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○ ISSUE 7 | ○ VOL 6-2 | ○ 2017

Alexicon *insider*

INFORMATION AND ADVOCACY FOR THE
RURAL TELECOMMUNICATIONS INDUSTRY

Regulatory Headlines

[Net Neutrality Activists Have Lost](#)

As the Federal Communications Commission prepares to deregulate the telecom and cable industry by rolling back the agency's net neutrality rules, some people on both sides of the issue already say the battle is pretty much moot. On Wednesday, Netflix chief executive Reed Hastings signaled he thinks the current fight is unwinnable.

[FCC Urged to Change RHC Funding](#)

A filing made last week urges changes to the FCC rural healthcare-broadband programs, arguing that the Universal Service Fund (USF) rural healthcare, telecom and e-rate schools and libraries programs would be more effective if they did not operate as isolated silos. The filing came from TeleQuality Communications, an organization that provides network connectivity for healthcare providers funded, in part, through the USF rural healthcare program.

[FCC Pushed to Change BDS Rules](#)

US Telecom, a trade association representing large and mid-size broadband service providers and suppliers for the telecom industry, and ITTA, a trade association advocating for wireline broadband service providers, have jointly-filed a petition for rulemaking with the FCC requesting that "model-based rate-of-return carriers be permitted to opt into existing price cap regulation for their provision of BDS [(business data services)], subject to certain conditions."

[FCC Open Meeting Agenda](#)

The FCC has announced the tentative agenda for its next open meeting, scheduled for June 22, 2017. Continuing the Chairman's pilot program, the Commission is publicly releasing the draft text of all non-enforcement items expected to be considered at the June Open Meeting, along with one-page cover sheets summarizing each item. All of these materials will be available online.



Market Watch

[Akamai State of the Internet Report](#)

[Report: 70% of Data in Home Carried by WiFi](#)

[Consolidated Commits \\$52m to Maine](#)

[CTL/Level 3 Deal Clears MN/VA Approval](#)



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Questions? Comments?
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Technology Trends

New and notable technology and services

Companies Say Cybersecurity Improving

Mobile and IoT-connected devices present special security risks that many companies are still figuring out how to mitigate. ZDNet's sister site, Tech Pro Research, recently polled IT professionals about the state of cybersecurity in their workplaces. Most seemed to feel that cyberthreats were relatively well controlled. The majority of respondents said their company's cybersecurity readiness was average or above, and most said it had improved in the past year.

Arista Wins Round in Cisco Patent Fight

Arista Networks Inc (ANET.N) won a ruling on Thursday in its legal battle with Cisco Systems Inc (CSCO.O) over networking device technology, setting the stage for Arista to undo a U.S. agency's order blocking importation of some of its products.

AT&T Network Ahead of Schedule

Your IoT devices may soon have a new network to connect to in order to transmit data directly to the cloud. AT&T has completed its nationwide rollout of its LTE-M Internet of Things (IoT) network. This rollout, which involved a software update to AT&T's existing LTE network, enables IoT devices to connect from more places, and with better reliability than before.

7 Ways to Protect Against Ransomware

Malware is somewhat of an anomaly on Macs. For years, Apple users reveled in the knowledge that their OS of choice was impervious to viral infection. Apple even highlighted this lack of threat as a selling point in commercials and marketing for earlier versions of OS X.

Lack of IoT Security Concerning

Enterprises aren't yet managing the risks posed by the swelling wave of IoT technology very well, according to a study released today by the Ponemon Institute. The study, which surveyed 553 enterprise IT decision-makers, found that 78% of respondents thought that it was at least somewhat likely that their organizations would experience data loss or theft enabled by IoT devices within...



IN FOCUS: *Means Testing the High Cost Support Mechanisms*

During last month's FCC Open Meeting, Commissioners [Clyburn](#) and [O'Rielly](#) made mention of means testing high cost support while discussing the FCC's order to freeze the local rate floor. In essence, this means that the provision of high cost support (e.g., HCLS, CAF BLS, ACAM, etc) would be subject to some kind of test related to the income levels of customers served by the support recipient, and would be designed to ensure the proverbial "rich rancher" wouldn't have their service subsidized.

This week, the duo released a [blog posting](#) titled "Would Means Testing Bring More Efficiencies to the High-Cost Program?" The posting calls the lack of means testing of high cost program support a "fundamental structural defect within our high-cost program." In addition, the Commissioners from opposites side of the aisle state "In other words, we should end the practice of spending scarce USF high-cost support to illogically subsidize the cost of communications services for very rich people who happen to live in the more rural portions of our nation."

The apparent end of this blog posting will be a rulemaking proceeding, where the conclusion has clearly already been reached. There is no indication of when this NPRM will be considered and voted upon by the full Commission.

The means testing of USF support is nothing new. As referenced in the blog posting, certain economists and interested groups have

been discussing this policy for quite some time. While on the surface it may make some sense, one of the problems is the difference between availability and affordability. The high cost support mechanisms have historically been used to ensure the availability of telecommunications networks, while the Lifeline program is designed to ensure the services are affordable to low-income consumers. Means testing high cost support would seem to blur these lines.

There are many problems with means testing high cost support, not the least of which is the maxim that "food stamps don't build supermarkets." In others words, high cost support is used to assist in building, maintaining, and operating telecommunications networks in high cost areas where an independent business case doesn't presently exist to do so. The Lifeline program, if 100% efficient, would ensure that the rates paid to utilize the networks are equalized. Targeting support to the customer level, besides being a likely regulatory reporting nightmare, would do nothing to ensure a ubiquitous network is available for all.

We will keep an eye on this development, especially if and when it develops into a formal rulemaking. Depending on the actual proposal, it will be vital to ensure the FCC is informed as to the apparent dangers of this means testing proposal.



Alexicon at Work

Form 481 Ready for Certification

The [Form 481](#) for this year has been approved by the OMB, and is now ready for certification. We will issue a Special Bulletin on the changes to this year's Form early next week. We will also be in contact with companies in our efforts to assist with this annual, and *somewhat* onerous, filing...



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Questions? Comments?

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