



**John Idoux**  
Director Governmental Affairs  
john.idoux@centurylink.com

600 New Century Parkway  
New Parkway, KS 66031  
913-353-7085

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***Testimony in Opposition of House Bill 2462  
Authorizing the Use of Dark Fiber***

**Testimony by CenturyLink  
John Idoux, Kansas Governmental Affairs Director  
Before the House Energy, Utilities and Telecommunications Committee  
February 7, 2018**

Thank you Chairman Seiwert and members of the Committee. My name is John Idoux and I am CenturyLink's Director of Governmental Affairs for Kansas. I appreciate this opportunity to express CenturyLink's opposition of House Bill 2462 as it (1) penalizes telecom carriers that have invested in fiber facilities in Kansas, (2) discourages private broadband facility investment in the future and (3) fails to advance the goal of increased broadband availability.

*Please refer to CenturyLink's Introductory Testimony dated February 5, 2018 for a general introduction of CenturyLink including CenturyLink's commitment to rural broadband deployment and current challenges faced in deploying broadband further into rural Kansas.*

***Conduit Leasing is a Potential Alternative Solution to Dark Fiber Leasing***

Dark fiber is an industry term for fiber strands that are currently in place and available for use but have not been turned on or "lit" by installing the required electronic devices on each end. Typically, when fiber optic lines are installed – either buried or aerial -- the entity owning the fiber installs more capacity than is needed (a greater number of individual glass strands) and then lights-up the strands on an as-needed basis. Unused strands are referred to as dark fiber (no light flowing thru).

Although CenturyLink opposes HB 2462 for the reasons stated below, CenturyLink suggests cities, counties and other governmental agency with available conduit space could lease excess conduit facilities as a quick, cost-effective and cost-sharing alternative to dark fiber leasing. This approach would not penalize companies that have already invested in Kansas fiber deployment nor will it discourage future broadband investment. While conduit leasing should be strongly encouraged, CenturyLink is not suggesting legislation is needed.

***HB 2462 Will Penalize Telecom Carriers That Invested in Rural Kansas***

CenturyLink has been investing in fiber deployment in rural Kansas since 2002 and today currently has fiber deployed to all 119 rural communities, multiple fiber rings in metropolitan areas and over 1500 miles of long-haul fiber routes crossing Kansas multiple times. CenturyLink faces growing

and intense competition from a variety of competitors using a variety of technologies and HB 2462 will penalize CenturyLink for its commitment to Kansas fiber investment by making fiber available to resale competitors at favorable terms.

CenturyLink embraces free market principles and, where governmental policies permit, CenturyLink will compete aggressively for customers. Resellers leasing fiber from cities, counties and other governmental agencies on favorable terms would distort these competitive, free market principles. Capital costs, network monitoring costs, and network modernization costs are just a few of the many costs these potential resellers avoid with favorable dark fiber leasing terms that facility-based fiber companies must incur. Resellers would have an easy on-ramp to cherry-pick the best customers while also having no capital investment in the state, which allows them to accelerate an exit strategy if business plans do not materialize.

Furthermore, private networks pay substantial amounts in property taxes and telecom carriers pay municipalities franchise fees. Companies leasing fiber from cities, counties and other governmental agencies would not pay property tax and other similar fees which provides yet another cost disadvantage for facility-based private investment while also reducing the available revenue sources for the cities, counties and the state.

### ***HB 2462 Will Discourage Future Broadband Facility Investment in Rural Kansas***

Without a level playing field, capital investors will not invest in future fiber routes and will pause when augmenting or expanding existing facilities. As a facility-based, privately invested network owner, CenturyLink is not only penalized with the distorted competitive marketplace but since CenturyLink also sells capacity in the state it would be competing against networks owned by cities, counties and other state agencies that are offering favorable pricing.

### ***HB 2462 Fails to Advance the Goal of Increased Rural Broadband Availability***

The mandated leasing of dark fiber will not extend the reach of fiber since the fiber is already installed with the leasing company simply reselling and not investing. Furthermore, dark fiber leasing will not facilitate the deployment of broadband to the rural portions of the state that currently have no broadband alternative.

### ***Conclusion***

House Bill 2462 would penalize telecom carriers that have invested in fiber facilities in Kansas, discourage private broadband facility investment in the future and fails to advance the goal of increased rural broadband availability. For these reasons, CenturyLink urges the Committee to reject House Bill 2462.