

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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| In the Matter of |) | |
| |) | |
| 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 |

COMMENTS OF MOUNDVILLE TELEPHONE COMPANY

“Predictable and sufficient ... mechanisms to preserve and advance universal service”¹ have been the lifeblood of small rural telecommunications carriers since the inception of the program. These mechanisms have allowed rural companies to construct and maintain the infrastructure required to deliver comparable, and in some cases superior, telecommunication services to those living in urban areas while keeping the cost to the customer similarly comparable. The recent reductions to these mechanisms have placed into jeopardy the ability for the small rural company to continue the construction and maintenance of their networks as well as the ability to charge the customer a reasonable rate.

However, the problems presented to these rural companies don’t stop there. A continuation of these reduced support levels will jeopardize good paying jobs provided both by the carriers themselves, as well as jobs lost as a result of companies not able to locate in these areas due to insufficient wireline broadband availability. Local carriers are among the most generous contributors of both time and money to their communities. Donations to local schools, libraries and civic organizations will continue to decline and could ultimately disappear without a return to the levels of support that existed before implementation of the budget controls.

Many loans made to these carriers to aid in construction of advanced networks and to purchase the equipment needed to run them were made at a time when support was “predictable and sufficient.” Under the current rules of the

¹ Telecommunications Act of 1996

budget control mechanism, that is no longer the case. Payments to satisfy loan obligations must take precedent over construction, maintenance and community support. I would argue many loans made in the former environment may not be made in this unpredictable one.

All of the pushback against USF have been claims of “waste, fraud and abuse.” Granted, there have been isolated bad actors who have taken advantage of the system. However, it has been proven those are extremely rare while the rest remain good stewards of the support which they receive.

In the March NPRM, the FCC offered more predictability in proposing “to exclude from the rate-of-return budget constraint mechanism an amount equal to 80 percent of a carrier’s new model offer.” This flawed alternative offer is best described in the May 14, 2018 issue of the *Independent Telecom Report*:

“As complex and confusing as the proposal may sound, it is not difficult to understand that an ‘opportunity’ to be certain of 80% of an insufficient model offer is not a mechanism that provides either the ‘sufficiency’ of support required by the Communications Act, nor the ‘predictability’ needed to run a business. Nor is the ‘80% solution’ an adequate replacement for the cost recovery principles of rate-of-return regulation.”²

There is no case to be made for robust broadband networks in most rural communities without a return to the levels of support that existed prior to the implementations of budget controls. Therefore, in the interest of rural economic development and to achieve true universal broadband coverage, I strongly and respectfully ask the FCC to restore the small, rural carriers to the levels of support received prior to the 2016 Rate of Return Order.

Respectfully submitted,

Scott Taylor
President, Moundville Telephone Co., Inc.

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² *Independent Telecom Report*, Vol. 17, Issue 9, May 14, 2018, p.5