November 17, 2014

Ex Parte

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

Re: Connect America Fund, WC Docket No. 10-90;
Open Internet, GN Docket No. 14-28

Dear Ms. Dortch:

On Thursday, November 13, 2014, Steve Davis (CenturyLink and Chairman of USTelecom), Melissa Newman (CenturyLink) and Walter McCormick and I (USTelecom) met with Chairman Wheeler, Daniel Alvarez, and Carol Mattey (WCB) to discuss the Connect America Fund ("CAF") Phase II program. We advocated that now is the time to make a reality the ambitious redesign of universal service support begun by the Commission in 2011. The CAF Phase II program will bring robust broadband service to 4.2 million residential and small business locations in the hardest to serve parts of this country, and the sooner the program is implemented, the sooner this massive infrastructure deployment can begin, bringing investment, jobs, and economic development to the approximately 18 percent of the land mass of country that stands to benefit from this program. CAF Phase II will guarantee vibrant broadband connections for millions of rural Americans, giving them access to the education, employment, healthcare, and economic benefits of the Internet, while also creating new markets and customers for edge and content providers. An order that appropriately recognizes the scope of the ambitious challenge of connecting 4.2 million locations – by providing adequate funding and time to build out these rural networks – will bring huge economic and social benefits to the country.

We discussed that changing the broadband speed requirements of the CAF II program from 4/1 Mbps service to 10/1 Mbps service is appropriate to deliver modern broadband to rural customers, but only if other aspects of the program are changed to make it economically feasible to meet the increased costs and build requirements of providing 10/1 Mbps service in these rural parts of the country. We discussed the interplay between the funding term, location service requirements and build out milestones in making program participation economically feasible and how different permutations of these elements can solve for a successful program. In particular, accepting the state level commitment to serve all funded locations within a state requires serving very high-cost locations, eliminating the cherry picking likely in auctions, and creates a path to bringing broadband to the greatest number of locations within CAF Phase II's limited budget.

In addition to CAF Phase II issues, we discussed the Commission's pending Open Internet proceeding. We stressed our desire to work with the Commission to develop strong, enforceable rules that would protect today's Open Internet. We argued that such rules can be developed and enforced under section 706. Proceeding under a Title II approach to reclassify broadband as a telecommunications service, coupled with broad forbearance, would raise a host of complex issues, both foreign and domestic, and result in renewed legal challenges.

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

Sincerely,

Jonathan Banks
Senior Vice President, Law & Policy

c: Daniel Alvarez
Carol Mattey