FCC will pay ISPs to deploy broadband with 250GB monthly data cap



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The Federal Communications Commission plans to grant a request from AT&T and other ISPs to make more rural-broadband funding available for slower-speed services with lower data caps.

FCC Chairman Ajit Pai initially proposed distributing $20.4 billion in rural-broadband funding to ISPs offering three

levels of service: an entry-level tier of 25Mbps download and 3Mbps upload speeds, with a data cap of at least 150GB a month; a mid-range level of 100Mbps down and 20Mbps up, with a data cap of at least 2TB per month; and a "gigabit performance" tier of 1Gbps down and 500Mbps up, with a data cap of at least 2TB.

But AT&T, Frontier, Windstream, and their industry lobby group urged the FCC to either lower the standards of the mid-range tier or add another tier that would be below the mid-range one. The FCC is complying, with an updated plan that it released yesterday and scheduled for a January 30 vote.

Specifically, the FCC added a new tier of 50Mbps down and 5Mbps up, with a data cap of at least 250GB a month. The FCC also raised the planned cap on the lowest tier from 150GB to 250GB. AT&T and other ISPs had pushed for a cap of 150GB on both the 25/3 and 50/5Mbps tiers.

Reverse auction

The FCC will use a reverse auction to distribute $20.4 billion over 10 years to ISPs that bring service at the specified speeds and data caps to rural areas. The new program is called the Rural Digital Opportunity Fund, and it will replace the existing Connect America Fund. Like all of the FCC's Universal Service programs, the new fund would be paid for by Americans through fees on their phone bills.

In practical terms, adding the new tier means that some federal funding that would have gone to 100/20Mbps service with a generous 2TB data cap could instead go to 50/5Mbps service with a much stricter data cap of 250GB. It's also possible that 50/5Mbps projects will get some funding that would have otherwise gone to 25/3Mbps. However, the FCC said it expects to distribute funding for 25/3Mbps services "only in areas where higher speeds are not economical," which suggests the 50/5Mbps tier is likely to play a big role in the

program. The overall pool of $20.4 billion, or just over $2 billion per year, is unchanged.

It would be better for Internet users if the 25/3Mbps and 50/5Mbps tiers required data caps larger than 250GB. That amount has been outdated for heavy Internet users for a long time—Comcast raised its data cap from 300GB to 1TB in April 2016. A year ago, research by the vendor OpenVault found that US cable Internet customers were using an average of 268.7GB per month, and 4.1 percent of households were using at least 1TB. Median usage was 145.2GB per month.

The caps won't remain at 250GB indefinitely, though. The FCC said it chose the amount because its Measuring Broadband America testing program recently found average monthly usage of 251.45GB per month. The FCC plan calls for updating the 250GB cap yearly based on the "average usage of a majority of fixed broadband customers."

There's no proposed mechanism for automatically updating speeds each year, though.

Small ISPs objected to lower-speed tier

Two groups that represent smaller ISPs previously urged the FCC to reject calls for slower speeds. NTCA—The Rural Broadband Association and ACA Connects (formerly the American Cable Association) wrote that "It would be remarkable 'backsliding' indeed… to adopt lesser standards—such as lower upstream speeds or entirely new, lower speed tiers."

In explaining why it rejected the argument from small ISPs, the FCC said, "Adding a performance tier at 50/5Mbps furthers our goal of incentivizing providers to deploy networks that will deliver services that consumers need today as well as in the future, but also ensures minimum speed service will be

available in the hardest to serve areas.”

FCC Commissioner Jessica Rosenworcel, part of the commission’s Democratic minority, has been unsuccessfully pushing the Republican majority to adopt more forward-thinking speed standards. The 25/3Mbps entry-level tier is too low, she argues.

Ten years ago, the FCC standard for measuring broadband deployment was a mere 200kb per second, which sounds preposterous today. The FCC raised that standard to 4Mbps down and 1Mbps up in 2010 and to 25Mbps down and 3Mbps up in 2015. Pai, who was then a commissioner but not the chair, voted against raising the standard to 25/3Mbps.

The 200kbps standard used 10 years ago “is comically slow today,” Rosenworcel said in August. “But with this proposal we’re taking today’s standard and assuming it makes sense ten years hence. That’s not right.”

FCC broadband maps still inaccurate

Rosenworcel is not impressed with the updated plan, either. In a statement to Ars, she pointed out that the FCC’s broadband maps are inaccurate and said they should be overhauled before the FCC doles out $20.4 billion. The FCC voted to collect more accurate data in August, but it could select the first auction winners before the government has a better idea of which parts of the country lack broadband.

“The agency looks to be rushing its newest effort out the door before it even tries to fix the fundamental problems with its broadband maps,” Rosenworcel told Ars this week. “Everyone knows how poor the agency’s information is about where service is and is not. That’s why we need maps before money and data before deployment.”

The FCC plan says it can account for the data problems by

splitting the funding distribution into two auction phases. The first auction, which would start later this year and distribute $16 billion of the $20.4 billion, would “target those areas that current data confirm are wholly unserved,” the FCC plan says.

“By relying on a two-phase process, we can move expeditiously to commence an auction in 2020 for those areas we already know with certainty are currently unserved, while also ensuring that other areas are not left behind by holding a second auction once we have identified any additional unserved locations through improvements to our broadband deployment data collection,” the plan says.

Pai said in an announcement Wednesday that “the Rural Digital Opportunity Fund would be the biggest step the FCC has taken to date to close the digital divide.”

The FCC this week said that about 6 million locations (i.e. homes and businesses) would be eligible for funding in the first auction phase but previously said that the project will “connect up to 4 million rural homes and small businesses.”

Gigabit providers will get more money

In the reverse auction, the FCC will assign a weight to each tier, with the weights helping determine how much money an ISP gets for providing service at the specified speeds and caps.

In good news, the FCC’s weighting system favors higher-speed services. The FCC gives preference to speed tiers with lower weights—a zero weight is assigned to the gigabit tier, so ISPs that promise gigabit services should get more money for each location they serve.

The assigned weight for the 25/3Mbps tier is 50, which is unchanged from the initial proposal to the revision. In the

initial plan, the 100/20Mbps tier’s weight was 25, and that has been dropped to 20. The brand-new tier of 50/5Mbps with a 250GB data cap has a weight of 35.

There are also latency standards. Services with latency of 100ms or less won’t be penalized with a greater weight. Higher-latency services of up to 750ms will get an additional weight of 40, which means that traditional satellite services will be at a disadvantage compared to wired or fixed wireless services. The FCC rejected calls to require lower latencies.

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