



October 20, 2014

Ex Parte

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Dear Ms. Dortch:

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

On Thursday, October 16, 2014, Jon Banks (USTelecom), Mary Henze and Hank Hultquist (AT&T), Jeff Lanning (CenturyLink), Mike Saperstein (Frontier), Alan Buzacott (Verizon), Mike Skrivan (FairPoint) and Malena Barzilai and Eric Einhorn (Windstream), met with Carol Matthey, Alexander Minard, Heidi Lankau, Katie King, Talmage Cox, and Ian Forbes (all of the WCB), to discuss implementation of the Commission's CAF II program to support creation of robust networks capable of delivering voice and broadband services to millions of rural Americans.

We discussed how important implementing the program soon is to the broad areas of the country served by price cap carriers. We identified three sets of issues that we believe must be resolved in the remaining months of this year in order for the program to be successfully implemented.

The first set of issues we discussed revolve around the funding and build out terms of the program should the Commission elect to increase the program speed target from 4/1 Mbps to 10/1 Mbps. This change requires a major network redesign, substantially greater investment in fiber and advanced electronics and substantially increased construction efforts. The benefits of pushing fiber deeper into rural areas under a program designed to deliver 10/1 Mbps speeds to the distant edges of supported rural areas would be great. However, completing the delivery of these benefits (in addition to the network upgrades currently planned by price cap companies) will require a longer build out schedule than that envisioned by the Commission for a 4/1 Mbps network and a funding term of more than five years.

We also discussed a second set of issues around the locations identified by the model for support. We advocated that there be sufficient flexibility for carriers accepting support to design fiber routes that match to real world geographies. In particular, we urged the Commission to provide for carriers accepting support to have flexibility to elect support for

Ms. Marlene Dortch
October 20, 2014
Page 2

fewer than 100% of locations within a state identified by the model for support. In addition, we discussed that, if the Commission increases the CAF II program speed targets to 10/1 Mbps, using the national broadband map at the same 10/1 speed level to identify areas served and unserved by an unsubsidized competitor makes logical and legal sense, and produces several hundred thousand additional locations that would benefit from program support enabling delivery of robust higher speed broadband.

In addition, we discussed a third set of issues to be resolved around program accountability. We discussed reporting approaches to monitoring build out and delivery of service. In particular, we discussed the possibility of annual reporting of geocoded locations at a statewide level qualifying for the target service level identified by the Commission by each carrier accepting support. In addition, we discussed self-executing remedies for carriers that missed build out targets by a meaningful amount, focusing on the vehicle of withholding support in particular circumstances, with recovery of any withheld amounts of support when the carrier caught up and met established build out targets on a state-by-state basis. We also discussed potential audit plans and provisions. Finally, we discussed the great importance of program accountability being limited to areas where CAF II support is elected by carriers and, consequently, the need for unfunded legacy mandates outside of those areas to be eliminated in order to match support and obligations and encourage participation in the CAF II program.

Pursuant to Commission rules, please include this ex parte letter in the above-identified proceeding.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jonathan Banks".

Jonathan Banks
Senior Vice President, Law & Policy

c: Carol Matthey
Alexander Minard
Heidi Lankau
Katie King
Talmage Cox
Ian Forbes