

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: NATIONAL BROADBAND PLAN AND STATE BROADBAND DEPLOYMENT PLAN	DOCKET NO. NOI-2010-0002
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ORDER INITIATING INQUIRY AND APPOINTING INQUIRY MANAGER

(Issued August 25, 2010)

I. BACKGROUND

The Federal Communications Commission (FCC) released the National Broadband Plan (NBP) in March 2010. The NBP covers a wide range of issues, some of which relate directly to the regulatory responsibilities of the Utilities Board (Board), such as the FCC's recommendations to reform the universal service fund (USF) and the intercarrier compensation (ICC) system, both addressed in NBP Chapter 8. Other topics addressed in the NBP, while of interest generally, such as spectrum and education, are less directly related to the Board's responsibilities.

To gather information about the potential effects of the NBP in Iowa and to assist the Board in preparing possible responses to the many anticipated FCC proceedings necessary to implement the NBP, the Board will initiate an inquiry focusing on certain topics identified below. The Board would benefit from the perspective and expertise of telecommunications and broadband service providers and consumers of broadband services with respect to the FCC's proposed reforms

and related broadband deployment issues. Comments submitted in this inquiry may help the Board prioritize how its resources will be devoted to the many proceedings arising out of the NBP and may help the Board shape its own position on the issues raised in the FCC proceedings, in the event the Board decides to file comments at any stage.

USF and ICC Reform

On March 16, 2010, the FCC released a statement that the "nearly \$9 billion" USF and the ICC system "should be comprehensively reformed to increase accountability and efficiency, encourage targeted investment in broadband infrastructure, and emphasize the importance of broadband to the future of these programs."¹ In the NBP delivered to Congress on March 16, 2010, the FCC recommends that the agency adopt cost-cutting measures for existing support for voice services and create a Connect America Fund (CAF) that would support broadband communications in areas that would remain unserved without support or which depend on universal service support to maintain existing service.² The NBP also proposes that a Mobility Fund be created to provide one-time support for deployment of 3G networks for both voice and data services.³

On April 21, 2010, the FCC issued a "Notice of Inquiry" (NOI) and "Notice of Proposed Rulemaking" (NPRM) in WC Docket Nos. 10-90 (Connect America Fund)

¹ *Joint Statement on Broadband*, GN Docket No. 10-66, Joint Statement on Broadband, FCC 10-42 (released March 16, 2010), at 2.

² Federal Communications Commission, *Connecting America: The National Broadband Plan* (released March 16, 2010) (NBP), Recommendation 8.2.

³ NBP, Recommendation 8.3.

and 05-337 (High-Cost Universal Service Support) and GN Docket No. 09-51 (A National Broadband Plan for Our Future), the first of many anticipated proceedings necessary to implement the NBP. To develop the foundation for the efficient distribution of funds, the FCC's NOI seeks comment on whether the agency should develop a nationwide broadband model to determine universal service support levels for unserved areas and areas that are presently served with the aid of high-cost support and on how the agency should create an expedited process for funding the extension of networks into unserved areas. The NPRM seeks comment on reforms to limit growth and inefficient funding in the existing high-cost support mechanisms and to shift the savings to broadband support. Initial comments in these FCC proceedings were due on July 12, 2010, and reply comments were submitted on August 11, 2010.

The FCC has announced a schedule for the proposed reforms to take place.⁴ Stage One will occur from 2010–2011. Stage Two will occur from 2012–2016 and will begin disbursements from the CAF and the Mobility Fund. The FCC will implement a new contribution method for collecting USF dollars and phase out all remaining support to competitive eligible telecommunications carriers (CETCs). Some of the other relevant anticipated FCC proceedings relating to the NBP include the Mobility Fund NPRM (which will propose rules creating a Mobility Fund for one-time support for deployment of 3G networks in states behind the national average); the USF Transformation NPRM (which will propose rules to expedite deployment of

⁴ NBP, Exhibit 8-F: Roadmap for USF/ICC Reform.

broadband to unserved areas and establish the framework of the CAF to shift support from voice to broadband); the USF Contribution NPRM (which will propose rules to reform the process for collecting USF contributions); and the Intercarrier Compensation NPRM (which will propose rules for ICC reform, including a proposed path for reducing per-minute charges, establishing cost-recovery mechanisms, and implementing interim solutions).

State proceedings regarding USF and ICC reform

At the state level, the Board has taken some steps toward ICC reform. In its May 30, 2008, "Final Order" in Docket Nos. TF-07-125 and TF-07-139, the Board made adjustments to two of the intrastate rate elements in the Iowa Telecommunications Association Access Service Tariff No. 1 (ITA Tariff No. 1) to bring them into parity with the interstate rate elements in the NECA Tariff No. 5.⁵ The Board determined that the local switching rate in the ITA Tariff No. 1 had been frozen at an artificially high 1997 level, which perpetuated a subsidy. Additionally, the Board eliminated the transport interconnection charge, a tandem switching rate, from the ITA Tariff No. 1 because that switching function is now performed by a third-party carrier. The Board also noted that a third rate element, the three cents-per-minute Carrier Common Line Charge (CCLC), should be reviewed. However, since the CCLC is mandated by administrative rule (199 IAC 22.14(2)"d"(1)), the Board indicated that the CCLC review would be conducted in a separate rule making proceeding. The Board has not yet initiated that rule making proceeding.

⁵ NECA (the National Exchange Carrier Association) administers the FCC's access charge plan.

On September 12, 2008, the Board issued an "Order Initiating Inquiry" in Docket No. NOI-08-2, *In re: State Universal Service Fund*. The Board explained it intended to review the issues relating to a state universal service fund (SUSF) and to consider whether conditions had changed enough since the Board's last review to make a SUSF necessary. The Board noted that some local exchange carriers had asserted that recent reductions in access charges, combined with possible further reductions in the future, had reduced revenues to the point that their ability to offer quality service at just and reasonable rates could be affected. The Board interpreted these statements to mean that some carriers may have been relying upon implicit subsidies from intrastate access rates to keep retail rates reasonable. The Board noted that Iowa Code § 476.102(2)"c" establishes a state policy in favor of specific and predictable support mechanisms that are nondiscriminatory and competitively neutral. The Board also noted that while the statute does not require that there be an explicit support mechanism, it appears that an explicit mechanism would be one way to achieve the policy goals specified in the statute and may offer advantages over implicit support mechanisms.

The inquiry into a SUSF generated written comments from carriers and carrier groups in Iowa that both supported and opposed the establishment of an Iowa fund. Additionally, the Board held a workshop to receive comments from participants. To date, the Board has not determined whether a state fund should be established and,

if so, what level of support would be necessary to maintain universal service at reasonable rates.

State Broadband Deployment Plan

The Iowa Broadband Deployment Governance Board (BDGB) was created by the Iowa General Assembly in 2009 as part of the I-Jobs infrastructure investment initiative, pursuant to 2009 Iowa Acts, Senate File 376, Section 13(5) (SF 376). The BDGB is a joint governance board with 15 members (11 voting members representing educational users of broadband services, local governments, urban residential users, broadband and telecommunications service providers, and state government, and four non-voting members representing the General Assembly). The BDGB is staffed by three state agencies – the Utilities Board, the Iowa Telecommunications and Technology Commission, and the Economic Development Board. Utilities Board Member Krista Tanner is Chairperson of the BDGB.

SF 376 required the BDGB to establish a competitive grant program to disburse funds to broadband infrastructure projects that would promote universal access for Iowans to high-speed broadband services. The General Assembly appropriated \$25 million for the competitive grant program and specified that the funds be used to access federal funds. When the state appropriation was made, federal stimulus funds for broadband projects were available from the Broadband Technology Opportunities Program administered by the U.S. Department of Commerce's National Telecommunications Information Administration and the

Broadband Initiatives Program administered by the U.S. Department of Agriculture's Rural Utilities Service. The \$25 million state appropriation for the competitive grant process was eliminated in the 2010 legislative session.

SF 376 also required the BDGB to establish a comprehensive plan for the deployment and sustainability of high-speed broadband access. The General Assembly did not specify a date by which the plan had to be completed. Although the appropriation for the competitive grant process was eliminated, it appears the task of the BDGB to establish a comprehensive statewide broadband deployment plan remains. The BDGB has started the process of establishing a statewide broadband deployment plan. Connect Iowa, the vendor chosen by the State to develop a statewide broadband inventory map,⁶ has provided the Board with information based on surveys and research about broadband availability in Iowa and barriers to broadband adoption. Connect Iowa's analysis of that information will be one resource available to the BDGB in developing the statewide broadband deployment plan.

Smart Grid

NBP Chapter 12, "Energy and the Environment," explains that the Energy Independence and Security Act of 2007 (EISA) made the modernization of the

⁶ On August 7, 2009, the Board, as authorized by Governor Culver, designated Connected Nation, Inc., through its subsidiary, Connect Iowa, as Iowa's single entity under the State Broadband Data and Development (SBDD) Grant Program and the Broadband Data Improvement Act eligible to apply for and receive a grant under the SBDD program to gather data to be used in developing a state broadband availability map and for broadband planning projects. Connected Nation was awarded a federal grant for a broadband mapping and planning initiative in Iowa. The mapping and planning projects are underway pursuant to a contract between the Board and Connected Nation which outlines the Board's role in overseeing the project.

national electric power grid a national priority. EISA made \$4.5 billion available to standardize and deploy the Smart Grid, defined by the National Institute of Standards and Technology as the "two-way flow of electricity and information to create an automated, widely distributed energy delivery network." Generally, the FCC recommends in Chapter 12 that broadband be integrated into the Smart Grid.

Chapter 12 directs two specific recommendations to the states.

Recommendation 12.2 is that the states "should reduce impediments and financial disincentives to using commercial service providers for Smart Grid communications." The NBP observes that commercial wireless networks can be suitable for Smart Grid applications, including metering and routine sensing systems. Noting that there may be economic disincentives for large utilities to use commercial networks, the report urges state regulators to "evaluate a utility's network requirements and commercial network alternatives before authorizing a rate of return on private communications systems" and to consider allowing recurring network operating costs to qualify for a rate of return comparable to that allowed for a private network.

Recommendation 12.7 is that the states

should require electric utilities to provide consumers access to, and control of, their own digital energy information, including real-time information from smart meters and historical consumption, price and bill data over the Internet. If states fail to develop reasonable policies over the next 18 months, Congress should consider national legislation to cover consumer privacy and the accessibility of energy data.

In the discussion relating to Recommendation 12.7, the FCC states that consumers should be able to get secure access to energy data and state commissions should require data accessibility as part of Smart Grid rate cases, including smart meter deployments. This recommendation also suggests that regulators should require utilities to address the question of how consumers can authorize third-party access to their energy consumption data. The FCC recommends that by the end of 2010, every state should require regulated investor-owned utilities to provide historical consumption, price, and bill data over the Internet and that by the end of 2011, these utilities should implement that requirement.

Infrastructure Issues

Pole Attachments, Access to Rights-of-Way

Chapter 6 of the NBP addresses infrastructure and contains recommendations for reducing the costs that communications companies incur when attaching new broadband infrastructure to utility poles. The NBP states that costs can be reduced directly by cutting rental rates and indirectly by expediting processes.

With regard to reducing direct costs, the NBP notes that the FCC has authority to establish pole attachment rental rates for communications companies pursuant to Section 224 of the Communications Act of 1934 (Section 224). States have the option of regulating rates, terms, and conditions for pole attachments. Where a state certifies to the FCC that it regulates pole attachments, the FCC is preempted from

accepting pole attachment complaints. Approximately 21 states have certified that they regulate pole attachments.⁷ Iowa has not regulated pole attachments.

According to the NBP, current pole attachment rental rates may be three times as high for incumbent local exchange carriers (ILECs) as they are for cable companies. The different rental rates, based solely on regulatory classification of the attaching provider, result from rate formulas established by Congress and the FCC under Section 224.⁸ The NBP recommends that the FCC initiate a rule making to revisit the rate formulas to yield uniform rates as close as possible to cable rates.

With regard to reducing indirect costs, the NBP identifies potential cost savings in the "make-ready" work necessary before new infrastructure can be attached to a pole. Make-ready work may involve rearranging existing pole attachments or installing new poles to comply with electric and safety codes prior to additional pole attachments being made. The make-ready process requires coordination between the utility that owns the pole, the prospective broadband provider, and other users of the pole. Generally, each attaching party is generally responsible for moving its wires and equipment. Multiple visits to the same pole may be required simply to attach a new wire. To reduce the cost of the make-ready process, the NBP proposes that the FCC conduct a rule making to:

- Establish a schedule of charges for the most common categories of work.

⁷ See *List of States that Have Certified That They Regulate Pole Attachments*, Public Notice, DA No. 10-893, WC Docket No. 10-101 (released May 19, 2010).

⁸ NBP, Section 6.1.

- Codify the requirements that give attachers the right to use space.
- Allow the use of independent and certified contractors for various services associated with the make-ready work.
- Ensure that existing attachers take necessary action within specified periods of time so as not to delay new pole attachments.
- Link the payment schedule for make-ready work to actual performance, as opposed to upfront payments.

The NBP notes that the cost savings tied to the FCC's authority under Section 224 would not apply to poles owned by cooperatives, municipalities, and non-utilities. Thus, there is a recommendation in the NBP that Congress amend Section 224 to establish "harmonized access" to all poles, ducts, conduits, and rights-of-way. It is not known what percentage of Iowa's poles is currently under the FCC's Section 224 jurisdiction and, as such, would be subject to the FCC's cost-saving reforms. NBP Recommendation 6.6 is for the FCC to establish a joint task force with state, Tribal, and local policymakers to develop guidelines for rates, terms, and conditions for access by broadband service providers to public rights-of-way.

On April 8, 2010, the FCC released its Broadband Action Agenda listing the proposed schedule for implementing the NBP.⁹ Item 42 on the agenda is a Pole Attachment Order and Further Notice of Proposed Rulemaking (FNPRM) scheduled for release in the second quarter of 2010. The FCC started that rule making on

⁹ See www.broadband.gov/plan/broadband-action-agenda.html

May 20, 2010;¹⁰ initial comments were due on August 16, 2010, and reply comments are due on September 13, 2010.

Item 43 in the Action Agenda is to begin work on the rights-of-way task force and use task force recommendations in a subsequent formal proceeding to seek industry-wide comment on collecting and disseminating more information about rights-of-way.

"Dig Once"

Chapter 6 of the NBP identifies another cost saving opportunity for companies deploying broadband infrastructure, suggesting that a "dig once" or "trench once" policy could be implemented for federally-funded highway projects and federally-funded projects along rights-of-way (sewers, power transmission facilities, rail, pipelines, bridges, tunnels, and roads) to ensure that any trenching is made available for broadband infrastructure use. There are two recommendations in the NBP to implement a dig once policy, but neither recommendation is directed to the FCC.¹¹ Recommendation 6.7 is for the U.S. Department of Transportation to make federal financing of highway projects contingent upon states and localities allowing joint deployment of conduits by qualified parties. Recommendation 6.8 is that the Congress enact dig once legislation that applies to all rights-of-way along federally-funded projects.

¹⁰ See, *In the Matter of Implementation of Section 224 of the Act*, "Order and Further Notice of Proposed Rulemaking," (released May 20, 2010) WC Docket No. 07-245, GN Docket No. 09-51.

¹¹ NBP, Section 6.2.

II. DISCUSSION

There are several areas of concern about how the NBP will impact Iowa. At this point, it appears that the most pressing issues for the Board as it monitors the NBP are the proposed USF and ICC reforms. According to the FCC, USF support and ICC represent a significant portion of the revenues of rural companies; by some estimates these revenue sources constitute as much as 60 percent of the regulated revenues for rural companies.¹² In 2009, eligible telecommunication carriers (ETCs) in Iowa received a total of \$127,434,000 in High Cost Program support. Of that total, \$62,365,000 went to competitive ETCs and \$65,069,000 went to incumbent ETCs.¹³

The FCC proposes several steps to be taken in the course of reforming the USF that will affect Iowa's rural telecommunications companies. First, rate-of-return carriers (a category which includes many of Iowa's rural companies for interstate operations) would be moved to incentive rate regulation, i.e., price-cap regulation. When the FCC adopted price-cap regulation in 1990, it stated that "rate of return does not provide sufficient incentives for broad innovations in the way firms do business."¹⁴ Under price-cap regulation, participating companies have been required to freeze or reduce rates to eliminate implicit subsidies. Companies are allowed to implement changes within their operations to reduce costs without rates being adjusted accordingly. At this point, the Board cannot precisely determine the

¹² NBP, Section 8.3.

¹³ Universal Service Administrative Company (USAC) 2009 Annual Report, p.42.

¹⁴ NBP, Ch. 8, Recommendation 8.6.

financial impact interstate incentive regulation would have on Iowa's rural telephone companies.

The next step proposed by the FCC would reduce intrastate access rates to parity with interstate levels in equal increments over a two to four year period and eventually eliminate access charges completely.¹⁵ In order to offset the impact of lost access revenues, the FCC would permit increases to the Subscriber Line Charges (SLC), effectively increasing retail rates. Thus, a revenue stream traditionally hidden from local exchange customers (access charges) would be replaced by increased charges on customer invoices (the SLC).

The FCC's next step would be to encourage states to complete the rebalancing of local rates in order to offset lost access revenues.¹⁶ This could prompt another retail rate increase for Iowans served by Iowa's rural companies. In Iowa, since telephone company retail rates are deregulated, rebalancing would be left to individual local exchange carriers. After the SLC increase and rate-rebalancing, some carriers may need support from the reformed USF to ensure adequate cost recovery without having excessive retail rates. This support would come from the CAF and would be determined by imputing residential local rates that meet an established benchmark. It is not known what amount of support would be provided or if it would be at or near levels of current high-cost support received by the rural companies.

¹⁵ NBP, Ch. 8, Recommendation 8.7.

¹⁶ NBP, Ch. 8, Recommendation 8.7.

ICC reform would affect revenues for Iowa's largest carriers as well. In place of ICC, Iowa's ILECs may have to increase local rates or the SLC to continue to operate profitably, but their ability to increase retail rates may be limited by competition with other service providers, including wireless carriers and Voice over Internet Protocol providers.

Some CETCs have been receiving high-cost support for years. These CETCs have traditionally received the same high-cost loop support as the incumbent carriers in high-cost areas, resulting in a significantly larger USF.¹⁷ The NBP proposes to eliminate the identical support rule (i.e., eliminate ongoing support to CETCs for voice service in the legacy high-cost program),¹⁸ which has allowed wireless CETCs to rapidly build out their wireless networks. While eliminating the identical support rule could hinder further build out, the NBP proposes creating a Mobility Fund for the sole purpose of providing one-time support for the deployment of 3G networks, which can be used for both voice and data services. The intent is to bring all states to a minimum level of 3G availability. Whether money coming to Iowa through the Mobility Fund would equal or exceed amounts lost due to the elimination of the identical support mechanism is not known at this time.

¹⁷ The FCC capped high-cost loop support for CETCs at 2008 levels in *High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Alltel Communications, Inc., et al. Petitions for Designation as Eligible Telecommunications Carriers, RCC Minnesota, Inc. and RCC Atlantic, Inc. New Hampshire ETC Designation Amendment*, WC Docket No. 05-337, CC Docket No. 96-45, "Order," (released May 1, 2008), 23 FCC Rcd. 8834, 23 FCC Rcd. 9232.

¹⁸ NBP, Ch. 8, Recommendation 8.6.

While it could be 2016 or later before the full impact of NBP reforms is known, it appears at this point that traditional USF and ICC support mechanisms for voice service are likely to be reduced, while support for broadband through the proposed CAF and Mobility Fund is likely to be increased. These proposed changes at the federal level make it problematic for the Board to complete its inquiry into a state USF, as it is not known whether the ultimate changes to the USF and ICC will affect the ability of Iowa carriers to provide universal service to Iowa consumers at reasonable rates. Without this information, it is impossible for the Board to determine whether an Iowa USF is appropriate or what level of support will be necessary for Iowa consumers to have access to universal service at reasonable rates. Further, as Iowa moves forward developing a state broadband plan, it may be more appropriate that support be targeted to achieve universal broadband service, mirroring the federal USF reforms. Therefore, in a separate order, the Board will close Docket No. NOI-08-2, the inquiry into the SUSF.

For similar reasons, the Board will defer action on a rule making to review the CCLC until further notice. Given the FCC's intent to bring intrastate access charges to interstate levels, it makes sense to review intrastate access charges in the context of the NBP, rather than in a separate proceeding.

The Board intends to take a multi-phase approach to this inquiry. Included in this order are initial general questions about the effect of the NBP in Iowa. The Board asks that participants respond to this first round of questions collectively by

industry groups, to the extent possible. After the Board receives the first set of comments, it will decide what steps to take next. Possible next steps include asking further, more detailed questions after initial comments are considered and as the FCC's proposals for reform evolve or scheduling workshops on the emerging issues.

The list below includes general questions about USF and ICC reform proposals and the Board's response to the NBP. Also, because the Board will have a role in developing the state broadband deployment plan (to be adopted by the BDGB), the Board will use this inquiry to gather information that can be used by the BDGB in creating the plan. The Board has included questions about what a state broadband deployment plan should include and how it should be developed. The Board also intends to use this proceeding to better understand other issues not so closely related to the Board's traditional responsibilities, such as the broadband infrastructure issues discussed above, so that the Board has a more complete understanding of how the NBP will affect the broadband landscape in Iowa. Thus, the Board has included questions designed to gauge the extent that pole attachment and other infrastructure issues may be slowing the deployment of broadband infrastructure in Iowa. The Board will review any comments which may be submitted in the FCC's pole attachment rule making proceeding by Iowa companies or governmental entities. Depending on the extent and content of those comments, the Board may file its own comments in future phases of the FCC proceeding and may ask additional questions about the topic in this inquiry. The Board has also included

questions about access to rights-of-way and public lands by broadband service providers in Iowa to gather information that may be of use in evaluating subsequent FCC proceedings or legislative proposals.

Finally, with respect to the elements of the NBP relating to the Smart Grid, the Board notes it has already begun its consideration of Smart Grid issues in Docket No. NOI-08-3, *In re: PURPA Standards in the Energy Independence and Security Act of 2007*, a proceeding initiated in 2008 to consider and respond to the requirements of the EISA. Any questions the Board might have relating to integrating broadband into the Smart Grid will be asked in the existing Smart Grid inquiry.

The Board will appoint John Ridgway, Manager of the Board's Telecommunications Section, to receive and respond to any procedural questions regarding this matter. Mr. Ridgway can be contacted at (515) 281-4034 and by e-mail at john.ridgway@iub.state.ia.us.

III. INITIAL QUESTIONS

1. Which aspects of the NBP have the potential to negatively impact Iowa consumers?
2. Which aspects of the NBP are most likely to provide overall benefits to Iowa consumers?
3. In the NBP, the FCC proposes to reform the USF. Do you envision Iowa seeing a net increase or decrease in receipt of federal USF support as a result of the proposed reforms? Please explain.

4. How do you see the proposed reforms to the federal USF and ICC affecting current market shares of various forms of voice services in Iowa (e.g., traditional landline voice, cable voice, IP-enabled services, and wireless services)?

5. Please describe the anticipated effects of the NBP on competition in Iowa, answering the following questions:

(a) If there is only one recipient per geographic area for high-cost support and that support is directed to broadband, not voice service, what is the potential effect on competition in Iowa?

(b) How should the Board track the effect of the NBP reforms on competition? Does the Board need to revise its competition survey?

(c) If only one carrier serves an area, does that mean the Board needs to re-regulate retail rates in that area?

(d) Is it reasonable to anticipate that carriers will exit local markets as a result of the NBP reforms? If so, should Iowa adopt an explicit "carrier of last resort" requirement?

6. What measures can Iowa's voice service providers take to compensate for changing market shares?

7. Compared to other states, where does Iowa rank in terms of the deployment of 3G networks?

8. How should the Board target its resources in response to the NBP?

9. What are Iowa's advantages and challenges to achieving universal access to fast, reliable, and affordable high-speed broadband service?

10. Please respond to the following questions about how a state broadband deployment plan should relate to the National Broadband Plan:

(a) What policies and initiatives should an Iowa Broadband Plan include that would compensate for initiatives in the NBP that may be detrimental to Iowa?

(b) To what extent should Iowa's statewide broadband deployment plan mirror the National Broadband Plan?

(c) Are there aspects of the national plan from which Iowa can and should vary?

(d) Should Iowa delay work on its deployment plan until reforms and initiatives associated with the national plan are complete, and then identify gaps to be filled by state deployment policies and initiatives, or should Iowa work on its plan concurrently with federal reform efforts?

11. Chapter 6 of the NBP raises broadband infrastructure issues, addressing topics including pole attachments and access to rights-of-way. Please explain whether current pole attachment requirements and processes followed in Iowa present barriers to broadband deployment in Iowa. In answering, consider the following questions:

(a) Chapter 6 of the NBP notes that pole attachment rental rates established by the FCC for ILECs are three times higher than pole attachment rental rates for cable companies. To what extent are higher ILEC pole attachment rental rates affecting broadband infrastructure deployment in Iowa?

(b) If the FCC lowers pole attachment rental rates for all communications companies to the level paid by cable companies, how will this affect broadband competition in Iowa?

(c) Chapter 6 of the NBP outlines potential changes to the make-ready process associated with pole attachments intended to reduce costs of attaching broadband facilities to poles. To what extent could the proposed make-ready changes reduce the costs of deploying broadband infrastructure in Iowa?

(d) The NBP notes that poles owned by cooperatives, municipalities, and non-utilities are not subject to the FCC's pole attachment rates. Have communications companies experienced substantial differences when attaching facilities to regulated versus non-regulated poles? Please explain.

(e) Should Iowa consider exercising regulatory authority over pole attachments to bring dispute resolution authority to the state level? If so, in which state agency should that authority reside?

(f) Chapter 6 of the NBP recommends that dig once policies be implemented to reduce the costs of deploying broadband infrastructure. To what extent does industry in Iowa coordinate its digging and trenching so that more than one utility service may be placed in a trench? How could such coordination be improved?

(g) Please comment on the current state of right-of-way access policies and practices in Iowa and whether they impose barriers to broadband deployment.

(h) If a dig once policy were implemented in Iowa, should there be exceptions based on the size of the trench?

(i) Would access to state-owned lands be advantageous to wireless providers for tower siting purposes?

(j) To what extent do current local ordinances and state zoning laws regarding tower siting and construction impede broadband deployment in Iowa?

IV. ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. An inquiry identified as Docket No. NOI-2010-0002 is initiated to gather information regarding the effect of the Federal Communications Commission's National Broadband Plan in Iowa and for other related purposes described in the body of this order.

2. John Ridgway, the Board's Telecommunications Section Manager, is appointed as Inquiry Manager of Docket No. NOI-2010-0002.

3. The Executive Secretary of the Utilities Board shall e-mail copies of this order to Iowa telephone and cable companies; associations representing telecommunications service providers; the Iowa Department of Transportation and other state government agencies with knowledge of the issues identified in this order; the League of Cities; and participants in the ongoing Smart Grid Inquiry, Docket No. NOI-2008-0003.

4. On or before October 1, 2010, interested persons may file comments responding to the questions in this order. Comments shall be filed in Docket No. NOI-2010-0002, using the Board's electronic filing system, <http://efs.iowa.gov>.

UTILITIES BOARD

/s/ Robert B. Berntsen

/s/ Krista K. Tanner

ATTEST:

/s/ Joan Conrad
Executive Secretary

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 25th day of August 2010.