



INDUSTRY NEWS

FBA, NTCA Question Starlink RDOF Viability

February 17, 2021

Pointing to a study they released today, the Fiber Broadband Association and NTCA called into question whether the Starlink satellite constellation that Space Exploration Technologies Corp. (SpaceX) is developing will be able to meet the service provision commitments it made as a winning bidder in the FCC's Rural Digital Opportunity Fund (RDOF) Phase I auction. FBA and NTCA urged the FCC to carefully scrutinize all auction winners' long-form applications.

The results of the study regarding the Starlink constellation indicated there needs to be "some kind of stress test" designed as part of the approval process to ensure proposed services will deliver as promised, NCTA Vice President-industry affairs and business development Michael Romano said during an online event hosted by NTCA and FBA.

FBA President and Chief Executive Officer Gary Bolton argued the FCC is “in a pickle” between approving a system that potentially is not capable of delivering on its promises and further delaying service to some Americans if it rejects Starlink’s long-form application to provide service.

The 180 winning bidders in the Phase 1 auction asked for \$9.23 billion of the \$16 billion in 10-year support available in the auction, in exchange for which they have offered to serve 5,220,833 locations in 49 states and the Northern Mariana Islands with broadband—in most cases, with gigabit speed service (TR Daily, Dec. 7, 2020).

The remaining \$6.8 billion in unclaimed Phase I support will be added to the \$4.4 billion previously set aside for the RDOF Phase II auction, which is aimed at bringing broadband service to unserved locations in census blocks that contain served locations.

Modeling used in the study, conducted for the FBA by Cartesian, showed that while Starlink would be able to meet its obligations to provide promised speeds in 2025, its ability to do so would degrade in 2028 as adoption increased, Cartesian Vice President Michael Dargue said during an online event hosted by the groups.

Mr. Dargue noted SpaceX won a total of more than \$900 million to deliver broadband service to more than 640,000 locations using Starlink, mainly in areas in the Pacific Northwest and on the East Coast.

In 2028, assuming a 70% take rate among customers in Starlink’s RDOF service areas, the study showed that more than 50% of them would not receive minimum required average service speeds, he said.

That figure drops further if Starlink uses satellite capacity to deliver service in non-RDOF areas and/or used capacity for military or mobile services, Mr. Dargue said.

The study examined the Starlink system under a “very optimistic” scenario that presumed generally ideal conditions, such as no interference from other operators and no ground interference from obstructions or terrain, Mr. Dargue said.

The study “raises questions” about how the proposed satellite system could meet its performance metrics in non-ideal situations, he said.

Mr. Romano reiterated NTCA’s stance the FCC should do “better upfront

vetting, precisely to ensure the integrity of the auction is preserved. It's not about having more bidders for the auction. It's about having more qualified bidders for the auction."

While SpaceX "may come forward with information that answers all of these questions and precisely what it's going to do," Mr. Romano said. "The point is, we just don't know. ... These questions should have been asked before the auction in order to make sure that we weren't sitting here now wondering if they're going to be answered after the auction."

Mr. Romano argued the FCC should be evaluating the Starlink applications along with those of all other auctions.

"It's important that there's the ability to deliver here and ultimately to make sure that consumers are going to realize the benefits they've been promised," he said.

The FCC staff, Mr. Romano said, has a "tall task on its hands. And it also, I think, up to the task" of establishing frameworks that can be used to evaluate applicants.

"We're equal opportunity advocates when it comes to making sure people perform on fiber, wireless, different kinds of satellite technologies, ADSL [asymmetric digital subscriber line]," he said. "The FCC should be scrutinizing these applications to ensure they have the technical, operational, managerial, and financial qualifications to be able to do what they say they are going to do."

Tom Cohen, a partner with the law firm of Kelley, Drye & Warren LLP, who counsels FBA, among others, contended the study shows there are real questions about the legitimacy of the auction if Starlink cannot deliver the type of service it said it could in its application.

"The auction needs to have integrity," Mr. Cohen said. "Starlink bid against others and what they could perform. ... This undermines the integrity of the auction. So that is the problem."

The FCC needs to do a better job of making sure applicants have the technical ability to be able to deliver promised services to consumers, Mr. Cohen said.

"Because if you don't, the consumer, who's waited so long for service, gets stranded," he said.

Mr. Cohen also argued the FCC should take further steps in future auctions to prioritize fiber buildouts, where possible.

“What you want to do for any future auction is to make sure it’s fiber-first to get that capability out there, and then, where it isn’t, you can see what capability you want to deliver,” Mr. Cohen said.

The report has “started a conversation” designed to prompt “real scrutiny for every long-form application,” Mr. Cohen said.

The study recommended long-form applications by winning bidders be evaluated using a “range of realistic 10-year” projections for service adoption and usage.

In addition, the FCC should condition approvals on acceptance of a “contract” by winning bidders to use a specified minimum of their service capacity for RDOF areas.

Stress testing should also be conducted using large sample sizes, and audits of services should be conducted in the future, the study said.



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