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September 19, 2017

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

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

Dear Ms. Dortch:

GRTI files this letter in support of a proposal put forward in an August 15, 2017 ex parte notice filed on behalf of NTCA – The Rural Broadband Association.¹

In its notice, NTCA sets out the many ways in which the current universal service reforms are providing support at levels that, even under those reformed rules, are insufficient. NTCA notes that a series of budgetary controls have reduced support levels below what is sufficient and that coupled with new buildout obligations have led to a situation where rural local exchange carriers, like GRTI and many others, are “being asked to do more with less even in the face of affirmative, arbitrary reductions in support that the Commission’s own rules would otherwise say they should receive for their efforts.”² NTCA further notes that despite assurances to the United States Court of Appeals for the Tenth Circuit in 2014, the FCC has not completed a review of the universal service budget. Because that promised budgetary review has not been initiated and for the reasons NTCA outlines concerning a shortfall in funding for rural carriers, NTCA proposes that the Commission direct the Universal Service Administrative Company (USAC) continue to collect, at a minimum, the current overall high-cost USF budget of \$4.5 billion pending completion of the review contemplated by the Commission’s representation to the Tenth Circuit in defending the budgets set in 2011.³

GRTI supports NTCA’s requested course of action concerning the universal service budget. In its request for relief from the Commission’s freeze of the national average cost per

¹ Letter from Michael R. Romano, Senior Vice President - Industry Affairs & Business Development, NTCA – The Rural Broadband Ass’n., to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90 (filed Aug. 15, 2017 (*NTCA USF Budget Proposal*)).

² *Id.* at 1.

³ *Id.* 2-3.

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loop (NACPL), GRTI demonstrates the validity of NTCA's statements concerning the insufficiency of funding currently being provided to rural local exchange carriers (RLECs). In its petition, GRTI states that it faces a reduction in loop support of \$896,000 per year from just this one reform, which is a 16 percent reduction in support – well in excess of the six to seven percent that the Commission estimated as the upper bound for support reductions.⁴ When combined with other support reductions based on the Commission's reforms, GRTI faces an overall annual reduction in support of \$3.12 million.⁵ GRTI is not the only RLEC facing such significant cuts in its universal service support. GRTI believes the only way for the Commission to preserve all options in advance of a budget review, is to direct USAC to continue to collect funds at the current overall high-cost universal service fund budgetary limit of \$4.5 billion. In addition, GRTI urges the Commission to give serious consideration to NTCA's request that the Commission use reserve funds to address the insufficiency of support payment RLECs are receiving. NTCA provides an estimate of approximately \$445 million in reserves that could be applied for this purpose and GRTI agrees that application of these reserves in this manner would greatly help RLECs during the interim as the Commission conducts a review of the universal service budget.

This disclosure is made in compliance with 47 C.F.R. §1.1206

Best regards,

/s/ Gregory W. Guice
Gregory W. Guice

Counsel, Gila River Telecommunications, Inc.

⁴ Connect America Fund et al., WC Docket No. 10-90 et al., *Report and Order*, 29 FCC Rcd. 15644, 15682, para. 108 (“[u]sing NTCA’s analysis, the highest cost carrier would lose only seven percent of HCLS as compared to the current rules (and receives only three percent less than it would receive under the Commission’s proposal). Because that carrier would likely also be receiving a significant amount of ICLS, the reduction as a fraction of total support would be even less than seven percent.”), 15684, para. 112 (“Moreover, as a matter of policy, we are not persuaded that even the highest cost rate-of return carriers will be unduly harmed by this rule. As noted above, in the Rural Associations’ examples, the highest cost company sees a reduction of only six percent of its HCLS (and a smaller fraction of its total high-cost support) as a result of this rule.”) (2014).

⁵ Revised Information for Gila River Telecommunications, Inc. Petition for Waiver of the Commission’s National Average Cost Per Loop Freeze Decision, Connect America Fund, et al., WC Docket No. 10-90 et al., (filed May 19, 2017).