

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

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 Intercarrier Compensation Regime	)	CC Docket No. 01-92

**REPLY COMMENTS OF GRAND RIVER MUTUAL TELEPHONE CORPORATION**

Grand River Mutual Telephone Corporation (“Grand River” or the “Cooperative”), hereby submits these reply comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) March 23, 2018 *Order & NPRM* wherein the FCC seeks input on certain proposals which involve additional universal service support for rate-of-return carriers (“RLECs”) to deploy broadband to individuals and businesses in their rural service areas.<sup>1</sup> Among these proposals are additional support to carriers that currently receive Alternative Connect America Model (“A-CAM”), support for new model offers for carriers that currently receive legacy support and proposals to address the budget control mechanism for RLECs that receive legacy support.<sup>2</sup>

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<sup>1</sup> 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, FCC 18-29 (rel. March 23, 2018) (“*Order & NPRM*”).

<sup>2</sup> *Id.* at ¶¶ 117-137, 142-154.

**I. Additional Support is Vitrally Needed by RLECs to Deploy Broadband in Their Areas and Should be Allocated Only to These Carriers**

In its comments, NCTA – The Internet & Television Association (“NCTA”) stated its opposition to *all* proposals in the NPRM in which additional funding would be allocated “exclusively” to RLECs.<sup>3</sup> NCTA asserts that to the extent the FCC provides additional funding, it should use an auction process that “more efficiently” awards support through competitive bidding in rural areas.<sup>4</sup> If an auction process is not adopted, NCTA advocates that for any additional support that goes to RLECs “an equal amount of reductions should be made elsewhere” to RLEC-only support.<sup>5</sup>

The Wireless Internet Service Providers Association (“WISPA”) also seeks to reduce the amount of any additional support to RLECs. In its comments, WISPA proposes that if the FCC were to make a new A-CAM offer, it should “revise its existing cost model to take into account the fact that lower-cost wireless infrastructure is the most likely approach providers will use when looking to deploy new rural broadband service.”<sup>6</sup>

Grand River opposes such outlandish suggestions and observes that NCTA and WISPA ignore the important fact that most, if not all, RLEC study areas exist simply because the RLEC is the only provider and serves as the Carrier of Last Resort and state-designated Eligible Telecommunications Carrier (“ETC”) in these high cost rural areas. High-cost universal service support (“USF”) is extremely vital for RLECs to provide voice and broadband to their rural communities. Any reduction of support or requirements that additional support be allocated

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<sup>3</sup> Comments of NCTA – The Internet & Television Association at 1.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Comments of The Wireless Internet Service Providers Association at 4. Grand River observes that while WISPA asserts that “many rural operators” are using fixed wireless to fulfill model support buildout obligations, the carriers that they cite are large price cap carriers that serve more dense areas than RLECs.

through reverse auctions are not only *inefficient*, but extremely wasteful given the enormous amount of private capital and federal USF dollars that have been invested in these areas over a significantly long period of time.

As observed by one commenter, “Today, most competitive carriers focus their service offerings in denser parts of rural ILEC service areas and do not provide service to customers in the higher cost areas. Removing support from rural ILECs in this circumstance would limit their ability to serve this vulnerable population.”<sup>7</sup> Commenters also observe that using reverse auctions in RLEC areas “miss the mark,” would reduce broadband deployment, curtail existing maintenance and operations, could lead to reductions or termination of service and lead to defaults on construction loans.<sup>8</sup>

For example, if, in lieu of allocating additional A-CAM support to fully fund the A-CAM, the FCC were to hold a reverse auction in which a fixed wireless operator was awarded the support, the operator would be required to become an ETC and meet build-out requirements in census blocks which are already funded by A-CAM. The new ETC would be obligated to provide fixed wireless to all residences and businesses in the high cost census blocks which characteristically are low density, large geographic spaces and have deployment obstacles such as the area having hills and trees. The wireless carrier would continue to face the interference, rapidly-changing technology standards, spectrum scarcity, and other deployment obstacles that it has always faced, but now in the context of meeting ETC obligations. Plus, wireless has to have fiber to transport data back to the core network. Is wireless less expensive to deploy in rural areas?

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<sup>7</sup> Comments of The Blooston Rural Carriers at 16.

<sup>8</sup> See, e.g. Comments of NTCA-The Rural Broadband Association at 59; Comments of WTA-Advocates For Rural Broadband at 40-41.

Similar *inefficiencies* would occur if a cable broadband provider were awarded the funds. Cable operators would have to build cable facilities in the high cost areas outside of towns, and complete new cable plant and electronics in towns they don't serve.

Allocating funds to the existing ETC who can deploy Fiber-to-the-Home with virtually unlimited speed and capacity for decades is the least cost and best long term alternative for rural high-cost areas. There is no other provider who knows the area, demographic, and customer needs inside and out as well as the ETC and Carrier of Last Resort. These providers are often owned by the members they serve. Applying a reverse auction to unserved areas within rate-of-return study areas is certainly inefficient and inappropriate.

## **II. FCC Should Ensure Additional Support Goes First to “Orphaned” Locations**

Grand River accepted the revised ACAM offer in 2017 in Missouri. However, due to an inadvertent clerical error, there were 747 locations that should have qualified for A-CAM support but were excluded from receiving any support. The census blocks where these locations reside have an average of 3.46 access lines per square mile, and are predominantly located in the country and without alternatives for high-speed broadband. Grand River has repeatedly implored the FCC to remedy this situation,<sup>9</sup> including filing a petition for reconsideration of the *Order & NPRM* requesting the FCC to add to the funding it approved in March for A-CAM electors so that these “orphaned” residences and businesses could receive broadband.<sup>10</sup> The

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<sup>9</sup> See, e.g., Grand River Mutual Telephone Corporation, Petition for Waiver of Deadline to Submit Form 477 Revisions, WC Docket No. 10-90, CC Docket No. 01-92, WC Docket No. 14-58, filed Sept. 23, 2016; Letter from Larry D. Thompson, Vantage Point Solutions, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed April 21, 2017); Letter from Dustin Johnson, Vantage Point Solutions, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 90 (filed June 15, 2017); Letter from Larry Thompson, Vantage Point Solutions, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed June 29, 2017).

<sup>10</sup> Petition for Reconsideration of Grand River Mutual Telephone Corporation, WC Docket No. 10-90 et al. (May 2, 2018) (“Petition for Reconsideration”).



pending Petition for Reconsideration urges the FCC that at the very least, the Commission should seek comment on including these abandoned locations in the context of this *Order & NPRM* comment cycle as it considers additional A-CAM funding opportunities.

Grand River takes this opportunity to once again urge the Commission to provide the necessary A-CAM funding for these abandoned locations.<sup>11</sup> Indeed, due to the fact that these locations do not receive any funding – either legacy or A-CAM – any additional funding should be allocated to these locations first. Under no circumstances should any additional funding allocated for these locations be disbursed through a reverse auction. Given the sparsely populated nature of these rural locations, it is likely that no carrier would even bid. Further, as demonstrated above, disbursing funds to any provider other than Grand River would be inefficient and wasteful. These abandoned locations are in critical need of support and extending A-CAM support to Grand River is the most efficient way of ensuring that the residences and businesses promptly receive future-proof broadband. As stated in its Petition for Reconsideration, Grand River commits that if the FCC extends the funding, the Cooperative would meet a significantly higher buildout obligation as it is prepared to deploy a Fiber-to-the-Home connection to every existing location Grand River currently serves in the affected census blocks.

### **III. Conclusion**

The 747 “orphaned” locations receive no USF due to an inadvertent clerical error. Additional funding for these locations is urgently needed which can be provided most expeditiously by the FCC granting Grand River’s pending Petition for Reconsideration and

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<sup>11</sup> As shown in the Petition for Reconsideration, an additional \$990,000 per year should be added to the \$36.5 million per year that was allocated in the *Order & NPRM* to fund these locations.

allocating the funding immediately in conjunction with the disbursement of the \$36.5 million per year in additional A-CAM funding. At the very least, the FCC should ensure that any additional support is allocated first to these locations and under no circumstances should the funding be disbursed through a reverse auction or cause support for legacy carriers to be reduced.

Respectfully Submitted,



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