



April 3, 2015

Ex Parte

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

Re: USTelecom Ex Parte Notice Connect America Fund, WC Docket No. 10-90, et al

Dear Ms. Dortch:

On behalf of its members, the United States Telecommunications Association (“USTelecom”) submits the attached proposal in the above-captioned dockets. This document sets forth and explains the association’s response to the proposal in the Further Notice of Proposed Rulemaking (“FNPRM”) released by the Commission on June 10, 2014, regarding the transition of Frozen Support as Connect America Fund Phase II support begins to be distributed.

USTelecom and its members propose that the Commission proceed with the reallocation of Frozen Support to areas that remain high-cost and unserved after distribution of CAF II funding. As USTelecom explained in its comments, there are significant issues with the proposal set forth in the FNPRM. In this filing, USTelecom offers an alternative proposal that accomplishes the Commission’s goals as explained in the FNPRM while maintaining consistency with statutory requirements and Commission policies.

In brief, USTelecom proposes that the Commission allocate Frozen Support (which is currently allocated on a holding company basis) to high-cost Census blocks that do not have a competitive broadband presence. This allocation should be in proportion to the amount of support that the Census block is estimated to need according to the Connect America Model.

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

Sincerely yours,

A handwritten signature in blue ink that reads "Jonathan Banks".

Jonathan Banks
Senior Vice President
Law & Policy

Enclosure
CAF Frozen Support Allocation Proposal

cc: Alexander Minard

CAF Frozen Support Allocation Proposal

When price-cap ILECs decide whether or not to accept CAF II statewide offers of support and ETC forbearance takes effect, the FCC should reallocate Frozen Support. Frozen Support shall be reallocated on a holding company basis to support the ongoing provision of voice service in high cost census blocks without any competitive providers of broadband. Frozen Support will not be disbursed, however, in any census block for which CAF II funding is disbursed. The amount of Frozen Support initially allocated to each potentially eligible census block (which shall not be disbursed if there is a CAF II recipient for that block) shall be calculated according to the formula,

$$f(x) = \left(\frac{s(x)}{T}\right) * FS$$

where:

f = Frozen Support initially allocated after CAF II competitive bidding to a high-cost, unserved census block (x). Such support shall be disbursed however only if that census block does not receive any CAF II funding.

x = a census block potentially eligible for Frozen Support. Such a census block shall:

- have CAM estimated cost above the CAM high-cost benchmark; and
- not be “served” by a competitor offering at least 10 Mbps/1 Mbps.

FS = annualized holding company Frozen Support as of January 1, 2015.

s = annual CAM estimated support for a high-cost, unserved census block (x).

T = the sum of CAM estimated support associated with all census blocks served by the same ILEC holding company that are potentially eligible for Frozen Support, which may be expressed as, $\sum_{x_n}^{x_1} s(x)$.

n = the total number of census blocks in the service area of a price-cap holding company potentially eligible for Frozen Support. Another way of describing this set is that it includes all:

- census blocks included in statewide offers of support (including those in non-contiguous states and territories);
- high-cost, unserved census blocks excluded from statewide offers of support because of qualifying, but unfunded Rural Broadband Experiment applications;
- high-cost, unserved census blocks that are excluded from statewide offers of support because they are “served” at 3 Mbps/768 kbps, and then are made available for CAF II competitive bidding because they are not “served” by a competitor offering at least 10 Mbps/1 Mbps; and
- high-cost, unserved census blocks that fall above the CAM extremely-high-cost benchmark (which are available for CAF II competitive bidding without associated CAF II funding).