



WSTA UPDATE



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[WSTA Update July 9, 2017](#)

Legislative and Political

[Stakeholders Urge Senate to Address USF Funding Shortfall for Rural Broadband](#)

Stakeholders today urged the U.S. Senate to address a funding shortfall in the Universal Service Fund estimated at approximately \$210 million annually, with the goal of spurring broadband deployment to rural areas by covering a portion of deployment costs. In a hearing conducted by the Senate Commerce Subcommittee on Communications, Technology, Innovation and the Internet, Shirley Bloomfield — CEO of NTCA—The Rural Broadband Association — suggested several options for addressing the USF funding shortfall, including increasing each ratepayer’s contribution to the fund by the cost of one Starbucks coffee annually. Also in the hearing, financial analyst Michael Balhoff urged the commission to raise the rate of return for rural carriers and to incent the nation’s largest local carriers to sell their rural lines to smaller carriers, which he said are more likely to invest in broadband. Balhoff is senior partner and cofounder of Charlesmead Advisors, a financial firm focusing on rural telecom.

[Scott Walker offers transportation deal to break budget impasse](#)

State lawmakers and Gov. Scott Walker still appeared miles away from a deal on the next state budget Thursday, despite a fresh offer from Walker to revisit his plan to fund state roads and bridges. Walker’s offer would reduce his borrowing plans for road projects by \$200 million. But it does not include new revenue for transportation projects, which remains the core point of budget contention among statehouse Republicans. An agreement among lawmakers could be near on another budget sticking point — funding for K-12 schools, Senate Majority Leader Scott Fitzgerald said Thursday. Fitzgerald, R-Juneau, said it’s possible the Legislature’s budget committee could reconvene soon, for the first time in nearly a month, to take up school funding.

[It's July and the state still doesn't have a budget. What happens?](#)

The start of the state’s fiscal year, July 1, has passed without lawmakers and Gov. Scott Walker enacting a new state budget. What does that mean for most Wisconsinites? In the short term, very little. Spending levels from the previous two-year budget cycle carry over into the new one, enabling state agencies to continue operating. If a budget stalemate drags on for months — as has happened a few times in recent decades — highway projects now under construction could be affected, Walker has said. That could mean projects get

delayed, adding millions in costs to taxpayers, said Craig Thompson, director of the Transportation Development Association of Wisconsin. “If this does continue for months, it’s going to have an impact,” Thompson said. “The money won’t be there.” Wisconsin school districts also could struggle to craft their own budgets since they won’t know how much state aid to expect.

[New Marquette poll: Scott Walker job approval back to even](#)

For the first time since Gov. Scott Walker began running for president in 2015, those disapproving of his job performance no longer outnumber those who approve, according to the latest Marquette Law School Poll. Meanwhile, President Donald Trump, House Speaker Paul Ryan and U.S. Sen. Tammy Baldwin, who is up for re-election next year, have seen their net favorability decline in the state, according to the poll, which was conducted June 22-25. It also found majority opposition to repealing or replacing the Affordable Care Act, also known as Obamacare.

[Paul Soglin 'preparing' to run for governor and re-election as Madison mayor](#)

Inching closer to a bid for the state’s highest office, Madison Mayor Paul Soglin said he is “preparing” to both seek re-election and the Democratic nomination for governor. “I’m preparing for both,” Soglin told the Wisconsin State Journal editorial board Thursday afternoon. “A decision will probably be made sometime around Labor Day. If I run for governor, I’m going to win.” The state will select a governor in November 2018, and the city a mayor in April 2019. Soglin, the city’s longest-serving mayor, said he’s confident about a potential race against Republican Gov. Scott Walker based on a poll conducted in May that delivered an encouraging result.

[Could Tony Evers shake up the 2018 governor's race?](#)

The 2018 Democratic gubernatorial primary got a jolt last week when Superintendent of Public Instruction Tony Evers said he was contemplating a potential run. The 65-year-old Plymouth native recently won his third statewide race to lead the state’s public schools, winning 70 percent of the vote over a Republican-supported challenger. The only Democrat elected to the governor’s office in the past three decades, Jim Doyle, had won three previous statewide elections as attorney general.

Regulatory and Industry

[NTCA: \\$300M in Rural Broadband Investment at Risk Due to USF Reductions](#)

There are ongoing reductions in the total amount of funding provided by the Universal Service Fund (USF) to regulated telcos due to federal budget control mechanisms that are chilling rural broadband investment, according to a survey by NTCA-The Rural Broadband Association. The average reduction in federal (USF) support has grown from a 4.5 percent reduction to 9.1 percent to 12.3 percent over just the past nine months, according to the association. That amounts to approximately a \$173 million reduction over a 12 month period, starting July 1, 2017. The original forecasted budget for this portion of the USF was \$1.4 billion. “In letters sent to the FCC, Congress has called for updates to universal service policies that will enable better, more affordable broadband for rural Americans,” said NTCA Chief Executive Officer Shirley Bloomfield in a press release. “But recent reforms have laid bare that an insufficient USF budget and an unpredictable budget control are chilling broadband investment and preventing rural consumers from obtaining access to reasonably priced services.”

[FirstNet, AT&T release state plans, governors to make 'opt-in/opt-out' decisions by mid-December](#)

Public-safety organizations in certain states could begin using a prioritized FirstNet service on AT&T's commercial network very soon, if their governors decide to accept the initial state plans delivered today by FirstNet that outline the deployment of the much-anticipated nationwide public-safety broadband network (NPSBN). "It's really a very significant moment for public safety," FirstNet President TJ Kennedy said during a press conference. "The delivery of state plans is a key milestone we've been working toward for years. I think it really shows the amount of great work done by public safety, the states, FirstNet and AT&T to deliver on that promise.

[FCC gives over \\$1M in phone subsidies to dead people](#)

A federal program that subsidizes mobile phone and broadband service for poor Americans is rife with waste, fraud and abuse, according to a new government report. On Thursday, the Government Accountability Office issued the result of a three-year audit of the subsidy program, which found that more than a third of customers receiving the subsidy could not be confirmed as eligible for the program. The study, which looked at data from June 2014 until May 2017, also found that \$1.2 million annually had gone to fake or deceased individuals.

[CenturyLink customers seek up to \\$12B in class-action suit](#)

CenturyLink is facing more legal troubles as the telco has become the subject of a class-action suit from a group of customers seeking up to \$12 billion in damages over claims of being overcharged for services and repairs. This is the second lawsuit the telco has faced in less than a week. On Friday, a former employee sued the service provider over claims that she was fired for alerting the company about charging customers millions of dollars for services they never ordered. Heidi Heiser, who worked CenturyLink as a customer service and sales agent from August 2015 until October 2016, said in a lawsuit she was fired shortly after pointing the issue out to the service provider's CEO Glen Post during a company Q&A session. RELATED: [CenturyLink employee claims she was fired for accusing telco of fraudulent billing practices](#)

[Text to 911 Poses Technology, Funding and Political Challenges](#)

The ability to send text messages to 911 anywhere in the U.S. could enhance public safety answering points' (PSAPs') ability to respond to emergency situations – and could be particularly important when the person contacting the PSAP is unable to place a traditional phone call. But although some PSAPs already support text to 911 capability, the capability is far from ubiquitous, and achieving it more broadly will require addressing technology, funding and political issues. Telecompetitor learned more about those issues in a recent interview with executives from NGA911, one of several companies that has developed technology to support text to 911. "911 is a national brand implemented at the municipal level — in most cases, with no state coordinating agency," said NGA911 CEO Don Ferguson. People "have the perception that it's consistent but that's very far from the truth," he said.

Broadband and Internet

[Painful lessons from a municipal broadband boondoggle](#)

There is probably no better poster child for government waste — which the Freedom Foundation of Minnesota focuses on eliminating — than municipal broadband. Many Minnesota communities have regrettably been at the forefront of some of the most prolific broadband failures in the country. The latest county-run broadband failure, in Lake County, was recently profiled by Star Tribune columnist Lee Schafer ("For sale: One rural

broadband system," June 30). Schafer's conversation with the Lake County administrator outlined some of the spin with which local officials are explaining what caused the massive failure of this broadband experiment. As someone who has followed this project since its inception and who will soon be releasing a report on the lessons learned from Lake County, I believe there were a few glaring omissions about this boondoggle that politicians arrogantly ignore.

[Broadband Coalition Proposes New Fixed Wireless Service](#)

If one eclectic group gets its way, ISPs will face new high-speed competition for broadband service. The Broadband Access Coalition has petitioned the FCC to authorize a new point-to-multipoint (P2MP) fixed wireless service and let it share 500 MHz of contiguous "underused" midband spectrum—between 3700 and 4200 MHz. The service would compete with fixed wireless in areas the coalition says are not sufficiently competitive and extend it to unserved areas. The coalition—a collection of ISPs, vendors, libraries and advocacy groups—says that would allow for gigabit or near-gigabit service for rural and underserved areas, as well as more competition in the rest of the country. In a petition for rulemaking filed Wednesday, they tell the FCC the goal is "(1) affordable, high-throughput, last-mile broadband access in rural, exurban and other higher-cost areas, and (2) much-needed competition to incumbent fixed broadband providers in more densely populated areas."

Cellular and Wireless

[Deloitte: Massive fiber investment imperative to 5G success](#)

To keep up with current and future demand for mobile broadband, particularly in the context of future 5G network services, the U.S. needs to invest between \$130 billion and \$150 billion in deployment of fiber optic cabling over the next five to seven years, according to new research from global consulting firm Deloitte. That level of investment will require money from not just service providers, but also from the finance sector and through public-private partnerships. The authors also note the role policymakers will play as fiber moves closer to every end user.

[Report: Amazon, Dish Network exploring wireless partnership](#)

Amazon and Dish Network are reportedly exploring ways to partner in order to tackle the wireless market. The Wall Street Journal reported that Jeff Bezos and Charlie Ergen, the respective CEOs of Amazon and Dish, have become acquainted over the past year and are looking into partnering on potential projects. Ideas the two are exploring include building an internet of things network for Amazon services or giving Amazon Prime members the option to buy into a phone service. The Journal, citing people familiar with the matter, reported that the talks are still in early stages and there's no guarantee the two sides will reach a deal.

[T-Mobile sees 741Mbps speeds in LAA testing, starts rolling out LTE-U on network](#)

T-Mobile likes to talk up its network enhancements, and today the magenta carrier made two more announcements. First up, T-Mobile says that it's the first U.S. carrier to test Licensed Assisted Access (LAA) technology in the field. The testing began yesterday in Los Angeles and resulted in download speeds of 741Mbps using 80MHz of aggregated spectrum. LAA combines unlicensed and licensed spectrum to get more bandwidth and faster speeds to customers. It also enables more carrier aggregation than LTE-U. T-Mobile plans to roll out small cells that include LAA technology later this year. The good news is that T-Mobile customers don't have to wait for later this year to get a network enhancement, because T-Mo is now rolling out

LTE-U. This technology uses unlicensed spectrum in the 5GHz band to get more capacity and faster speeds for customers.

IPTV and Video

[Report: Disruption of the Traditional Bundle Will Only Get Worse, Next-Gen Bundles Now on Tap](#)

U.S. consumers are embracing next-gen bundles and telco and cable providers need to adapt or risk losing significant market share to disruptors, says market research firm Ovum. Their new report, Digital Consumer Insights 2017: Multiplay, outlines changing bundling trends. The traditional triple play bundle of Internet, TV and phone proved to be quite successful for service providers who could deliver it. The cable industry used the addition of phone to TV and Internet quite effectively, especially against telco competitors. Telcos responded with their own version of TV, IPTV or DBS, to compete with a triple play bundle of their own. Both sectors rode a wave of success for a while. But times are changing.

[VMSOs pose bigger threat to pay-TV market than SVOD providers](#)

For years, the US pay-TV market has been looking over its shoulder at a burgeoning over-the-top (OTT) sector, but research from Ampere Analysis is suggesting that the industry should pay as much heed to Virtual Multiple Systems Operators (VMSOs). In its new study, Ampere predicts that 3.5 million so called skinny subs in the US will be streaming multiple broadcast channels by the year end as more consumers transition to OTT services. If this comes to pass, it is something Ampere asserts will undercut what it calls the 'beleaguered' satellite and cable operators. Indeed, the analyst regards VMSOs — principally Dish Network's Sling TV, AT&T's DirecTV Now, Sony's PlayStation Vue, Google's YouTube TV and Hulu's Live TV — as more direct competitors to traditional cable and satellite TV providers than services like Netflix and Amazon.

[Report: When Comparing OTT Threats on Pay TV, it's the Revenue, Not the Subscribers That Counts](#)

Much continues to be made of OTT threats on pay TV providers, with often dire predictions in tow. While acknowledging a fast and dramatically changing technological and viewer environment, Strategy Analytics (SA) says traditional pay TV providers will continue to dominate the U.S. and North American pay-TV market despite falling sales, however. Overall, annual U.S. spending on subscription video and TV services in the U.S. will rise to a peak of \$130.3 billion in 2019, the market research provider forecasts. OTT providers will account for less than 20 percent of consumer spending on pay-TV come 2022, however, SA predicts.