

Pennsylvania Farm Bureau

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July 24, 2017

EX PARTE OR LATE FILED

Received & Inspected

The Honorable Ajit Pai, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

JUL 31 2017

FCC Mail Room

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RE: Ex parte communication regarding Pennsylvania Petition for Reconsideration, Modification or Waiver of Connect America Fund Phase II Auction Order (released May 26, 2016) and Report and Order on Reconsideration (released March 2, 2017) per WC Docket Nos. 10-90 and 14-58

Dear Chairman Pai:

Pennsylvania Farm Bureau expresses our support for the petition jointly filed on behalf of Pennsylvania by the Public Utility Commission (PUC) and Pennsylvania Department of Community and Economic Development (DCED), and recommends the Federal Communications Commission approve the agencies' request to modify the Commission's CAF Phase II auction formula for Pennsylvania bids, consistent with the agencies' petition.

Pennsylvania Farm Bureau is the largest general farm organization in Pennsylvania, with a membership of more than 62,000 farm and rural families. Within our organizational structure are 54 County Farm Bureau affiliates that are active in 63 of Pennsylvania's 67 counties. We are Pennsylvania's state affiliate of the American Farm Bureau Federation.

Among states in the nation, Pennsylvania ranks among the highest in number of rural residents. Some 21 percent of Pennsylvania's population – nearly 2.712 million persons – reside in Pennsylvania's rural regions, according to the U.S. Census, ranking Pennsylvania third among states with the highest rural populations. The Commonwealth's Center for Rural Pennsylvania estimates that by 2040 Pennsylvania's rural population will reach 3.61 million people, and comprise approximately 27 percent of Pennsylvania's total population.

Pennsylvania also is a leader among states in the Northeast region in agricultural production and economic value from agriculture. Total annual value from sales of Pennsylvania-produced agricultural products were estimated to be \$7.4 billion in 2016, ranking Pennsylvania first among Northeast states. It is estimated that agriculture and agribusiness enterprises are responsible for employment of at least 1 of every 7 jobs in the Commonwealth.

It is also worth noting that the number and percentage of Pennsylvania's rural population who will be 65 years of age or older are estimated to be significantly higher than today. In 2015 those persons 65 and older in age were estimated to be 18 percent of the rural population. By 2040, that percentage is expected to climb to more than 25 percent.

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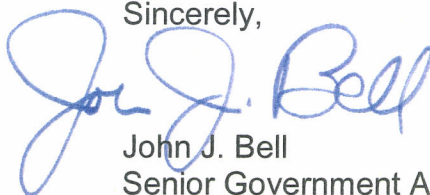
These three factors alone underscore the need for Pennsylvania to have a feasible financial means to develop an integrated and efficient broadband infrastructure that supports the communication and information access demands of the Commonwealth's rural communities and their local economies. As science and technology continue to grow, there will be increasing and more critical need for farmers, residents, and healthcare professionals and patients in rural communities to have immediate access to information that will keep them commercially competitive and manage costs in the face nationwide and global markets, and allow them to take advantage of the latest medical advancements in managing the health and well-being of themselves and their families.

The current communications network and infrastructure in many of Pennsylvania's rural communities are not sufficient to satisfactorily meet the foreseeable demands of rural businesses and families. As mentioned in a letter jointly sent to you from several members of Pennsylvania's Congressional delegation, some 25 percent of Pennsylvania's residents do not have high-speed broadband capability throughout 17 of Pennsylvania's 67 counties.

The CAF Phase II rules preliminarily approved by the Commission place feasible improvement of Pennsylvania's rural broadband infrastructure in serious jeopardy. With the auction formula devised by the Commission under CAF Phase II and Verizon's decline of statewide commitment offer, Pennsylvania stands to lose nearly \$140 million otherwise available to Pennsylvania during the next six years for development of broadband infrastructure. That loss will impose undue hardship on Pennsylvania's fiscal ability to develop needed broadband infrastructure in Pennsylvania's rural communities.

The modifications to the CAF Phase II auction rules recommended in PUC's/DCED's petition would greatly facilitate Pennsylvania's ability to finance and maintain an effective and affordable rural broadband communications infrastructure and service in in Pennsylvania without adversely impacting monies that would have gone to other states under Verizon's participation. We strongly encourage the Commission to adopt the recommendations offered on behalf of Pennsylvania in its Petition for Reconsideration, Modification or Waiver to Docket Nos. 10-90 and 14-58.

Sincerely,



John J. Bell
Senior Government Affairs Counsel

cc: Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Mary H. Dortch, Secretary
Kris Monteith, Acting Chief, Wireline Competition Bureau