UNBUNDLED NETWORK ELEMENTS

What is happening at the FCC, why it matters, and what you can do about it.

What is an Unbundled Network Element (UNE)?

Think of a UNE as a “broadband bridge.” This bridge allows network builders to supplement their networks by leasing (at a favorable rate) network elements — telecommunications infrastructure such as copper wire and fiber — where they do not have available infrastructure. It helps them fill in the “holes” in their network by providing them the opportunity to lease parts of the incumbent network. The provider can use this mix of owned and leased assets to build in places that might not otherwise be economically viable.

The reason to create this bridge is to allow a competitive ISP access to some parts of the network built by incumbents because the big incumbents have a significant advantage in the market after having built much of their infrastructure with a government monopoly.

<u>What changes are being proposed?</u>

Under consideration at the Federal Communications Commission is a change in the way unbundled network elements (UNEs) are made available for lease to small and regional providers. The trade association USTelecom, representing large incumbent providers like AT&T, is lobbying the FCC to cut off competition from smaller broadband providers serving local communities.

Currently, under Section 251 of the 1996 Telecommunications Act, providers are required to provide wholesale access to UNEs and to offer certain resale arrangements. The availability of UNEs offer an important means of competitive entry in the market and spur new fiber building and innovation – especially necessary in small to mid-sized communities. Originally introduced two decades ago, this bipartisan policy has spurred competition and has helped to speed the growth and availability of broadband in areas where that would likely not have seen such investment — especially the small business market.

<u>Why do large providers want this change?</u>

- It would allow them to stifle competition – especially with regard to smaller and more regional providers.
- It would allow them to significantly increase the cost to lease these assets, effectively pricing smaller providers out of the market and preventing new entrants.

How might this change impact consumers?

- It could slow the deployment of new fiber networks, keeping more Americans from being able to experience the opportunities and benefits of high speed access.
- It could cut off broadband for many rural Americans.
- It will increase prices on consumers, small business, schools, libraries, and public safety organizations.
- It could strand networks, meaning those consumers in the region would lose coverage.
- In areas where the networks were either stranded or the cost increase is significant, it could result in the loss of jobs – work from home, entrepreneurs, precision farming, and high tech.

How might this change impact small and regional providers who rely on this bridge to provide service?

- Their networks could be left unconnected, effectively eliminating any opportunity to make a return on their already expended investment.
- It would make it harder or impossible to raise capital to invest in their networks.
- They would likely have to pay significantly more for access to the bridge, resulting in higher costs to consumers.

What can communities do to express their concern?

Communicate your concerns with the FCC. Follow Next Century Cities' guide to commenting to the FCC here. The relevant docket number for this issue is 18-141.