



Advocates for Rural Broadband

Jerry Piper  
President

Kelly Worthington  
Executive Vice President

October 4, 2018

**Filed Via ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**RE: *Connect America Fund, WC Docket No. 10-90; ETC Annual Reports and Certifications, WC Docket No. 14-58; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Developing a Unified Inter-carrier Compensation Regime, CC Docket No. 01-92; Updating the Inter-carrier Compensation Regime to Eliminate Access Arbitrage, WC Docket No. 18-155; 8YY Access Charge Reform, WC Docket No. 18-156;***

Dear Ms. Dortch:

On Tuesday, October 2, 2018, Derrick Owens and Gerry Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met with Jay Schwarz, Wireline Advisor to Chairman Ajit Pai, to discuss a number of issues and proceedings affecting WTA’s rural local exchange carrier (“RLEC”) members.

WTA recently joined with NTCA – The Rural Broadband Association, USTelecom – The Broadband Association and ITTA – The Voice of America’s Broadband Providers to submit a set of compromise high cost support principles in a joint letter dated October 1, 2018. These principles included: (a) adoption of a High Cost Program budget for Rate-of-Return carriers of at least \$2.4 billion for 2018 [in addition to the \$200 million already separately committed from the Connect America Fund (“CAF”) Reserve to the Alternative Connect America Cost Model (“ACAM”) Program] that would fund current ACAM participants at a \$200 per month per location benchmark and eliminate the unpredictable adverse impacts of budget control mechanisms upon recipients of cost-based support; (b) application of an inflation adjustment factor to the High Cost Program budget; (c) if the existing budget control mechanisms are not eliminated, development of a reasonable and predictable “floor” of high cost support for cost-based carriers that would be calculated by using unconstrained prior year costs or support; and (d) with the exception of a second opportunity for all RLECs willing to accept reduced support to elect to participate in ACAM on a glide path basis, no second ACAM offer or election opportunity that would entail increases in a carrier’s high cost support should be made unless and until existing ACAM and cost-based support mechanisms are fully funded.

WTA emphasized that it strongly supports a second ACAM glide path offer – particularly one that includes RLECs previously ineligible to elect ACAM support and that limits the ultimate reduction in annual support (*e.g.*, to five percent (5%) or so of 2017 support). Such an offer would give a substantial number of additional RLECs the opportunity to elect predictable and stable levels of high cost support that would not greatly decrease or disrupt their critical revenue streams, while relieving pressure on the overall High Cost Program budget. It would enable the Commission to increase the number of

RLECs on model-based support without adversely impacting either existing ACAM participants or the remaining cost-based support recipients. While a second ACAM glide path opportunity does not completely solve all potential future high-cost budget problems and issues, it can significantly reduce their size and scope.

WTA has participated in industry discussions regarding elimination of access charge arbitrage and 8YY access charge abuses, and has filed comments in WC Docket Nos. 18-155 and 18-156. WTA vigorously supports targeted rules, procedures and enforcement actions that are aimed at deterring, stopping and/or punishing entities that are gaming or otherwise abusing the access charge system for their own unlawful or inappropriate gains. However, WTA believes that existing abuses can and should be directly addressed and eliminated, and that there is no need at this time to eliminate most or all of the originating access and transport revenues of wholly innocent carriers by transitioning them to bill-and-keep. Particularly at a time when RLECs are struggling to meet the broadband deployment demands of the Commission and their rural customers and when it is not clear whether budgetary reform can provide sufficient high cost support for the needed broadband deployment, the Commission should not reduce or eliminate other critical RLEC revenue streams.

Finally, WTA noted that it had filed an Application for Review on September 19 of the Joint Bureau Order establishing a framework for measuring speed and latency performance by certain recipients of high cost support. WTA reiterated that the adopted framework was not appropriate or equitable with respect to RLEC resources and operating circumstances. It has asked for a postponement of the RLEC testing scheduled to begin during the Third and Fourth Quarters of 2019 due to testing equipment availability and cost uncertainties, and has proposed that the additional time be used by the Bureaus and the RLEC Industry to develop a testing framework for RLECs that would be more practicable, effective and equitable with regard to their rural operating conditions.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceedings.

Respectfully submitted,

/s/ Gerard J. Duffy

Gerard J. Duffy  
WTA Regulatory Counsel  
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP  
2120 L Street NW (Suite 300)  
Washington, DC 20037  
Telephone: (202) 659-0830  
Email: [gjd@bloostonlaw.com](mailto:gjd@bloostonlaw.com)

cc: Jay Schwarz