

**HOME TELEPHONE COMPANY**  
**579 Stoney Landing Road**  
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**Moncks Corner, South Carolina 29461**  
**843-761-9101**

December 6, 2018

**Via ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: WC Docket Nos. 10-90, 14-58, 07-135, and CC Docket No. 01-92**  
**Home Telephone Company**  
**Notice of *Ex Parte***

Dear Ms. Dortch:

On December 6, 2018, Keith Oliver of Home Telephone Company (“Home” or the “Company”) and Home’s consultant, John Kuykendall of JSI (collectively the “Home Representatives”), met via conference call with Arielle Roth of the Office of Commissioner Michael O’Rielly, Jamie Susskind of the Office of Commissioner Brendan Carr and Preston Wise of the Office of Chairman Ajit Pai.

The purpose of the meetings was to discuss proposed modifications to the draft ruling circulated for a potential vote by the Federal Communications Commission (“FCC” or “Commission”) at its December open meeting in the above-referenced docket (“*Draft Order*”). These proposed modifications are outlined in the attachment to this *ex parte* notice and would promote additional broadband deployment in areas served by the existing “glidepath” Alternative Connect America Cost Model (“A-CAM”) recipients.

Home appreciates the Commission’s consideration of this proposal and the time afforded for the discussions. As explained further in the attachment, Home’s proposal would advance Commission goals by expanding deployment of 25/3 Mbps service, create equity in the distribution of A-CAM funding and provide the best “bang for the buck” for universal service support in an administratively efficient manner.

Please let me know if you have questions or would like to discuss further.

Respectfully submitted,

/s/ *Keith Oliver*

Keith Oliver, Home Telephone Company

cc: Arielle Roth  
Jamie Susskind  
Preston Wise

Attachment

## Attachment - Home Telecom's Proposal

As an introduction, Home would like to thank the Commission for all of its hard work and efforts to address rural carriers' universal service support concerns. Home is a rate-of-return carrier headquartered in Moncks Corner, South Carolina and is among the thirty-five carriers that were authorized to receive support in the *First A-CAM Authorization PN*.<sup>1</sup> These carriers are ones whose model-based support was less than the amount of legacy support that these carriers received in 2015 (otherwise known as the "Initial Glidepath Carriers").<sup>2</sup>

Home has a long history of actively participating in major FCC proceedings that will affect Home, its customers, rural carriers and customers nationally including the FCC's A-CAM proceeding. Most notably, Home was an early proponent of the creation of a voluntary path to the utilization of model for support.<sup>3</sup> The Commission recognized Home's instrumental role in this proceeding when, in its *A-CAM Order*, it cited Home as support for the FCC's assertion that the Initial Glidepath Carriers would be willing to adopt A-CAM even though the amount of support would be lower because of "the certainty provided regarding funding."<sup>4</sup> The Commission also recognized Home's contribution when it cited Home along with other commenters in supporting the concept that the "contribution to the overall A-CAM budget by [Initial Glidepath Carriers] will allow for additional broadband deployment by the other electing companies"<sup>5</sup> and in raising concerns that the FCC should not "involuntarily disqualify any company from receiving A-CAM support."<sup>6</sup>

### The FCC Should Include Offers to the Initial Glidepath Carriers in Furtherance of its Goal of Widespread Deployment of 25/3

To some extent, Home helped launch the glidepath approach and once again takes this opportunity to ensure that residents and businesses served by these carriers are fairly treated and that the FCC achieves the best "bang for the buck" when it comes to universal service support. In its *Draft Order*, the FCC has proposed multiple ways to further the Commission's goal of "realizing widespread deployment of 25/3 Mbps service."<sup>7</sup> This goal is advanced in the *Draft Order* by providing for offers of additional support to almost all rate-of-return carriers – A-CAM and legacy - which, if accepted, would require these carriers to deploy an increased level of 25/3 Mbps service to the rural residents and businesses in their service areas. The only group of carriers

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<sup>1</sup> *Wireline Competition Bureau Authorizes 35 Rate-of-Return Companies to Receive More than \$51 Million Annually in Alternative Connect America Cost Model Support and Announces Offers of Revised A-CAM Support Amounts to 191 Rate-of-Return Companies to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 16-1422 (rel. Dec. 20, 2016) ("First A-CAM Authorization PN").

<sup>2</sup> *Connect America Fund, Report and Order and Further Notice of Proposed Rulemaking*, FCC 16-178 at para. 7 (rel. Dec. 20, 2016) ("A-CAM Order"). A list of the thirty-five Initial Glidepath Carriers was attached to the *First A-CAM Authorization PN*. All of these carriers received support using the monthly funding cap of \$200 per location.

<sup>3</sup> See, e.g., Reply Comments of Home Telecom, WC Docket No. 10-90, *et al.*, filed September 8, 2014.

<sup>4</sup> *A-CAM Order* at para. 7, n. 14 citing Letter from Keith Oliver, Home Telephone Company, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Oct. 14, 2016) ("*Home Telephone Oct. 14, 2016 Ex Parte Letter*").

<sup>5</sup> *A-CAM Order* at para. 7, n.15 citing *Home Telephone Oct. 14, 2016 Ex Parte Letter*; Letter from Keith Oliver, Home Telephone Company, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Nov. 29, 2016) ("*Home Telephone Nov. 29, 2016 Ex Parte Letter*").

<sup>6</sup> *A-CAM Order* at para. 11, n.22 citing *Home Telephone Nov. 29, 2016 Ex Parte Letter*, at 2.

<sup>7</sup> *Draft Order* at para. 3.

which are not offered additional funding to expand 25/3 Mbps service are the thirty-five Initial Glidepath Carriers. As the Commission recognized in its *A-CAM Order*, it was the Initial Glidepath Carriers that were willing to adopt A-CAM even though their high-cost universal service support would be reduced and, due to the ruling in the *A-CAM Order*, became the first to adopt A-CAM. Indeed, it is Home's belief that these carriers were instrumental to the Commission's successful launch of the rate-of-return model option. However, due to an apparent oversight, the Commission is not extending new offers of support to these carriers, leaving the residents and businesses in areas served by these carriers behind. No explanation is provided in the *Draft Order* as to why these residents and businesses do not deserve equal treatment. In effect, the residents and businesses served by these thirty-five carriers seemed to be penalized simply because these carriers were the first to respond to the Commission's desire to reform rate-of-return universal service support.

### Home's Proposal Provides a Bigger "Bang For Buck"

Home applauds and supports the proposal of ITTA as documented in their filing of November 30, 2018.<sup>8</sup> In its filing, the association proposes that the Initial Glidepath Carriers be allowed to extend guaranteed model base support until 2028 through the adoption of an expanded 25/3 build-out obligation. While Home believes this to be a good start, it does not go far enough, as it only modestly extends supported locations and fails to allow these carriers support in the expanded areas the Commission now deems eligible. As an alternative option, Home requests that the Commission consider allowing the Initial Glidepath Carriers the option of electing the proposed ACAM II model. The new model provides support to subscribers in areas where the initial model ("A-CAM I") denied support.

In its *Draft Order*, the Commission adopts a new model offer, known as A-CAM II, which will be available to all existing legacy carriers. A-CAM II will differ from A-CAM I in some major aspects, most notably, census blocks will not be excluded from support where the carrier or its affiliate has deployed fiber-to-the-premises or cable technologies.<sup>9</sup> In proposing that these blocks not be excluded, the Commission recognizes the need to expand support to these areas in paragraph 43 of the *Draft Order* which states, ***"Including census blocks which already have some fiber-to-the-premises will promote more and higher speed deployment to locations in these census blocks that do not currently have 25/3 Mbps or better service. Moreover, the Commission has previously recognized that areas with partially or fully-deployed fiber-to-the-premises may still require high-cost support to maintain existing service."***<sup>10</sup>

If the Initial Glidepath Carriers were allowed to participate in A-CAM II and elected to do so, they would be required to deploy 25/3 Mbps to all their initially fully funded locations. Indeed, it is this requirement for those glidepath carriers electing ACAM II, with no additional cost to the fund, that makes this proposal so compelling. This increased level of 25/3 Mbps service would further be increased for locations in those census blocks previously excluded due to situations

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<sup>8</sup> See Letter from Michael J. Jacobs, Vice President, Regulatory Affairs, ITTA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 01-92 (filed Nov. 30, 2018) ("ITTA Proposal").

<sup>9</sup> *Draft Order* at para. 32. Another major difference is that the competitive overlap will apply to unsubsidized competitors only when they offer voice and 25/3 Mbps or faster broadband.

<sup>10</sup> *Draft Order* at para. 43 (emphasis supplied).

where the company or its affiliate have deployed fiber-to-the-premises or cable technologies. Additionally, the Initial Glidepath Carriers could experience an increase in the number of locations to which they must deploy 25/3 Mbps due to the higher speed standard in determining the competitive overlap.

Home proposes that by allowing the Initial Glidepath Carriers the opportunity to adopt ACAM II, 25/3 Mbps deployment would be expanded, advancing the Commission's goal of realizing widespread deployment of 25/3 Mbps service. Further, taking such action is good public policy and would create equity between consumers served by the Initial Glidepath Carriers and those served by ACAM II adopters. In addition, it would seem to provide the Commission with perhaps the best "bang for the buck." This would occur because under Home's proposal as an ACAM II adopter, the total number of funded locations would be subject to the 25/3 Mbps deployment obligation. This means that the locations subject to the 10/1 Mbps and 4/1 Mbps deployment obligations would automatically be increased to 25/3 Mbps without any additional funding. Any additional funding that would be provided by the Glidepath carriers' election of ACAM II would be the result of requirements to deploy 25/3 Mbps broadband to locations that currently are not funded by A-CAM.

Preliminary calculations Home has performed suggest that if Home's proposal were adopted and Home elects this option, Home would have more than a 40% increase in supported locations due to the inclusion of census blocks previously excluded. More importantly Home would almost double the number of 25/3 Mbps locations deployed. Even better preliminary calculations indicate these additions would be made in a very economical manner. Home estimates that they could add almost 9 locations of 25/3 Mbps service for each 1 location the Commission achieved when it funded upgrading model support to the \$146.10 level for ACAM I companies. When comparing the cost per location the Commission expects based on paragraph 24 of the *Draft Order* to increase existing ACAM companies to \$200 per location support, Home estimates it would be able to expand 25/3 Mbps service almost 5 locations for each location the Commission is proposing to fund at the full \$200 level.

Home made the hard choice to adopt model support even at a large reduction in funding as it was the only option the Commission offered at that time to allow for certainty of future funding. In this and previous proceeding, the Commission has made major changes compared to the facts in existence at the time the Initial Glidepath Carriers made their election. We assert that it is both good public policy to ensure equity for subscribers of the Initial Glidepath Carrier to subscribers of future ACAM II carriers and most importantly perhaps the most efficient way to expand 25/3 Mbps coverage.

Further, Home believes granting Initial Glidepath Carriers the opportunity to elect the ACAM II model could be handled in a very easy and simple administrative fashion. Home proposes that the Initial Glidepath Carriers opting to elect the new model would simply recalibrate their glidepath over the new 10-year period. The calibration could take the form of comparing the difference between the new model support compared to the initial frozen support levels and applying the existing phase down mechanism to that difference over the new 10-year period while adjusting build out requirements to the new model term.

In summary, Home proposes that the Initial Glidepath Carriers be granted the option of adopting the ITTA Proposal or electing the ACAM II model as both options would expand 25/3 Mbps buildout and be in the public interest. Home appreciates the opportunity to submit this proposal prior to final consideration of the *Draft Order* and urges the Commission to include the Initial Glidepath Carriers in its efforts to expand 25/3 Mbps service in rural areas. As demonstrated herein, if adopted, Home's proposal would advance Commission goal of realizing widespread deployment of 25/3 Mbps service by significantly expanding deployment of such service by providing A-CAM support to census blocks previously excluded from support where the carrier or its affiliate has deployed fiber-to-the-premises or cable technologies. Taking such action is good public policy and would create equity between those served by the Initial Glidepath Carriers and those served by ACAM II adopters in an administratively efficient manner that provides the best "bang for the buck."