



June 23, 2019

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

RE: *Connect America Fund, WC Docket No. 10-90*

Dear Ms. Dortch:

The FCC should be commended for its substantial efforts to support broadband deployment across rural America, thereby prioritizing investment in our economic, educational, and everyday lives. As a part of this effort, ACAM support offers significant opportunities for companies to take part in expanding fiber deployment to rural areas. Unfortunately, not all aspects of the recent ACAM II offers are clear, and these uncertainties lead many carriers to be weary of fully partaking in the opportunities presented by the program.

Vantage Point Solutions has helped hundreds of rural telecommunications providers expand broadband in over 40 states. As a part of this role, Vantage Point understands the issues and complexities associated with constructing fiber in rural areas and knows firsthand that certain factors make the ACAM model a viable advantage to some carriers.

In order to determine whether the program is advantageous to their individual business plans, carriers must engage in an assessment of balancing ACAM funding support against the realities of fulfilling the associated buildout obligations. However, current discrepancies between Commission statements and USAC guidance regarding what constitutes a valid location creates confusion and uncertainty for these companies. Many rural carriers cannot afford the potential for misinterpretations that result in invalidated locations and risk the associated loss of funding and penalties if they cannot meet their buildout obligations. Since even the best of intentions cannot override the counting of new service locations that are later deemed not valid, many carriers are in doubt as to whether ACAM II support is a viable option to support their deployment ambitions.

Due to the severe consequences that may result from accepting support and failing to meet the required build-out obligations, it is crucial for carriers to determine the true number of potential locations before the ACAM II election deadline on July 17, 2019. In assisting clients throughout these assessments previously, Vantage Point studied the accuracy of the model's location estimates as compared to actual "on the ground" determinations of subscriber locations. Ultimately, in one of its studies VPS determined that the model overestimated the number

of locations in more than 85% of the 144 wire centers examined, and did so by an average of 22%.¹ Others have also confirmed that the model overestimated the number of locations.² This high margin of inaccuracy can jeopardize a carrier's financial wellbeing if they were to base funding acceptance on such inaccurate estimates and end up paying extensive fines and penalties as a result of any locations gap later discovered.

The concern caused by inaccurate estimations is only compounded by current confusion throughout the industry as to what criteria must be met in order for a location to qualify in satisfying ACAM II service obligations. As identified in a recent petition filed by two impacted rural carriers,³ specific guidance is sought regarding location determinations for home-based business operations. Despite no corresponding order or rule from the Commission, current guidance from the Universal Service Administrative Company ("USAC") website indicates that a home-based business does not qualify as a location served for compliance purposes unless: (1) the location has separate network facilities and equipment, and (2) the location actually subscribes to broadband. This directive appears to be the first that requires a location to have actual facilities already connecting it and to already purchase service in order to qualify toward the obligation. As previously understood, a location would have only needed to be capable of being served within 10 business days in order for a carrier to count the location as served.

Though this point of inconsistency may appear minor on its face, its impact cannot be overlooked or understated in rural areas which are not growing (many are even declining in population) when the model already has consistently over estimated rural locations. The realities of rural economies include a lack of commercial structural development and, in its place, a necessity for home-based businesses is commonplace. Rural economies rely on these small home-based businesses to thrive and such enterprises are abundant in rural farming and ranching communities. To disqualify such verifiable businesses based on an added criterion layer that requires additional, unnecessary facilities (e.g., an additional drop when a single drop with multiple strands would have sufficed) and actual subscription to service would ignore the very nature of rural communities' broadband usage structure and hinder rural carriers' abilities to participate in these funding programs to further expand broadband deployment.

The aforementioned petitioners are not a minority of rural carriers facing such a crucial decision dilemma. Vantage Point has received numerous client requests to assist in obtaining clarification on these location questions, with the understanding that the proper counting structure surrounding home-based businesses may very well be a determining factor in some carriers' decisions as to whether or not they can confidently accept ACAM II support. Without the confidence of accurate ACAM model location estimates, compounded by uncertainty as to whether vast numbers of home-based business locations will qualify toward the compliance obligations, many carriers find themselves at a crossroads, forced to decide between furthering their mission to expand broadband to more rural communities as opposed to safeguarding their entire financial stability by protecting against potential penalties for an inability to meet deployment obligations.

¹ See Letter from Larry Thompson, CEO, Consulting, Vantage Point, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed July 13, 2015).

² Frontier Communications "Connect America Fund, WC Docket No. 10-90" Filed December 30, 2015 by Michael Golob.

³ Petition for Clarification or Declaratory Ruling of Northeast Iowa Telephone Company and Western Iowa Telephone Association, WC Docket No. 10-90 (filed May 6, 2019).



Due to the gravity of rural carriers' obligations to meet service location requirements, and the consistent inaccuracies and uncertainties apparent in current location determinations, Vantage Point hereby supports efforts to close the gap and better define qualifying location criterion. VPS asks the Commission to promptly offer clarification, either through a USAC directive or FCC order. We commend the Commission on its recognition of the need for extension of the ACAM II deadline, and we propose that clarification of these locations-based questions is also necessary in order for companies to make informed decisions regarding the ACAM II offers.

Respectfully submitted,

Larry Thompson
Chief Executive Officer

CC: Heath Mallory, WiaTel
David Byers, Northeast Iowa Telephone Company