



PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG, PENNSYLVANIA

December 21, 2017

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

**Re: Connect America Fund, WC Docket No. 10-90**  
**Written Ex Parte Communication**

Dear Chairman Pai:

This ex parte letter from the undersigned Commissioners of the Pennsylvania Public Utility Commission addresses recent filings regarding the adequacy, sufficiency, and predictability of the current federal funding for voice and broadband services by Pennsylvania's rural rate of return (ROR) carriers. The undersigned Commissioners share the concern raised by other filers that the current High Cost Fund support may not be adequate, sufficient, or predictable.<sup>1</sup> Resolution of this issue is particularly important for the delivery of voice and broadband services by Pennsylvania's generally smaller, rural rate of return carriers receiving support as Alternative Cost Allocation Model (ACAM ROR) or Legacy rate of return (Legacy ROR) carriers. There are four revised-offer ACAM ROR (Revised-Offer ACAM) carriers<sup>2</sup> and thirteen Legacy ROR carriers operating in Pennsylvania.

The undersigned Commissioners support full funding for universal voice and broadband deployment. For this reason, the undersigned Commissioners support the full funding of Revised-Offer ACAM carriers. We are concerned, however, that a complete allocation of the \$129 million in reserve support to the ACAM carrier group could negatively impact the needs of the Legacy carrier group. If revised funding is allowed by the FCC, the \$129 million shortfall of the Revised-Offer ACAM carriers should be covered in a way that does not adversely affect the Legacy carriers. Consequently, the undersigned Commissioners support the full funding of all rural providers, including the timely resolution of the related federal universal service fund contribution base and assessment methodology issues.

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<sup>1</sup> Compare Correspondence of 39 Senators to Chairman Ajit Pai (October 31, 2017) with Chairman Ajit Pai Response (December 6, 2017); Accord Letter of Missouri Congressman Billy Long (September 28, 2017).

<sup>2</sup> In re: Connect America Fund, Ex Parte filing of 4 Pennsylvania ACAM Carriers (December 11, 2017). There are two fully-funded ACAM carriers in Pennsylvania.

For these reasons, the undersigned Commissioners urge the Federal Communications Commission to address the reserve allocation in an equitable manner and proceed to address immediately the funding needs of both groups.



Norman J. Kennard  
Commissioner

Sincerely,



John F. Coleman, Jr.  
Commissioner