

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Petition of USTelecom for Forbearance Under	)	WC Docket No. 14-192
47 U.S.C. §160(c) from Obsolete ILEC	)	
Regulatory Obligations that Inhibit Deployment	)	
of Next-Generation Networks	)	
	)	
Lifeline and Link Up Reform and	)	WC Docket No. 11-42
Modernization	)	
	)	
Telecommunications Carriers Eligible to	)	WC Docket No. 09-197
Receive Universal Service Support	)	
	)	
	)	

**REPLY COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION**

Frontier Communications Corporation (“Frontier”) submits the following reply comments to the Federal Communications Commission’s (“Commission”) Public Notice seeking to refresh the record on issues related to eligible telecommunications carrier (“ETC”) obligations to ensure that ETC obligations and funding are “appropriately matched, while avoiding consumer disruption in access to communications services” and releasing the list of census blocks where price cap carriers continue to have the ETC obligation to provide voice service.<sup>1</sup>

Frontier applauds the Commission and the Wireline Competition Bureau (the “Bureau”) for the overall design and launch of Phase II of the Connect America Fund (“CAF”). The

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<sup>1</sup> *Wireline Competition Bureau Releases List of Census Blocks Where Price Cap Carriers Still Have Federal High-Cost Voice Obligations & Seeks to Refresh the Record on Pending Issues Regarding Eligible Telecommunications Carrier Designations and Obligations*, Public Notice, 30 FCC Rcd 7417, ¶ 4 (2015) (“*Public Notice*”) (quoting *Connect America Fund, et al., Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663 ¶ 1089 (2011) (“*USF/ICC Transformation FNPRM*”).

program is off to a very successful start with price cap carriers agreeing to deploy broadband to over 3.6 million homes and businesses over the next five and a half years.<sup>2</sup> Frontier was the first carrier to accept CAF Phase II, doing so throughout its footprint, and Frontier is excited for the opportunity to expand broadband to the unserved and underserved areas throughout its service area.

With any such large scale undertaking, however, there are often loose ends, and there are understandably several outstanding items with CAF Phase II. The Commission has an opportunity to address two of these issues with this Public Notice.

First, as CenturyLink, the United States Telecom Association (“USTelecom”), and AT&T explain in their comments to the Public Notice, carriers that have accepted CAF Phase II support currently have an unfunded obligation to provide voice service in extremely high-cost census blocks.<sup>3</sup> Frontier is no exception. The Commission has an opportunity to swiftly correct this problem by adopting USTelecom’s proposal for allocating support, which would distribute frozen support to providers in these extremely high-cost census blocks in proportion to the amount of support that the Connect America Cost Model predicts is required.

Second, as both CenturyLink and USTelecom discuss, the Bureau’s list of census blocks where price cap carriers still have federal high-cost voice obligations is necessarily imperfect.<sup>4</sup> Currently, this list could be misinterpreted to require incumbent local exchange carriers to provide service in areas where they are not actually the incumbent local exchange carrier. By

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<sup>2</sup> See FCC, *Carriers Accept Over \$1.5 Billion in Annual Support from Connect America Fund to Expand and Support Broadband for Nearly 7.3 Million Rural Consumers in 45 States and One Territory*, Press Release (Aug. 27, 2015), available at <http://fcc.us/1WVwXeo>.

<sup>3</sup> See Comments of CenturyLink, Docket Nos. 10-90, 14-192, 11-42, 09-197 (Sept. 9, 2015) (“CenturyLink Comments”); Comments of USTelecom, Docket Nos. 10-90, 14-192, 11-42, 09-197 (Sept. 9, 2015) (“USTelecom Comments”); Comments of AT&T, Docket Nos. 10-90, 14-192, 11-42, 09-197 (Sept. 9, 2015).

<sup>4</sup> See CenturyLink Comments at 2-3; USTelecom Comments at 2-3.

adopting CenturyLink’s and USTelecom’s proposal to simply clarify that incumbent local exchange carriers (“ILECs”) do not have ETC obligations in the portions of census blocks outside of their service areas, the Bureau can remove any unnecessary and unintended confusion.<sup>5</sup>

**I. APPROPRIATELY MATCHING SUPPORT WITH THE VOICE OBLIGATION IN EXTREMELY HIGH COST CENSUS BLOCKS WILL AVOID CONSUMER DISRUPTION AND ENSURE THAT CARRIERS HAVE NO UNFUNDED OBLIGATIONS**

Since the very beginning of the Connect America Fund program, the Commission has recognized that “ETC service obligations and funding should be ‘appropriately matched, while avoiding consumer disruption in access to communications services.’”<sup>6</sup> In its April 2014 Further Notice of Proposed Rulemaking, the Commission specifically explained that following a carrier’s acceptance of the CAF Phase II right of first refusal (as well following the award of Phase II support through competitive bidding if a carrier rejects the right of first refusal), carriers’ funding and obligations would no longer be appropriately matched.<sup>7</sup> The Commission acknowledged that price cap carriers accepting the right of first refusal, such as Frontier, would continue to have a voice obligation in extremely high-cost areas and would not receive funding. Accordingly, the Commission sought “comment on providing frozen support on an interim basis to price cap carriers, in those areas determined by the model to be extremely high-cost areas.”<sup>8</sup>

The Commission, however, has not yet decided how it will provide funding for the voice obligation in these extremely high-cost areas. This issue is especially important now because with its acceptance of CAF Phase II, Frontier, like other price cap carriers that accepted CAF

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<sup>5</sup> See CenturyLink Comments at 4-5; USTelecom Comments at 2-3.

<sup>6</sup> See *Public Notice* (quoting *USF/ICC Transformation FNPRM* ¶ 1089).

<sup>7</sup> See *Connect America Fund*, Further Notice of Proposed Rulemaking, 29 FCC Rcd 7051 ¶¶ 189-91 and n.379 (2014).

<sup>8</sup> *Id.* ¶ 190.

Phase II offers, has an unfunded obligation to continue offering voice service in these extremely high cost locations. Specifically, the Commission offered Frontier targeted CAF Phase II funding to deploy broadband to approximately 660,000 households and businesses in census blocks identified by the Commission,<sup>9</sup> and Frontier accepted. Now, however, Frontier must continue to meet its high-cost voice obligation in the extremely high-cost locations in census blocks identified as part of the Public Notice,<sup>10</sup> and Frontier no longer receives funding for doing so.

USTelecom has advanced a solution to this problem that will ensure funding in the extremely high-cost census blocks are matched with obligations.<sup>11</sup> Frontier joins CenturyLink in supporting this proposal.<sup>12</sup> Specifically, USTelecom has proposed that for each price cap carrier, the Commission reallocate frozen support on a holding company basis across high-cost census blocks that do not have a competitive broadband presence.<sup>13</sup> Based on the Connect America Cost Model, USTelecom has provided a formula to allocate the proportion of funding each census block is estimated to require. No support would be provided for census blocks in which CAF II funding is allocated.

Because carriers are now receiving CAF Phase II funding and no longer receive support for these extremely high-cost areas, it is important that the Commission swiftly address this

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<sup>9</sup> See *Wireline Competition Bureau Announces Connect America Phase II Support Amounts Offered to Price Cap Carriers to Expand Rural Broadband*, Public Notice, 30 FCC Rcd 3905 (2015). As CenturyLink notes, “[p]rice-cap carriers accepting CAF Phase II support have some flexibility to use CAF II support to deploy broadband service in extremely high-cost census blocks, but the CAF II support has only been calculated based on locations in high-cost census blocks.” CenturyLink Comments at 2 n.3 (citing *Connect America Fund*, Report and Order, 29 FCC Rcd 15644 ¶ 33 (2014) (“December 2014 CAF Order”).

<sup>10</sup> See *Public Notice* ¶¶ 1-4.

<sup>11</sup> See Letter from Jonathan Banks, USTelecom, to Marlene Dortch, FCC, Docket No. 10-90 (April 3, 2015) (“USTelecom Ex Parte”); see also Comments of USTelecom, Docket Nos. 10-90, 10-208, 14-58, 07-135, and 01-92 at 25-26 (Aug. 8, 2014).

<sup>12</sup> See CenturyLink Comments at 3.

<sup>13</sup> See *US Telecom Ex Parte*; USTelecom Comments at 4 and Attachment.

unfunded obligation. Consumers in these areas deserve to keep their service, and ILECs should not have an unfunded obligation to maintain that availability. Adopting USTelecom's proposal would address this imbalance and return the FCC to sound legal footing.<sup>14</sup>

## **II. CLARIFYING THAT THE CENSUS BLOCK LIST APPLIES ONLY WHERE THE ILEC IS IN FACT THE SERVICE PROVIDER WILL REMOVE UNNECESSARY UNCERTAINTY**

As USTelecom and CenturyLink explain,<sup>15</sup> and as the Commission itself has recognized,<sup>16</sup> the price cap carrier model is not always perfect at the very granular census block level. Thus, the Bureau's list of census blocks where price cap carriers continue to have voice obligations likely identifies census blocks or portions of census blocks as within Frontier's service area even though Frontier is not the ILEC. Frontier cannot be required to provide services where it is not the ILEC, and the Bureau cannot have intended to create such an obligation with the release of this list. By clarifying that ETC obligations only extend to those parts of census blocks that are actually served by the price cap carriers identified as having ETC obligations, the Commission can remove any unnecessary uncertainty and confusion.

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<sup>14</sup> See *AT&T, Inc. v. FCC*, D.C. Circuit, Case No. 15-1038 (filed Feb. 19, 2015).

<sup>15</sup> See CenturyLink Comments at 4; USTelecom Comments at 2-3.

<sup>16</sup> See *December 2014 CAF Order* ¶ 38 (“[T]he price cap carrier model utilizes GeoResults study area boundaries, which in some instances may be inaccurate, which in turn may result in the inaccurate assignment of certain locations to a particular price cap territory.”).

### III. CONCLUSION

With this *Public Notice*, the Commission has the opportunity to clean up two loose ends with the CAF Phase II program. Adopting USTelecom's proposal for the reallocation of frozen support will ensure that all consumers can receive voice service and will ensure that carriers do not have unfunded obligations. Additionally, clarifying that the Public Notice's census block list does not independently create any obligations – in other words, that a carrier only has an obligation if it is in fact the service provider – is a straightforward way to remove confusion and handle a necessarily imperfect model.

Respectfully submitted,

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