October 27, 2016

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

Re: Connect American Fund, WC Docket No. 10-90

Vantage Point Solutions appreciates the continuing willingness of the Wireline Competition Bureau (WCB or Bureau) to discuss the details of USF reform implementation. Indeed, in recent weeks the Bureau has engaged in a large number of ex parte meetings and FCC webinars regarding model deployment obligations and the definition of a "location" for the purposes of meeting those obligations.[1]

In an attempt to contribute to those on-going discussions, Vantage Point Solutions calls attention to a study it filed with the FCC in July 2015.[2] That study compared results from the A-CAM "cost to serve" module to actual engineering data from 144 wire-center-wide fiber-to-the-premises (FTTP) projects in more than a dozen states. One key finding of that study was that:

> ***"The model overestimates the number of locations in more than 85% of the 144 wire centers examined by Vantage Point, and does so by an average of 22%."***

The Vantage Point study also conducted case study analyses on three already-constructed wire-center-wide FTTP networks. The three wire centers were situated across the spectrum of "model-versus-engineering-data" results[3], but in all three instances the model significantly overestimated locations:

Wire Center	Model Accuracy
Wire Center "Overestimated"	Overestimated locations by **34%**
Wire Center "Close"	Overestimated locations by **23%**
Wire Center "Underestimated"	Overestimated locations by **14%**

[1] The two FAQ documents released by the Wireline Competition Bureau use the word "location" almost 50 times. See http://www.usac.org/_res/documents/hc/training/2016/2016-Oct-Rate-of-Return-Order-Webinar-QAII.pdf and https://usac.org/_res/documents/hc/training/2016/2016-Oct-Rate-of-Return-Order-Webinar-QA.pdf.

[2] https://www.fcc.gov/ecfs/filing/60001097725/document/60001121937.

[3] Page two of the study notes "In one case, the model overestimates support (Wire Center "Overestimated"). In another the model underestimates support (Wire Center "Underestimated"). In the third case the model produces cost estimates close to engineering data (Wire Center "Close")."

VANTAGEPNT.com 605-995-1777
2211 N Minnesota Street Mitchell SD 57301

The Bureau has noted that "The Commission recognized that facts on the ground may necessitate some flexibility in the required number of locations, and thus allowed a carrier to deploy to 95% of the required number of locations, without a reduction of model-based support."[4] While the limited flexibility introduced by the USF Reform Order[5] is welcome, data suggests a more meaningful relief mechanism would be appropriate.

For example, Vantage Point Solutions urges the FCC to use a practical and broad definition of "location" when determining how to determine compliance with buildout requirements, whether within the model or on non-model support. In the model context in particular, a narrow definition would compound the location errors contained within the A-CAM model (and the resulting deployment obligations).[6] Additionally, the FCC should consider providing an additional mechanism for companies who have made the proper investments into their network but still find themselves falling short of model obligations. Those companies should have an option beyond the one established by the USF Reform Order that "reduc[es] associated funding levels."[7]

Vantage Point Solutions thanks the FCC for its continued efforts to deploy broadband across our country and to reform the universal service system, and we look forward to discussing and working through issues such as these as implementation of the reforms continues.

Sincerely,

Dusty Johnson
Vice President of Consulting

[4] Stated by WCB staff during the October 6, 2016 webinar and reiterated in subsequent FAQ documents referenced in footnote 1.
[5] FCC 16-33 in paragraph 33.
[6] Actual FTTP buildouts, such as those analyzed in the Vantage Point study, deploy broadband to locations that may not be strictly considered "housing units" or "small businesses." The location gap between the model and real-world deployments will be even more pronounced than suggested by the VPS study if RLECs are denied credit for building to otherwise legitimate sites that do not meet a narrow definition of "location."
[7] FCC 16-33 in paragraph 34. "Carriers that discover there is a widely divergent number of locations in their funded census blocks as compared to the model should have the opportunity to seek an adjustment to modify the deployment obligations. Consistent with our action for Phase II in price cap territories, we delegate authority to the Bureau to address these discrepancies by adjusting the number of funded locations downward and reducing associated funding levels."

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