



October 30, 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 Wednesday, October 22, 2014, Jeff Lanning (CenturyLink), Mary Henze (AT&T), Eric Einhorn and Malena Barzilai (Windstream), Mike Skrivan (FairPoint) and I met with Carol Mattey, Alex Minard, Katie King, Ian Forbes, Talmage Cox and Heidi Lankau of the FCC's Wireline Competition Bureau to discuss implementation of the FCC's 2011 *USF/ICC Transformation Order* adopted in this docket.

As an initial matter, we outlined an approach to reporting and establishment of milestones for the delivery of qualifying broadband service to locations that would be funded under the Commission's CAF II program, in particular as it relates to compliance with state level commitments accepted by price cap carriers. We proposed that carriers accepting the commitment would report annually the geocoded locations that meet the Commission's requirements for broadband and voice service under the program. Reporting would be done on a state-by-state basis, rolling up the study areas within a state in cases where a company has more than one study area. We discussed the setting of milestones to measure progress towards achievement of the FCC's goals of ensuring qualified broadband is available to over four million rural locations in areas served by price cap companies as estimated in the latest runs of the Connect America Model. Over the last several runs of the model, using continually updated data from the National Broadband Map, the supported locations have become progressively more located in the less dense, more challenging parts of the country to serve. This has substantially increased the challenge of delivering broadband to locations identified by the model for support as would any move to increase qualifying speeds from 4/1 Mbps to 10/1 Mbps. Progress milestones should reflect the increasing difficulty and construction challenges caused by these changes in the program. We suggested that a straight line approach to milestones rather than a front-end loaded approach would more accurately reflect the real world construction challenges involved in delivering qualifying voice and broadband to these locations.

Ms. Marlene Dortch
October 30, 2014
Page 2

We discussed the outlines of a remedial plan should companies fall behind on meeting Commission milestones. The major goal of such a plan should be to incent compliance with the objectives of building and delivering broadband in high-cost rural areas. We discussed an approach of self-executing remedies of graduated withholding of CAF II support payments as milestones may be missed, with recovery of any withheld funds when a company that has missed milestones returns to compliance. We argued that a letter of credit is not necessary in the circumstances of carriers choosing to exercise a state level commitment, and that such letters of credit can impose very significant expenses on companies that have not been included in model-calculated support. Finally, we discussed the outlines of an audit plan that would be based on sampling at a statewide level to identify locations to audit.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Banks". The signature is fluid and cursive, with the first name "Jonathan" written in a larger, more prominent script than the last name "Banks".

Jonathan Banks
Senior Vice President, Law & Policy

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