

Before the
State of Missouri
Public Service Commission

In the Matter of a Repository File in which to)
Gather Information and Assess the Availability of) File No. TW-2010-0362
Broadband Services in the State of Missouri)

COMMENTS OF YOURTEL AMERICA, INC.

Introduction

YourTel America, Inc. (“YourTel” or “Company”), respectfully submits these Comments in response to the June 30th, 2010 establishment of the above numbered case by the Missouri Public Service Commission in order to “...to gather information and assess the availability of Broadband services in Missouri.”¹

YourTel is a small, minority owned telecommunications carrier headquartered in Kansas City, Missouri that provides local and long distance services to low income customers in several states including Missouri. YourTel was designated as an ETC by the Missouri Public Utility Commissions in February of 2003, has been an active participant in the USF low-income Lifeline and Link Up program and a consistent vocal supporter of Broadband access for the underserved since designation. The vast majority of YourTel’s Missouri customers are Lifeline eligible, are still struggling to gain affordable access to the information superhighway, 95% of them did not have telephone service prior to purchasing YourTel’s services and virtually none of YourTel America’s Missouri Lifeline customers have Broadband. Therefore, YourTel is well positioned to provide experienced comment and insight on this matter, and stands ready to

follow the Missouri PSC's leadership in expanding the availability of Broadband to the state's low-income consumers.

COMMENTS

In response to the request for "Recommendations and potential public policy decisions that should be considered to increase the deployment and availability of Broadband services in both unserved and underserved areas, within a period of five years at various speeds and rates that are affordable to Missouri's consumers", YourTel takes this opportunity to remind the Commission of several factors it has learned through the experience of providing service to Missouri consumers that will need to be considered.

1. Potential obstacles to providing Broadband to all.

Language. Many Missourians are non-English speaking and many who speak English as a second language prefer their native language, particularly when spending money. One or two companies offering an essential service like Broadband cannot be expected to create the ability to communicate in as many languages that exist in say for example a location such as the Kansas City Northeast Neighborhood where it is estimated that no less than nineteen different languages are spoken or South City St. Louis where many ethnic groups call home. Furthermore, the economics to build such a complex organization is likely impossible particularly when you consider the number of dialects in addition to languages. The incremental cost of each likely outweighs the revenues gained. It is therefore proposed that a robust wholesale market is necessary bringing companies that already communicate with these populations into the fold by

¹ *Order Opening A Case To Gather Information and Assess the Availability of Broadband Services*, File No. TW-2010-0362, MOPSC, released June 30, 2010.

giving them the ability to add Broadband to their existing service offerings creating a win for retailers, carriers and consumers.

Non-Banked Consumers. Far too many Missourians do not participate in the modern banking system due to past mistakes, cultural norms or who simply lack the funds to maintain a minimum balance. Quite surprisingly, the Center for Financial Services Innovation also states that “Half of unbanked households were formerly banked.” The goal of the Federal NOI is sustainable Broadband. Even if Missouri households are only sometimes unbanked how can we expect them to sustain access to Broadband if we cannot get the product sold to them in a way that accounts for their unbanked status. This simply cannot be overcome without a local presence in the neighborhood.

Prepaid Communications. Obviously the advantages of prepaid dial tone and wireless are attractive for many consumers. The no contract, no deposit offerings speak to the need as outlined here. These consumers lack the credit for basic dial tone and wireless contracts. With a similar offering for Broadband these Missourians will be brought into the digital age. Failure to account for these needs will result in these consumers again being left behind as they were before prepaid dial tone and prepaid wireless.

Prepaid dial tone also remains a significant market with many prepaid carriers utilizing Link-up and Lifeline as part of their business model. Prepaid wireless, often a substitute for dial tone but is functionally limited for Broadband and comes at a higher cost than networks that were built by a prior generation. Prepaid telephony has long been the domain of niche marketers that are better equipped than industry giants to meet the needs of ethnic, youth, unbanked and other key segments that rely on prepaid products and services. Clearly resellers have addressed

the markets that we as a state must penetrate but how can we achieve success without rules designed to create the same successful market dynamic.

Localism. To effectively serve diverse populations the company must not only speak the language, have an effective model to conduct business and an offering they meets the consumers needs but it must have the ability to support its customers locally which requires a recurring revenue stream to support he operations as well as a network of locations. If done right wholesale distribution will ultimately reach to the neighborhood and the business in the community. This simply cannot be done at arm's length or the goal of sustainability will not be met.

According to the Initiative for a Competitive Inner City, "Attracting retail businesses to inner cities has multiple benefits: easy access to reasonably priced goods and services for consumers; jobs for residents; neighborhood improvement and catalyst for further development; and business opportunities for retailers and developers." And that "Inner cities remain a significant untapped retail market. Unmet demand is estimated to be over \$40 billion. To put this in perspective, the \$40+ billion inner city retail gap is larger than the total retail markets of twenty-six states." Clearly these consumers need retail access to Broadband and as ICIC points out retail is not mature in many inner cities and as such to be successful Broadband will need to be distributed through existing retail.

2. Success means rethinking the current product availability model.

YourTel America supports in principle any idea that makes access to Broadband affordable for all Missourians, especially YourTel's low-income Missouri consumers. However, the problem is quite

simply access to the product. In order to use the incumbent's wholesale DSL or cable modem product offering the consumer must have phone or cable service directly with the incumbent, prohibiting customers of alternative carriers from getting Broadband from anyone. YourTel has expended considerable time and effort over several years exploring any opportunity that might exist to make affordable Broadband available and adoptable for its low-income residential consumers. The special needs of these consumers with the economic and social and challenges and obstacles they face make them and the carriers such as YourTel that understand how to serve them unique and important in the mission of universal Broadband access. However, over these years, despite its best attempts, YourTel has encountered nothing but roadblocks. Naked DSL, wholesale access and even purchasing DSL or cable modem service at retail have all been denied to YourTel. The lack of flexible, available resources and partnerships for residential products has created an unserved population in areas where they could be served given the correct regulatory vision.

Whatever legal framework the Commission decides to adopt as the framework for universal Broadband, it is vitally important that the structure allows low-income urban consumers to subscribe to Broadband. YourTel America is again investing in the city core and will soon begin construction of a Broadband network designed to meet the needs of underserved consumers. This investment only makes sense where we have a dense telephone customer base to transition to Broadband. For this investment to expand, the existing networks (both telephone and cable) must be made available to companies like YourTel for enough time for them to gain enough density to make continued network investment prudent. Simply put, the status quo has not achieved the goal of subscribership.

CONCLUSION

To penetrate Missouri low-income markets to provide Broadband service, innovation, entrepreneurialism and flexibility will be required. Only entrepreneurs can micro focus on key these barriers to adoption and create offerings attractive to customer groups with which they have expertise. It is important to remember that the FCC's goal is to bring Broadband to all, and that includes all Missouri residents. Local oriented companies already entrenched in low-income neighborhoods provide that path. YourTel looks forward to continuing to partner with the state of Missouri to achieve the goals of the nation and the state it is proud to call home.

Respectfully submitted,



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