



COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

DAVID W. SWEET
COMMISSIONER

July 20, 2017

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

Re: Notice of Oral Ex Parte Communication, WC Docket Nos. 10-90, 14-58,
and 14-259

Dear Secretary Dortch:

On July 18, 2017, Commissioner David W. Sweet from the Pennsylvania Public Utility Commission (PA PUC), Joseph Witmer, legal counsel to PA PUC Chairman Gladys M. Brown, and James Bradford Ramsay, General Counsel to the National Association of Regulatory Utility Commissioners met in person with Kristine Fargotstein from the office of Federal Communications Commission (FCC) Chairman Ajit Pai. I participated in the meeting by telephone. The purpose of the meeting was to discuss the Petition for Reconsideration, Modification, or Waiver (Petition) jointly filed by the PA PUC and the Pennsylvania Department of Community and Economic Development (PA DCED) on April 19, 2017, which remains pending before the FCC.

The PA PUC representatives discussed the similarities and differences between the Pennsylvania Petition and the New York Petition for Waiver and New York Broadband Initiative (NYBI). First addressed was the status of broadband deployment in Pennsylvania. Despite Pennsylvania's successful legislative and regulatory mandate dating to 1993 to require the regulated incumbent carriers to deploy broadband ubiquitously, the fact remains that the state-mandated broadband speeds are antiquated under today's technology. Thus, many of Pennsylvania's rural areas, including those for which Verizon declined CAF Phase II funding, are underserved by modern standards, including those standards identified by the FCC. The proposal in the PA Petition would not impede the FCC's goal of ensuring national broadband availability in rural areas on bases reasonably comparable to those in urban areas. Importantly, it would also ensure comparability of access at the county level in Pennsylvania. Without the CAF Phase II support, Verizon's rural customers may find themselves in the anomalous position of being left underserved while their next door neighbors served by another carrier are not. Access

to modern broadband is a necessity to bring consumers in Pennsylvania's rural areas into the 21st century.

As raised by Commissioner Sweet, while many people are familiar with Pennsylvania's urban hubs in Philadelphia and Pittsburgh, the Commonwealth has one of the largest rural populations in the nation, many of which are areas in economic decline. PA PUC staff also stated that Verizon's most rural areas comprise the service territory of the former GTE North, and that Pennsylvania also has a large independent rural telephone and rural electric cooperative presence. CAF Phase II support may facilitate the electric cooperatives' "broadbandification" much as the cooperatives provided rural electrification in areas where others would not.

Further, as the PA PUC representatives noted, because the Petition only affects bids from any interested provider willing to deploy in Verizon-declined areas, it likewise only affects CAF Phase II funding objectively designed for Pennsylvania. In that manner, it neither detracts from the FCC's goals of achieving national comparability of broadband access nor negatively impacts any other state's objectively-designed support.

Commissioner Sweet also expressed the PA PUC's support for the FCC's national expansion of modern broadband access on a timely basis. As he stated, Pennsylvania carefully crafted its Petition so that the relief requested could be easily merged into the FCC's existing procedures and not create a roadblock to the FCC's ambitious schedule. The PA PUC also asserted that the FCC could conduct its pre-auction process while the PA Petition remains pending. However, grant of the Petition while the FCC vets its auction process would also benefit Pennsylvania's efforts to further harness resources on the state and local levels.

As to funding, Commissioner Sweet noted that Pennsylvania's General Assembly remained in session addressing budgetary issues. Even with the state's current dedication of a modest fund in comparison to the NYBI, the Commissioner noted that Pennsylvania was careful to craft its Petition in the tradition of our decentralized culture, which stands in stark comparison to New York. In addition to direct funding made available, Pennsylvania will also offer financial assistance for economic development, including broadband, through grants and low-cost financing options that will be available at the local level.

Pennsylvania vests much power to its counties and municipalities. Some local leaders have already started fostering collaboration among interested parties to deploy modern broadband to underserved areas through all means available. Grant of the Petition would greatly facilitate those efforts. Additionally, while the Petition remains pending, the PA PUC, other state and municipal officials, and Pennsylvania's Congressional delegation in a strong bipartisan show of support, all continue their efforts to harness attention and resources at the grass-roots level in

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anticipation of the FCC's auction. Pennsylvania simply seeks to have the FCC provide credit, as proposed in the Petition, for any additional resources it can muster.

In short, while the FCC's timely favorable action on the Pennsylvania Petition would provide valuable incentives to support rural broadband deployment in Pennsylvania, the PA PUC will continue to reach out to interested parties, including local municipalities and unregulated or non-traditional providers over whom the PA PUC lacks jurisdiction to compel deployment, to address the digital divide that exists in rural Pennsylvania.

Respectfully,

A handwritten signature in blue ink, appearing to read "Regina L. Matz", is written over the typed name.

Regina L. Matz

Legal Counsel to
Pennsylvania Public Utility Commissioner
David W. Sweet