

October 16, 2018

Via ECFS

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

**Re: WC Docket Nos. 10-90, 14-58, 07-135, and CC Docket No. 01-92
Clarity Telecom, LLC dba Vast Broadband Petition for Reconsideration
Hamilton County Telephone Co-op Petition for Reconsideration
Grand River Mutual Telephone Corporation Petition for Reconsideration
Ex Parte Letter**

Dear Ms. Dortch:

Clarity Telecom, LLC dba Vast Broadband (“Clarity”), Hamilton County Telephone Co-op (“Hamilton”), and Grand River Mutual Telephone Corporation (“GRM”) (collectively, the “A-CAM Petitioners”) each independently filed a Petition for Reconsideration¹ of the Federal Communications Commission’s (“FCC” or “Commission”) March 23, 2018 *R&O and NPRM*² which provided an additional \$36.5 million in Alternative Connect America Cost Model (“A-CAM”) funding for those rate-of-return carriers that elected A-CAM. The A-CAM Petitioners each faced unique circumstances during the A-CAM election process that ultimately resulted in each company receiving significantly less A-CAM funding than they anticipated prior to the final A-CAM offer – Clarity and GRM because of inadvertent clerical errors, and Hamilton because of an unsubsidized competitor overstating its broadband coverage in Hamilton’s study area. In total, 5,358 locations were “abandoned” due to inaccurate Form 477 data (hereinafter referred to as the “Abandoned Locations”) representing no more than \$5.525 million in annual A-CAM funding.³

The A-CAM Petitioners understand that the FCC is undertaking the complex and critical task of evaluating the overall budget for the high-cost Universal Service Fund (“USF”) for rate-of-return companies in order to account for factors like inflation and other changes that have occurred since 2011, with a decision to be released possibly by the end of this year.⁴ In light of this

¹ Clarity Telecom, LLC dba Vast Broadband Petition for Reconsideration, WC Docket Nos. 10-90, 14-58, 07-135, CC Docket No. 01-92, Filed May 10, 2018; Hamilton County Telephone Co-op Petition for Reconsideration, WC Docket Nos. 10-90, 14-58, 07-135, CC Docket No. 01-92, Filed May 8, 2018; Grand River Mutual Telephone Corporation Petition for Reconsideration, WC Docket Nos. 10-90, 14-58, 07-135, CC Docket No. 01-92, Filed May 2, 2018.

² See *Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking*, WC Docket Nos. 10-90, 14-58, 07-135, CC Docket No. 01-92 (rel. March 23, 2018), FCC 18-29 (“*R&O and NPRM*”).

³ The breakdown of locations per company is Clarity 2,167 for an amount of \$2.15 million per year; GRM 747 for an amount of \$990,000 per year; and Hamilton 2,444 for an amount of \$2,384,372 per year. The A-CAM Petitioners understand that were the FCC to grant their petitions, the most recent publicly available Form 477 data would be used in determining the amount of funding for the Abandoned Locations. Accordingly, the total amount of annual funding required by the three companies could be lower.

⁴ *R&O and NPRM*; Office of Senator John Thune (October 3, 2018). *Delegation urges FCC to restore predictability to Universal Service Fund’s high cost program budget* [Press release]. Retrieved from

anticipated decision, NTCA, WTA, ITTA, and USTelecom jointly filed an *ex parte* letter on October 1st recommending that the FCC increase the budget for rate-of-return carriers to no less than \$2.4 billion for 2018, in addition to the \$200 million already separately committed in the current A-CAM program, and that the Commission apply an inflation adjustment factor to the entire high-cost USF program budget.⁵ The A-CAM Petitioners agree with this recommendation with the added stipulation that the revised budget include the “not-to-exceed” \$5.525 million in annual A-CAM funding required to provide support to the Abandoned Locations.

Indeed, funding the Abandoned Locations should be the number one priority before any other funding is allocated given that these residential and business locations currently do not receive any amount of high-cost USF support. In urging the Commission to increase the budget in the *Ex Parte* Letter, the associations ask the FCC to “finish the job it started in deploying the existing programs.”⁶ The job certainly cannot be completed without first ensuring that the A-CAM Petitioners receive A-CAM support for the Abandoned Locations that should have been received but for the inaccurate Form 477 data. Furthermore, each of the A-CAM Petitioners has received considerable support for their petitions for reconsideration⁷ and have committed to deploying considerably more fiber-to-the-home if their petitions are granted, than what would be required in their original A-CAM build-out obligations.

The undersigned respectfully request immediate grant of their Petitions for Reconsideration by including additional funding to the \$36.5 million already allocated to A-CAM carriers in the *R&O and NPRM*. Alternatively, the A-CAM Petitioners urge that their petitions be granted in the context of the anticipated upcoming FCC decision evaluating the overall budget for the high-cost USF for rate-of-return companies and ensure that adequate funding for the Abandoned Locations is provided in that context.

Sincerely,

/s/ Jim Gleason

Jim Gleason, CEO, Clarity Telecom LLC
dba Vast Broadband

/s/ Ron Hinds

Ron Hinds, CEO, Grand River Mutual Telephone
Corporation

/s/ Kevin Pyle

Kevin Pyle, GM/EVP, Hamilton County Telephone Co-op

<https://www.thune.senate.gov/public/index.cfm/press-releases>; Eggerton, John (October 4, 2018). Sen. Thune slams FCC over high-cost broadband subsidies shortfall. *Multichannel News*. Retrieved from <https://www.multichannel.com/news/sen-thune-slams-fcc-over-high-cost-broadband-subsidies-shortfall>; Chairman Pai is quoted as stating that he “hopes his colleagues will join him later this year in establishing a sufficient and predictable budget so that rural communities are not left behind any longer.”

⁵ Letter from Genevieve Morelli, Jonathan Spalter, Shirley Bloomfield, and Kelly Worthington to Marlene H. Dortch, WC Docket Nos. 10-90, 14-58, 07-135, CC Docket No. 01-92 (filed October 1, 2018). (“*Ex Parte* Letter”).

⁶ *Id.*

⁷ Letter from Michael R. Romano to Marlene H. Dortch, WC Docket Nos. 10-90, 14-58, 07-135, CC Docket No. 01-92 (filed July 13, 2018); Reply of NTCA – The Rural Broadband Association In the Matter of WC Docket Nos. 10-90, 14-58, 07-135, CC Docket No. 01-92 (filed July 9, 2018); Letter from Representative Sam Graves (MO – 6th) to Marlene H. Dortch (filed August 23, 2018).