

April 12, 2018

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

**RE: WC Docket Nos. 10-90, 14-58 and 07-135; CC Docket No. 01-92**

Dear Ms. Dortch:

On Tuesday, April 10, 2018, Deborah Rand and David Shipley of USConnect; and Derrick Owens, Bill Durdach and Gerry Duffy representing WTA – Advocates for Rural Broadband (WTA) met with Sue McNeil, Ryan Palmer, Alexander Minard, Suzanne Yelen, Jesse Jackman and Ted Burmeister of the Wireline Competition Bureau, to discuss various Universal Service Fund (USF) matters.

US Connect noted that it was formed and is owned by rural telephone companies (RLECs), and that its primary business has been to acquire, consolidate and streamline the operations of RLECs in multiple states (including Colorado, Texas, Georgia, Nebraska and Kansas). Its experience has been that rural areas differ significantly, and that a variety of technologies – including fiber-to-the-premises (FTTP), copper and digital subscriber line (DSL) facilities shortened by fiber trunks and digital subscriber line access multiplexers (DSLAMs), and fixed wireless – are necessary to meet the broadband needs of different areas in an economic manner. USConnect has determined that certain approaches – such as establishing one host switch and serving its other exchanges via remote switches – may greatly improve efficiency, but raise questions regarding service across state boundaries and the recovery of transport and middle mile costs. Finally, USConnect has noted that there is a limit to the efficiencies that can be achieved by RLECs, and that its labor costs, in particular, have been increasing as the skills and training of the class of employees needed to deploy and operate a broadband network increase, and as higher and higher salaries become necessary to induce the necessary skilled technicians to move to and remain in the rural service areas of RLECs.

USConnect indicated potential interest in model-based support with respect to a future additional Alternative Connect America Cost Model (ACAM) election option and/or the CAF Phase II auction. However, it observed that the ACAM model appeared to substantially overstate the number of locations and unserved locations in some of the areas with which it is familiar. Whereas the most accurate solution may be to recalibrate and rerun the ACAM model, the waiver process adopted for the CAF Phase II reverse auction appears to be a relatively fair and reasonable alternative.

There was lengthy discussion about the pending rulemaking and its review of the size and sufficiency of the high cost support budget for Rate-of-Return carriers (including both ACAM Path RLECs and Legacy Rate-of-Return RLECs). Whereas it appears to cost less in the long run to

maintain a FTTP network, USConnect reiterated its experience that all-fiber networks are not appropriate for all rural areas, and that hybrid fiber/copper/DSL and fixed wireless networks constitute the most economical and practicable alternatives for some rural areas. These alternative technologies, while they may be less expensive to deploy initially, entail substantial continuing upgrade, operating and maintenance costs. Moreover, significantly more skilled technical personnel are needed to deploy, upgrade, operate and maintain the various types of broadband networks, and this is producing substantial increases in RLEC labor costs. Whereas labor costs differ according to various geographic and demographic factors, USConnect believes that, in general, it is becoming much more difficult and more expensive for it and other RLECs to attract and retain the necessary types of qualified broadband technical personnel to live and work in their rural service areas. Finally, rural customer demand for Internet and other data services, and for higher and higher broadband speeds, is requiring more and more frequent RLEC broadband upgrades and more middle mile capacity.

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

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