

Public Notice Submission

Provider Name: Innovative Telephone

Summary: Virgin Islands Telephone Corporation d/b/a Innovative Telephone is the incumbent local exchange carrier (ILEC) of the Virgin Islands. Innovative Telephone serves more than 58,000 access lines throughout the U.S. Virgin Islands and provides high speed broadband services through its DSL network. Nearly every census block in the Virgin Islands has access to Innovative Telephone's DSL network and provides a 768 kbps service to approximately 80% of the households in the Virgin Islands. Innovative Telephone offers a symmetrical broadband service at 512 kbps and 1 Mbps throughout its territory. As the data provided by Innovative Telephone demonstrate, broadband services are widely available in the United States Virgin Islands. If NTIA were to award funds for proposed Comprehensive Community Infrastructure projects, it would undermine other federal programs by subsidizing the overbuilding of multiple broadband networks. As the Federal Communications Commission ("FCC") recently observed in its National Broadband Plan (p. 145), "There should be at most one subsidized provider of broadband per geographic area" since "[a]reas with extremely low population density are typically unprofitable for even a single operator to serve In the USVI, Innovative Telephone receives universal service support for maintaining and enhancing a network used to provide voice and broadband services. Subsidizing another competitor through BTOP funds would be contrary to the FCC's desire to avoid "[s]ubsidizing duplicate, competing networks in such areas where there is no sustainable business case" Subsidizing competition in the USVI through a BTOP grant also makes little sense in light of the substantial network investments that the new owners of Innovative Telephone will be making as part of a comprehensive network modernization plan to upgrade Innovative Telephone's network. In a May 5, 2010 Order in Change of Control Proceeding for Virgin Islands Telephone Company d/b/a Innovative Telephone, Caribbean Communications Corp., d/b/a Innovative Cable TV St. Thomas -- St. John, and St. Croix Cable TV, Inc. d/b/a Innovative Cable TV St. Croix, Docket 582, the Virgin Islands Public Services Commission ("Commission") authorized the transfer of control of Innovative Telephone and its affiliated cable companies to the National Rural Utilities Finance Corporation ("CFC"). As part of the transaction, the Commission approved a transfer of control agreement executed by CFC that obligates CFC to invest an average of \$15 million annually over a five-year period in plant, property, and equipment, including related capitalized costs, for Innovative Telephone and the cable companies. As a result of CFC's commitment, a total of \$75 million will be invested in communications infrastructure in the USVI. The economic viability of these investments could be threatened if NTIA were to subsidize a duplicate, competing network in the USVI through an award of BTOP funds. At the same time, these investments also call into question the validity of the financial assumptions underlying the proposed Comprehensive Community Infrastructure projects, since these proposed projects will be competing against a more robust broadband network that CFC will be spending at least \$75 million to construct.