

**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 OF
NTCA–THE RURAL BROADBAND ASSOCIATION**

NTCA–The Rural Broadband Association (“NTCA”) hereby submits its Reply in connection with the Petitions for Reconsideration filed by Grand River Mutual Telephone Corporation (“GRM”) and Clarity Telecom, LLC d/b/a Vast Broadband (“Clarity”) in the above-captioned proceeding.¹ Each Petition seeks the opportunity to obtain additional Alternative Connect America Cost Model (“A-CAM”) support by correcting inadvertent clerical errors associated with the filing of Form 477 reports in June 2015 that resulted in support being denied for a portion of the relevant study areas. No Oppositions to the Petitions appear to have been filed, and NTCA supports the grant of these Petitions as part of efforts by the Federal Communications Commission (the “Commission”) to finalize reforms and address budgetary concerns with respect to high-cost federal universal service fund (“USF”) support received by small rural local exchange carriers (“RLECs”).

¹ Petition for Reconsideration of GRM, WC Docket No. 10-90, *et al.* (filed May 2, 2018) (“GRM Petition”); Petition for Reconsideration of Clarity, WC Docket No. 10-90, *et al.* (filed May 10, 2018) (“Clarity Petition”).

As context, the Commission is presently conducting a rulemaking proceeding to consider, among other things, the sufficiency of USF support for both A-CAM recipients and those RLECs that receive support based upon the actual costs of their investments and operations in rural areas.² As NTCA highlighted in that rulemaking, shortfalls in USF support are precluding the ability of RLECs to offer reasonably comparable services at reasonably comparable rates, and cutting support in ways that preclude fulfillment of even the Commission's own rules and initial designs for these programs.³ For these reasons, NTCA has recommended that the high-cost USF budget going forward must:

(1) reflect reasonable expectations as to demands for program support over time; (2) be sized to achieve "true universal service" in the form of scalable networks that can evolve to meet consumer demand, or be sized sufficiently at the very least to correspond to the set of buildout and other performance tasks designed by the Commission; (3) be sized sufficiently as well to ensure "reasonable comparability" in terms of services and pricing; (4) provide greater predictability to the extent that any projected budget nonetheless turns out to be insufficient in a future period; and (5) include an appropriate inflationary factor just as other USF programs do today.⁴

Sufficient support necessarily turns upon an accurate reflection of "facts on the ground" in the areas to be served. NTCA supported and continues to support voluntary elections of model-based support for those RLECs that conclude the model reasonably reflects circumstances in the areas they serve. At the same time, it is worth noting that NTCA petitioned for reconsideration in 2016 with respect to the model precisely because there were continuing questions as to the model's transparency and accuracy that the Commission's recitation of certain technical points in the 2016

² *Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking (rel. March 23, 2018).

³ Comments of NTCA, WC Docket No. 10-90, *et al.* (filed May 25, 2018) ("NTCA Comments"), at 27-30.

⁴ *Id.* at 30-31.

order did not dispel.⁵ Although GRM and Clarity elected model-based support because it could help in other portions of their study areas, they have highlighted a circumstance in which “facts on the ground” do not match what the model shows based solely upon technicalities – filing errors that were even caught and sought to be remedied prior to completion of the model election process.⁶ As part of the effort to remedy and “right-size” the budgets for RLEC USF programs overall and thereby to make the programs function more effectively as intended and consistent with federal law, NTCA therefore has already supported and continues to encourage grants of relief to GRM and Clarity.⁷

Respectfully submitted,

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⁵ Petition for Reconsideration of NTCA, WC Docket No. 10-90, *et al.* (filed May 25, 2016), at 25.

⁶ See GRM Petition at 2-3; Clarity Petition at 2-3.

⁷ NTCA Comments at 43-46 (recommending that annual USF budgets set by the Commission “include the estimated amount of additional support it would take to resolve these pending petitions”).