he is once again dependent on rural infrastructure to power his business. As the company develops new centers in smaller rural communities the need for robust fiber infrastructure is critical.

He is the recipient of the Governor's 2000 Partnership Award for developing the Coos Bay call center as well as the 2006 Excellence in Telecommunications project Award and Broadband Magazine Cornerstone Award, both for the Bandon FTTP project. He has served on numerous panels across the country and at the Oregon Connections conference .

A native Oregonian with pioneer roots, he holds BA degrees from Lewis and Clark College in Economics and Business Administration.