



Your business
is our business.

7852 Walker Drive, Suite 200
Greenbelt, Maryland 20770
phone: 301-459-7590, fax: 301-577-5575
internet: www.isitel.com, e-mail: jsi@isitel.com

October 25, 2019

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
West Carolina Rural Telephone Cooperative, Inc.
Notice of *Ex Parte***

Dear Ms. Dortch:

On Wednesday, October 23, 2019, Jeff Wilson of West Carolina Rural Telephone Cooperative, Inc. (“WCTel”), Dustin Durden of Pineland Telephone Cooperative, Inc. (“Pineland”), John Kuykendall and Cassandra Heyne of JSI, and Chad Duval of Moss Adams (collectively, “Pineland Petition Representatives” or “Representatives”) met separately with Joel Miller of the Office of Commissioner Michael O’Rielly and Preston Wise of the Office of Chairman Ajit Pai.¹ The purpose of the meetings was to discuss WCTel’s support for Pineland’s Petition for Reconsideration² of the Report and Order released by the Federal Communications Commission (“FCC” or “Commission”) on December 13, 2018 in the above-referenced dockets.³ The attached presentation was also provided to the FCC officials.

The Representatives provided new data refining initial estimates on the budget impact and further refinement of how glide path companies would be handled were the petition to be granted, as well as how grant of the petition would benefit rural customers across the country. As part of these discussions, the Representatives explained that when the estimated additional number of total A-CAM I locations that would receive at least 25/3 Mbps if the petition were to be granted is compared with the estimated annual budget

¹ Chad Duval attended on behalf of Moss Adams via teleconference for the meeting with Joel Miller only.

² Pineland Telephone Cooperative, Inc., Petition for Reconsideration, WC Docket No. 10-90, et al. (filed Mar. 21, 2019) (“Petition”).

³ See *In the Matter of Connect America Fund, ETC Annual Reports and Certifications, Establishing Just and Reasonable Rates for Local Exchange Carriers, Developing a Unified Inter-carrier Compensation Regime, Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration*, WC Docket Nos. 10-90, 14-58, 07-135, and CC Docket No. 01-92, FCC 18-176, rel. December 13, 2018.

Echelon Building II, Suite 200
9430 Research Blvd., Austin, TX 78759
phone: 512-338-0473, fax: 512-346-0822

Eagandale Corporate Center, Suite 310
1380 Corporate Center Curve, Eagan, MN 55121
phone: 651-452-2660, fax: 651-452-1909

3440 Blue Springs Rd. NW, Suite 503
Kennesaw, GA 30144
phone: 770-569-2105


547 South Oakview Lane
Bountiful, UT 84010
phone: 801-294-4576, fax: 801-294-5124

amount, the per location annual support for these additional locations is estimated to be \$373. This amount is significantly less than the \$1,079 per location annual support for carriers that have already elected A-CAM II support. The Representatives would like to take the opportunity in this *ex parte* notice to further explain that while the per location annual support for the A-CAM I offer was \$853, the grant of the Petition would reduce the overall per location annual support for the A-CAM I offer to \$798. (As noted above, the estimated additional per location annual support is \$373. This amount is weighted and averaged with the initial offer and assumes that all eligible providers would elect the revised offer.)

At the conclusion of the meetings, the Representatives urged the Commissioner and Chairman staff to expeditiously grant Pineland's Petition. If the Petition is granted, thousands of additional locations will be able to receive 25/3 Mbps broadband.

Please direct any questions regarding the filing to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "John Kuykendall". The signature is fluid and cursive, with the first name "John" and last name "Kuykendall" clearly distinguishable.

John Kuykendall
JSI Vice President
301-459-7590
jkuykendall@jsitel.com

cc: Joel Miller
Preston Wise

Attachment



Petition to Harmonize a Serious Policy Discrepancy Between A-CAM I and A-CAM II

RE: Pineland Telephone Cooperative, Inc. Petition for Reconsideration of A-CAM II Order

October 21-23, 2019

1

Why WCTel is supporting Pineland



1995 – Dial-up local Internet access service

2000 – High-speed DSL Internet access service

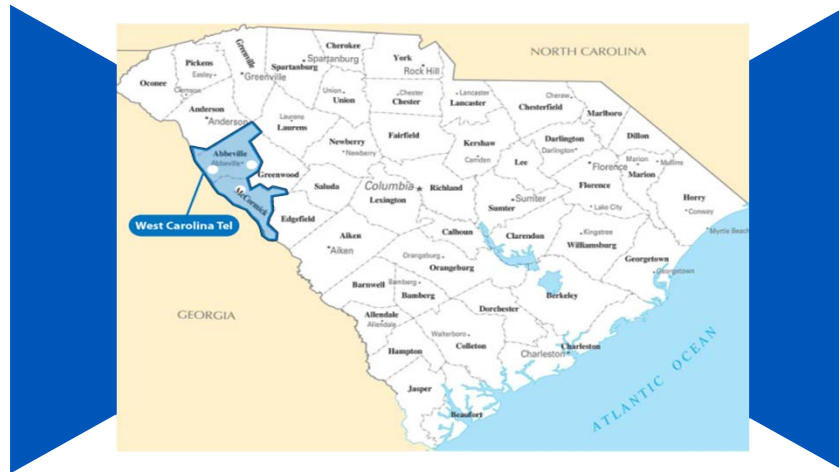
2008 – Fiber optic cable Internet service

#1 Fastest Fiber Provider in South Carolina, Top 10 Fastest Internet Providers Nationwide, and Top 5 Fastest Fiber Providers Nationwide

High-speed Internet is the technology that will eliminate the rural-urban divide and provide economic opportunity to rural areas of the nation

2

WCTel service area



3

WCTel 2018 snapshot

Item	2018 Total
Access Lines	8,806
Internet Service Connections	8,175
Consumer Broadband Only Line Subscribers (CBOL)	1,428
Square miles served	862
Network route miles	1,442
Access lines per square mile	10.22
Internet connections per square route mile	9.48
Subscribers per route mile (access lines)	6.11
Subscribers per route mile (Internet connections)	5.67

4

The A-CAM II Policy Change

5

The FCC policy change

FCC changed an important policy in A-CAM II that concerns broadband offerings using fiber optic cable or cable technologies

This change creates serious, arbitrary, and irrational distinctions among rural customers funded under A-CAM I versus those customers funded under A-CAM II

The FCC can make higher speeds available to more rural customers without arbitrary distinctions by harmonizing the conditions applicable to A-CAM I and A-CAM II support

6

The A-CAM anomaly details

A-CAM I

- Banned funding in census blocks with reported existing fiber or cable technology for broadband service
- Most A-CAM I funding was for 10/1 Mbps
- A-CAM I was open to almost all rate-of-return carriers

A-CAM II

- Permits funding for census blocks where the provider (or affiliate) has some fiber or cable technology used for broadband service
- The A-CAM II offer was not available to carriers that elected A-CAM I funding despite this major policy change
- A-CAM II obligations are for 25/3 Mbps

Anomaly result is that thousands of customers in A-CAM I-electing carrier service areas are effectively stuck with 10/1 Mbps service obligations

7

How to Fix the Anomaly

8

WCTel recommends the Commission permit and not prohibit A-CAM I-electing carriers' acceptance of the increased obligations and possibly increased universal service support offered by A-CAM II

9

Two types of carriers

GLIDE PATH CARRIER

A-CAM I electing carriers whose 2015 legacy support was higher than A-CAM I annual support

Permitted to accept an A-CAM II offer and receive A-CAM II support for ten years

No adjustment to two-year A-CAM II glide path support

NON-GLIDE PATH CARRIER

A-CAM I electing carriers whose 2015 legacy support was lower than A-CAM I annual support

Permitted to accept an A-CAM II offer and receive A-CAM II support for ten years

Required to return the excess (A-CAM I support less 2015 legacy support) for 2017 and 2018 over no less than four years

WCTel is a glide path carrier

10

Budget impact

WCTel has been able to refine its initial estimates on the budget impact and the benefit for rural end-user customers across the nation

A-CAM I Carriers		
	A-CAM I Electing Carriers	A-CAM I Electing Carriers Likely to Accept A-CAM II Obligations
Glide Path	46	30
Non-Glide Path	214	78
Total	260	108

11

Budget impact

A-CAM I Budget (Additional funds for additional obligations)		A-CAM I Locations	
	A-CAM I Electing Carriers Accepting A-CAM II Obligations and Funding		A-CAM I Electing Carriers Accepting A-CAM II Obligations and Funding
Total 12-year budget (Originally \$2,496,837,981)	\$3,009,724,642	A-CAM I excluded locations that move to 25/3Mbps obligation	63,688
Change in 12-year budget	\$512,886,661	A-CAM I 10/1 Mbps locations that move to 25/3 Mbps	50,891
*Non-Glide Path Payback	\$102,826,434	Total A-CAM I carrier locations receiving 25/3	114,579

This amounts to \$373 annual support per 25/3 location

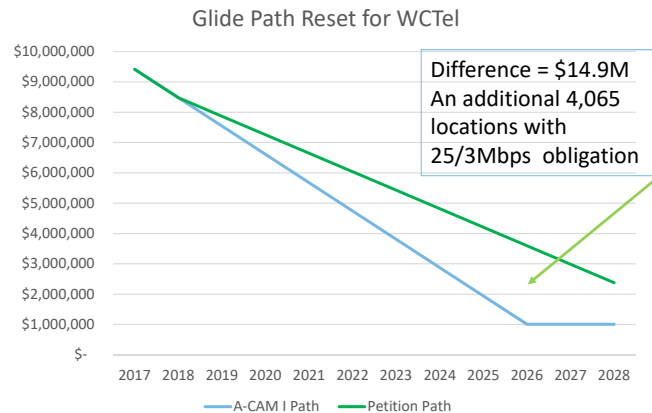
Compares favorably to \$830 annual support per 25/3 location for the June 15, 2019 A-CAM II offer and the \$1,079 annual support for carriers electing A-CAM II offer

12

Glide path carrier operation

A-CAM glide path would “reset” beginning January 1, 2019 using the 2015 legacy support benchmark

- Compared to the non-glide path carriers, no netting is necessary given the reductions made to legacy support in 2017 and 2018



13

Support for the Petition

14

Industry supports fixing the anomaly

- **NTCA:** The FCC should extend A-CAM II “to operators willing to make this additional commitment to their communities regardless of prior elections” (pp. 6-7)
- **WTA:** It is “inequitable” for A-CAM I electors to be unable to obtain support in blocks where they had some existing fiber or cable infrastructure capable of 10/1 Mbps service (p. 3)
- **ITTA:** The “inequitable” treatment of A-CAM I and A-CAM II regarding the fiber and cable census blocks was not addressed by subsequent A-CAM I revisions (p. 3)

15

No community should be relegated to less than 25/3 Mbps by the Commission’s incongruent FTTP policy when a carrier is willing and able, with attending support, to provide 25/3 Mbps broadband service over the term of the A-CAM II offer

16

Thank You
