

September 14, 2017

Filed Via ECFS

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

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

Dear Ms. Dortch:

On Tuesday, September 12, 2017, Mark Gailey of Totah Communications; and Derrick Owens, Bill Durdach and Gerry Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met with Nathan Eagan, Acting Wireline Legal Advisor to Commissioner Brendan Carr, to introduce WTA and to generally discuss various rural broadband issues.

WTA is a national trade association representing approximately 340 rural telecommunications providers that offer voice, broadband and video-related services. WTA members are generally small rate of return carriers that typically serve 2,000 to 3,000 lines scattered throughout some of the most rugged, remote and/or sparsely populated areas of the United States. WTA members are providers of last resort to many areas that the former Bell System did not want to serve, and that remain very difficult and expensive to serve today. Approximately 40 percent of WTA’s members elected to receive federal high-cost support for the next ten years pursuant to the Alternative Connect America Cost Model (“ACAM”) Path. Except for several Alaska Plan companies, the remainder of WTA’s members have remained (and in many cases have been forced by circumstances or eligibility limitations to remain) on the alternative Rate of Return (“RoR”) Path.

WTA members rely upon predictable and sufficient high-cost support for much of the revenue streams they need to obtain and repay the loans necessary to extend and upgrade their broadband facilities and services. The current funding of neither the ACAM Path nor the RoR Path is sufficient to meet the growing broadband needs of rural customers, which have long superseded the currently funded 10 Mbps/1 Mbps level, and are quickly surpassing the next 25 Mbps/3 Mbps milestone. In particular, the budget control mechanism affecting the RoR Path is producing large and unpredictable reductions (currently 12.35 percent for Connect America Fund – Broadband Loop Service support for the 2017-2018 period, and 14.9 percent for High Cost Loop Support for the Fourth Quarter 2017) in otherwise distributable high-cost support that are becoming as disruptive to investment planning and loan repayment as the former Quantile Regression Analysis.

Another threat to predictability is the apparently planned movement of Universal Service Fund (“USF”) dollars from a bank account in the name of the Commission’s Universal Service Administrative Company (“USAC”) administrative agent to the U.S. Treasury. In addition to the loss of interest income with respect to these funds, this plan is generating grave concerns that essential USF dollar flows ultimately will become embroiled, threatened and delayed in budgetary

disputes, government shutdowns, and other political matters. WTA emphasizes that the USF has long served as a telecommunications industry mechanism to promote deployment of facilities and adoption of services that are intended to benefit all industry members and contributors by making their networks and services more valuable. It urges that the USF and its funds be kept as an industry program rather than being folded into the overall Treasury and budget operations.

WTA continues to support USF contribution reform, and to believe that all broadband Internet access services should contribute to a program that is increasingly intended to increase broadband deployment and adoption. It understands the political difficulties created by those who assert that USF contributions would constitute “taxation of the Internet,” but does not see how the current substantial reliance upon contributions from a changing long distance toll service sector to support an increasingly broadband public network is sustainable.

WTA indicated that it is considering the re-submission of its prior proposal for the establishment of a second period wherein RLECs could voluntarily elect to opt into the ACAM Path. Particularly in light of the growing and unpredictable adverse impact of the budget control mechanisms upon RoR Path carriers and in light of the fact that many RLECs were denied a fair opportunity to opt into the ACAM Path during the initial period, WTA believes that providing a second opportunity for willing carriers to accept model-based support would be reasonable and equitable.

WTA noted that its RLEC members want edge providers and others to serve their rural customers, and have not been active in the debates regarding blocking, throttling or paid prioritization. However, WTA remains concerned that its RLEC members and their rural customers will be refused reasonable and affordable broadband interconnection, and has urged the Commission to retain a role in monitoring broadband interconnection and middle mile arrangements, and to step in when necessary to require good faith and timely negotiations between entities of widely varying size and bargaining power.

Finally, WTA provided a copy of the suggested Unsubsidized Competitor Form which it had submitted in this docket during October 2016 regarding the future challenge process for entities claiming to be unsubsidized competitors within Census Blocks served by RoR Path carriers.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceeding.

Respectfully submitted,

/s/ Gerard J. Duffy

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Attachment: WTA *Ex Parte* Letter in WC Docket No. 10-90, dated October 24, 2016

cc: Nathan Eagan