



July 21, 2017

**Ex Parte Notification**

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

RE: Connect America Fund, WC Docket 10-90

Dear Ms. Dortch,

On July 20, 2017, Gina Tomlinson, CEO, Cochrane Cooperative Telephone; Chad Young, CEO, Norvado; Dennis Bachman, CEO, Citizens Connected; Scott Behn, CEO, Mosaic Telecom; Mark Stenseth, CEO, West Wisconsin Telcom Cooperative; and the undersigned met in individual meetings with Jay Schwarz, Wireline Advisor to Chairman Pai and Claude Aiken, Wireline Legal Advisor to Commissioner Clyburn.

During the discussion, participants raised concerns regarding reductions of Universal Service Fund (USF) support, including recent developments in the budget control mechanism, and the impact these reduced distributions will have on their customers and communities. Attendees stressed the urgency of the issue and asked the FCC to expeditiously take steps to mitigate the effects of the budget shortfall.

Any questions about the information in this filing may be directed to the undersigned. Pursuant to Section 1.1206 of the FCC's rules, this letter is being filed electronically via ECFS.

Thank you for your attention in this matter.

Sincerely,

/s/ Stacey Brigham

Stacey Brigham  
Director of Federal Policy Analysis and Advocacy  
TCA, Inc.

**Enclosure**

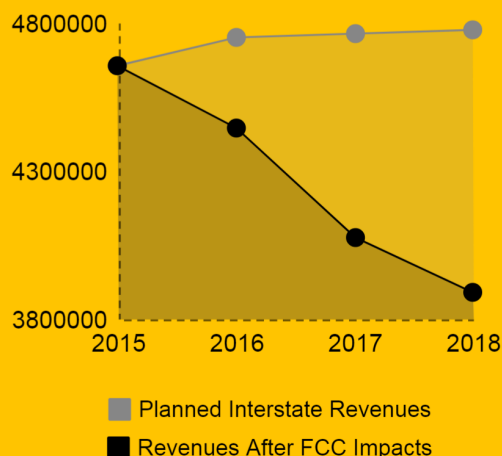
CC: Jay Schwarz  
Claude Aiken



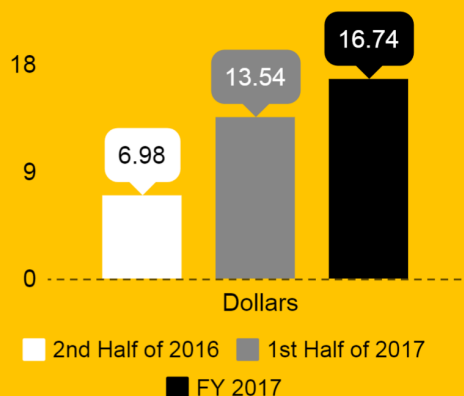
# THE BUDGET CONTROL MECHANISM

## Impacts on Rural Wisconsin

### Average Impacts

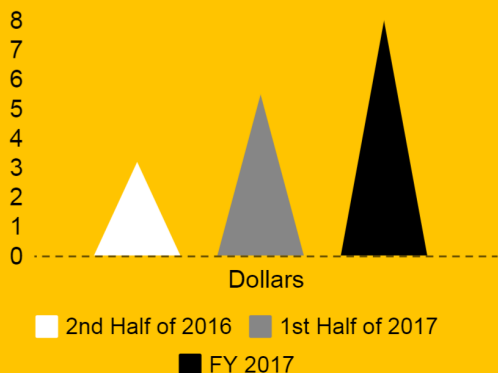


### Average Monthly Impacts Per Customer



Recent changes to the Universal Service Fund High Cost Program for ILECs remaining on rate of return, have caused millions of dollars in reductions annually for 5 Wisconsin providers. In total, these 5 providers will see a \$3.5M reduction in 2017 of recovery on investments they have already made. To remain revenue neutral, these companies would have to charge an additional \$16.74 per customer per month, on average, for existing services this year.

### Average Monthly Impact of the BCM per Customer



The Budget Control Mechanism (BCM) makes up nearly half of the overall reduction in support for these 5 providers - and there is nothing they can do to avoid these reductions. The BCM has grown significantly since it began late last year. This trend is very concerning as it makes USF support unpredictable and insufficient for the goals established in the RoR Reform Order.

The BCM is impacting these 5 Wisconsin providers' ability to offer quality service to their customers. All are slowing or stopping any future broadband investments necessary to meet increasing customer demand, and are evaluating retail rate hikes, even though their customers already pay more for service than their urban counterparts. Furthermore, the BCM puts loan repayments at risk and impacts their ability to attract and retain talented employees.