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**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 September 21, 2016, Bill Otis of New Ulm Telecom, Inc., Bill Eckles of BEVCOMM and undersigned counsel representing the eleven Minnesota, Wisconsin and Iowa rural local exchange carriers (“MN-WI-IA Companies”) listed on Attachment A met with Travis Litman, Senior Legal Advisor to Commissioner Jessica Rosenworcel, to discuss their interest in participating in the Alternative Connect America Cost Model (“ACAM”) mechanism and broadband deployment program and their concerns that the present ACAM eligibility criteria may be changed in some manner at some future date to exclude many currently eligible entities.

Messrs. Otis and Eckles indicated that their companies had deployed 10/1 broadband to more than 80 percent of the customers in their eligible study areas, but that they still had much work left to deploy broadband to the more sparsely populated and higher cost areas outside their rural towns. They view ACAM as a unique and pivotal opportunity that will allow their companies to bring broadband to unserved areas for which they had previously been unable to make a persuasive business case to their owners and lenders.

The MN-WI-IA Companies recognize that the ACAM path has budget limitations, and that the initial ACAM support offers and build-out obligations are likely to be revised downward if (as they expect) the ACAM mechanism is over-subscribed. Their companies have already spent substantial time, effort and consulting fees on the analysis of their initial ACAM support offers and build-out obligations, and of various potential scenarios involving reduction of their ACAM support and associated obligations. They intend to opt into the ACAM Path on or before November 1, 2016, and are prepared to respond to revised offers according to the 30-day “second step” procedure set forth in the

Commission's March 30, 2016 *USF Order*.<sup>1</sup>

The MN-WI-IA Companies were both surprised and concerned with the language in the Wireline Competition Bureau's August 3, 2016 Public Notice<sup>2</sup> indicating that it might "prioritize" among electing carriers on the basis of one or more of three different potential criteria (percentage of locations lacking 10/1 Mbps, absolute number of locations lacking 10/1 and/or average cost per location). The companies view this language as an indication that the Bureau is contemplating changing the ACAM eligibility rules in some presently unknown manner – probably after November 1, 2016 – in a manner that might significantly decrease the number of RLECs eligible to participate on the ACAM Path. Whereas the companies have understood that the ACAM support and build-out obligations of those making the November 1, 2016 elections is likely to be reduced in order to satisfy budget constraints, they had never contemplated that they might be barred entirely from ACAM participation. They view this possibility as an arbitrary and unfair change of the ACAM eligibility rules in the middle of the process, particularly when they have expended substantial time, effort and resources in performing their due diligence regarding the ACAM mechanisms under the Commission's previously announced ACAM eligibility rules and its "second step" budget compliance procedure.

The MN-WI-IA Companies are aware of various consultant estimates that somewhere between 5 and 30 RLEC entities are likely to eat up the entire \$150 million CAF Reserve amount if the present \$200 per-location funding cap is retained, and the number of eligible ACAM participants is reduced until the budgetary constraint is satisfied. A 5-to-30 or similarly limited number of ACAM Path participants would constitute a very minimal "experiment" with model-based support for RLECs, and would confine the potential benefits of the ACAM mechanisms to a very small portion of Rural America. The MN-WI-IA Companies believe that an ACAM Path comprised of several hundred RLECs with revised support and build-out obligations would constitute a far more successful and effective experiment with model-based support than a "fully funded" alternative with relatively few participants.

The MN-WI-IA companies recognize that the conduct of the second step of the election process, as set forth in the *USF Order*, is likely to preclude full and formal implementation of the ACAM Path by January 1, 2017. However, true-up procedures can be employed to provide ACAM participants with the ultimately offered ACAM support for 2017, while compliance with the associated ten-year build-out obligations is even less time-constrained given that initial deployment milestones and compliance reporting do not become applicable until Year 4.

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<sup>1</sup> *In the Matter of Connect American Fund et al.*, Report and Order, Order, and Order on Reconsideration, and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90 and 14-58 and CC Docket No. 01-92, FCC 16-33, released March 30, 2016.

<sup>2</sup> *Public Notice* (Wireline Competition Bureau Announces Support Amounts Offered to Rate of Return Carriers to Expand Rural Broadband), WC Docket No. 10-90, DA 16-869, released August 3, 2016.

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

Gerard J. Duffy

Attachment A: List of Participating MN-WI-IA Companies

Attachment B: New Ulm Fact Sheet

Attachment C: BEVCOMM Fact Sheet

cc: Travis Litman