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## VIAERO WIRELESS

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**TO:** HOUSE UTILITIES AND COMMUNICATIONS COMMITTEE  
**FROM:** ANDREW NEWELL, GENERAL COUNSEL  
**SUBJECT:** HB 2201  
**DATE:** FEBRUARY 8, 2013

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### 1. Viaero Overview

- a. Focus exclusively on small communities and rural areas in Colorado, Nebraska, Kansas and Wyoming. Licensed territory covers roughly 2/3 of rural Kansas.
- b. Build, maintain, and operate PCS network that is a critical resource not only for our customers, but for AT&T and T-Mobile customers roaming in rural areas
- c. Coverage for 1.1M people, all outside major metropolitan areas.
- d. While Viaero draws state high cost support, these dollars are leveraged roughly 6 to 1 with internally generated cash to build infrastructure.
- e. Viaero has converted a substantial portion of its network to 4G, including some very rural areas of Nebraska and Colorado with assistance from those states' high cost funds. 42Mbps downstream speed, extremely cost effective.
- f. Viaero currently accounts for less than 0.5% of the KUSF.

### 2. What HB 2201 is NOT

- a. "Industry Consensus" legislation. Viaero was not included in any discussions of this bill.
- b. KUSF Reform. Not a single provision of this bill actually reforms the way the KUSF works, it just discriminates against rural wireless carriers and discourages investment.
- c. KUSF Reduction. The bill will actually perpetuate the KUSF and lead to its growth, raising customer surcharges.
- d. A recognition of modern networks or technology. Nothing in the bill promotes investment in broadband infrastructure or holds carriers accountable for making investments in new, modern technology.

3. What HB 2201 IS
  - a. Rate deregulation at carriers' discretion.
    - i. Carriers maintain subsidies after deregulation
  - b. Abandonment of customers at carrier's discretion
    - i. Elimination of COLR obligation can have no other purpose
    - ii. State will be subsidizing the same companies that abandon customers
  - c. Guarantee of endless and ever-increasing subsidies, and a growing KUSF
    - i. Rural ILECs will be entitled to increased draws as customers leave their network (embedded cost model of support)
    - ii. RLECs also entitled to be made whole for access reductions
    - iii. RLECs will be entitled to embedded costs for serving exchanges abandoned by AT&T or Centurylink.
  
4. There is a path to real reform
  - a. Reduce and eliminate the KUSF:
    - i. Re-task the fund to broadband projects ó build broadband infrastructure in rural communities that need it and when this task is finished, eliminate the KUSF altogether
    - ii. Phase out rate of return regulation and embedded cost subsidies for old copper networks
  - b. Develop a contingency plan before granting COLR relief
    - i. Buyer/successor with fixed amount of KUSF support, not a blank check
  - c. Deregulation should mean eliminating price controls and subsidies, and should be done on the state's terms, not carriers' terms.
  - d. Telecommunications policy should exist to benefit consumers and communities, not protect carriers.