



Testimony of

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Mr. Chairman and members of the Committee, thank you for the opportunity to testify about the state of communications on the ground, and the challenge of connecting urban and rural America. CenturyLink offers communications services to over 14 million homes and businesses in all 50 states and select international markets. Our services include broadband, voice, video entertainment and data, as well as fiber backhaul, cloud computing and managed security solutions.

From our roots in Oak Ridge, Louisiana, our company has evolved over the years through innovation and significant capital investment, and we are especially proud of our story here in Arkansas.

Rural Broadband Investments

In 2000, CenturyLink expanded our operations in Arkansas and became the second largest telecommunications provider in the state when we purchased 230,000 access lines from GTE. At the time of the purchase, broadband availability over that network was minimal. In fact, many of our new customers in rural Arkansas did not even have access to local dial-up Internet access. Overall, CenturyLink has invested over \$1.08 billion to upgrade, expand and maintain our Arkansas network, and we now make broadband access available to 92 percent of our Arkansas customers, offering service in every local exchange we serve.

These investments have been essential in enabling business development and community empowerment in the state. For example, in 2010, CenturyLink provided the redundant fiber facilities that helped New Corp bring 100 new jobs to Russellville when it built its national inbound call center. Those initial 100 jobs have grown to over 500 jobs in the past three years. More recently in rural Mansfield, the mother of a student contacted us with an urgent need for home broadband service so her child could participate in an education project. CenturyLink's technicians developed a creative solution that allowed broadband service to several homes in her extremely rural area.

We have followed a similar pattern of investment across our national network, bringing broadband infrastructure to many rural communities that would otherwise be left behind. Nationally, 83 percent of the areas we serve contain 10 or fewer customers per square mile (compared to 13,000 per square mile in the greater Washington, DC area), but we have so far brought broadband access to more than 90 percent of our customers.

While we have overcome many obstacles, serving low density rural markets will always be a challenge as networks evolve, with a higher investment requirement for each customer, greater pole attachment costs, often difficult terrain, and the challenge of persuading customers to actually order broadband services once the infrastructure investments have been made.

Encouraging Broadband Adoption

CenturyLink has also sought to eliminate barriers to broadband adoption through our Internet Basics program. For low-income customers in our service areas who qualify for the FCC's Lifeline telephone program, CenturyLink also offers broadband service for \$9.95 per month, with a netbook computer for \$150.

We have conducted numerous training sessions across the country to educate current and potential customers about the basics of digital literacy, so they can connect to distance learning, telemedicine and small business opportunities. Since the creation of our Internet Basics program, CenturyLink has signed up over 30,000 new low-income customers, and the growth of that program is accelerating.

Innovation for the Future

Looking to the future, no communications company can afford to stand still for long, and CenturyLink continues to focus on investment and innovation. In 2011, we acquired a leading cloud computing company, Savvis, and have combined their award-winning cloud services with CenturyLink's global Internet backbone to help make our government and business customers more efficient and effective.

We have also expanded our nascent IPTV services, offering consumers another direct competitor to cable and satellite TV with a full suite of sports, news and entertainment programming, video-on-demand, DVR, picture-in-picture and online viewing capabilities. This is a challenging business to enter as a new competitor, with costs for sports content and broadcast retransmission rising sharply, but customers have so far been very receptive to having additional choices.

As wireless companies continue to expand their 4G data offerings, CenturyLink has connected its fiber network to over 16,000 towers nationally, and we expect to build fiber to at least another 4,000 towers by the end of 2013. Another growth area has been our managed cybersecurity services, offered to a broad range of Fortune 500 companies, government clients and small businesses. And finally, as the entire industry transitions to a world of all-IP networks, we are exploring creative technologies to offer consumers the reliable voice, data and video services they expect from us.

Public Policy Leadership

There are many corners of low population density and challenging terrain where market forces alone will never put those customers on a level playing field in the digital economy. Mr. Chairman, your leadership has been tremendously valuable in encouraging the Federal Communications Commission to proceed with reforms to its rural broadband policy that can bring targeted support to those areas in partnership with rural broadband providers.

The Committee has also approved farsighted legislation to enhance cybersecurity by empowering the National Institute of Standards and Technology's mission to facilitate voluntary, industry-led standards and best practices that can protect our nation's critical infrastructure from cyber threats. We are eager to see the Senate proceed with both the Cybersecurity Act of 2013 and companion legislation to enhance cyber threat information sharing among private sector providers and with the government.

Looking forward, we encourage you to continue the Subcommittee's thoughtful look at the technological changes and the barriers to competition in the video market, especially as the Committee considers reauthorization of the Satellite Television Extension and Localism Act (STELA). In particular, we hope the Committee will consider modernization of the 1992 Cable Act's rules for retransmission consent.

The Committee has also made important contributions to numerous other policy areas, including consumer privacy, disabled access, and broadband for schools and libraries. As telecommunications networks continue to transition to an "all IP" future, and carriers like CenturyLink continue to expand our broadband investments, we look forward to working with the members of the Commerce Committee.