

April 25, 2017

The Honorable Ajit Pai
Chairman
Federal Communications Commission
455 12th Street SW
Washington, DC 20544

Re: Ex Parte Submission, Protecting and Promoting the Open Internet, GN Docket No. 14-28; Protecting the Privacy of Customers of Broadband and Other Telecommunications Services, WC Docket No. 16-106

Dear Chairman Pai:

We are some of the nation's smallest wireline Internet service providers ("ISPs"), each providing vital Internet connectivity to roughly 1000 or fewer residential subscribers. We support an open Internet, our customers expect it and would depart if we degraded their Internet experience. Two years ago, many of us urged the Commission to refrain from subjecting our broadband Internet access service to Title II "utility style" regulation because that approach was not justified by sound economics or market realities for smaller ISPs and would impose onerous burdens on our operations. Unfortunately, the Commission ignored this evidence, classified us as common carriers, and adopted one-size-fits-all rules. In the wake of this decision, our businesses have suffered. Accordingly, we are heartened that you are considering a reset that would free us from this wrong-headed classification, while ensuring that consumers continue to have an open Internet. We urge you take such action as soon as possible.

As we told the Commission in 2015, we never have had market power or "gatekeeper" control over our customers or upstream Internet edge providers, to justify the imposition of utility-style regulation on our broadband service. In fact, anyone remotely familiar with the markets in which we operate would understand that smaller ISPs are dedicated to serving their customers, many of whom are our neighbors, friends, and family. We are constantly investing to improve their Internet experience, and most certainly we do not – and have no incentive to – block, throttle, or degrade our customers' traffic. When it comes to edge providers, we are the ones at risk of being leveraged – just as we get leveraged by content providers in our video business. In a *New York Times* article earlier this year, the major edge providers were characterized as the "Frightful Five," given their scale and dominance in their own sectors, ability to dominate other sectors, and market strength to succeed against any possible competitor. As smaller ISPs, none of us stands a chance of winning a negotiating battle with the likes of Amazon, Apple, Facebook, Microsoft, or Google. We often have problems even getting Netflix to work with us so we can improve its video streaming experience for our customers. As for smaller edge providers, because we serve such a minuscule part of their current and potential customer base, they do not even know we exist and have no reason to fear us leveraging them.

Yet, despite these undisputable market realities for smaller ISPs, the Commission ignored the facts and subjected us to the highly intrusive elements of utility regulation. The only relief smaller ISPs were provided was a temporary exemption from enhanced transparency requirements, which the last Commission let expire, and this Commission thankfully restored.

We can tell you that the 2015 Open Internet rules hang like a black cloud over us. Each of us has spent substantial time and resources, including for advice from outside consultants and lawyers, to ensure that our practices are consistent with the rules. The General Conduct rule represents perhaps the worst of government regulation. It is so vague and open-ended that we are concerned that the Commission would invoke it to sanction conduct for which we have no advance warning. Moreover, the mere threat that the Commission may use the General Conduct rule to impose rate regulation affects our ability to obtain financing. Further, because the Commission's reach under the Open Internet rules appears to be virtually unlimited, each of us has slowed, if not halted, the development and deployment of innovative new offerings which would benefit our customers. In brief, for us and our customers, the rules have been all cost and no benefit.

We are pleased to hear that the Commission is considering a reset of the 2015 regulations. We need a return to data-driven policies and not regulatory overreach driven by speculation. Prior to the Commission's Title II decision, our customers had unfettered access to the Internet because, for us, open Internet principles were consistent with our ethos and were simply good business. Most certainly, should the Commission revisit its classification decision and revise or even repeal its 2015 Open Internet rules, we would continue to provide an open Internet experience for our customers – and could do so without suffering the costs of utility-style regulation. We thus support your effort to set in motion a process whereby the Commission would free smaller ISPs from utility regulation while ensuring consumers continue to have access to an open Internet.

Sincerely

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cc: Commissioner Mignon Clyburn
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