

Attachment—Additional Questions for the Record
Subcommittee on Communications and Technology
Hearing on
“Legislating to Safeguard the Free and Open Internet”
March 12, 2019

Mr. Gregory Green, Chief Executive Officer, Fatbeam

The Honorable Greg Walden (R-OR)

- 1. Thank you for your testimony recently at the House Energy & Commerce Committee. I wanted to follow up on my question regarding the challenges of providing rural broadband service. Your answer, according to the transcript, is “less than 12 percent” of your service is residential versus ‘business-to-business’.**

- a. Can you please elaborate on the residential service you offer?**

Response: Fatbeam provides both retail and wholesale internet access service. Fatbeam currently provides retail internet access service to 3 Multi-Dwelling Units (“MDU”). The owner of each MDU is Fatbeam’s customer, and each MDU tenant has access to the service, which is the MDU’s customer. Fatbeam also has wholesale customers who offer residential service. Fatbeam does not have access to the number of residential customers served for these providers.

- What is the residential consumer product that you are offering (i.e. fixed wireless, fiber-to-the-home)?**

Response: Fatbeam offers its internet access service over fiber.

- Where is this product being offered?**

Response: Washington and Idaho.

- What percentage of growth are you experiencing in residential customers versus commercial customers in 2019 and 2020?**

Response: Fatbeam has added no new MDU or wholesale customers in 2019, and Fatbeam has no current marketing push targeting new MDU or wholesale ISPs. Therefore, we have no projected growth numbers at this time.

- b. You testified in support of the “Save the Internet Act.” I wanted to follow up on your role in installing broadband connections for school districts, so I assume your business works with the e-rate program.**

- **Are you aware that the bill purports to permanently put in limitations on USF, the fund from which e-rate receives its funding?**

Response: As my written testimony stated, Fatbeam has an especially strong history with network provisioning for school districts through the E-rate program. Over the last three years, Fatbeam has partnered to deliver newly constructed fiber-optic networks for schools. The resulting fiber optic networks have afforded school districts access to nearly ten times their previous bandwidth and has resulted in a decrease in cost per megabyte of more than 20%, saving taxpayers (and the E-rate program) money.

As I understand it, the Save the Internet Act proposes to reinstate the FCC's 2015 Open Internet Order. While that Order was in effect, Fatbeam continued to deploy fiber, adding eight new cities to our footprint. As I stated in my testimony, neither the 2015 Order and rules nor FCC oversight deterred our investment. Similarly, our participation in bidding for E-rate projects was not impacted; and to my knowledge, there was no impact on E-rate funding as a result of the FCC's 2015 Open Internet Order. Accordingly, there is no indication that the Save the Internet Act would impact that funding.

- **Given the bill freezes this program in place via purportedly codifying forbearance, are you okay with applying stricter conditions on the e-rate program so as to make sure scarce dollars go farther, such as a ban on overbuilding existing providers with Federal dollars?**

Response: The E-rate program as currently managed by the FCC already has an annual cap, and FCC rules require that schools and libraries participating in the E-rate program competitively bid for their services to drive more efficiency in the program. Fatbeam competes for the school districts' business against other companies. Fatbeam's success in bidding to serve schools is (in part) because of the higher bids of incumbent companies. The result has been that the school districts obtain much greater bandwidth for less investment—saving the school districts money (i.e., the local taxpayers) as well as the E-rate program (i.e., telecommunications consumers who pay into the USF). Any restrictions on the competitive bidding process will only harm the effectiveness of the program which is driving greater bandwidth for less money.