



November 19, 2015

Ex Parte Notice

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

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

Dear Ms. Dortch,

On Tuesday, November 17, Kevin Felty with Plains Cooperative Telephone Association (Plains), Dennis Bachman with Citizens Telephone Cooperative d/b/a Citizens Connected, Chris Schroeder and Stacey Brigham with TCA, Inc. met with Carol Matthey, Alex Minard and Suzanne Yelen of the Wireline Competition Bureau. Additionally, all but Mr. Bachman met with Amy Bender, Legal Advisor to Commissioner O’Rielly. In these meetings the rate-of-return local exchange carrier (RLEC) representatives, expressed concerns that certain rate-of-return Universal Service reform proposals under discussion may not allow full recovery for RLECs that have already deployed fiber to the premise (FTTP) to 100% of their customers. The RLEC representatives also expressed support for the letter filed in this docket on November 9, 2015 by NTCA – The Rural Broadband Association, in which it outlines the need to further develop the record on the FCC’s proposed bifurcated approach to reform due to the complexity of the proposal and fluidity of the current discussion.

Citizens Connected completed a multi-year FTTP deployment in 2011 utilizing loans from the Rural Utilities Service (RUS) and Plains completed its FTTP deployment in 2014 utilizing a loan/grant combination made available through the RUS American Recovery and Reinvestment Act (ARRA) stimulus program. Both companies are capable of providing broadband at speeds of 10/1Mbps to every location within their study area, though some upgrades and maintenance may be necessary in the future as existing equipment ages. The RLEC representatives urged the FCC to consider the impact of any Universal Service reforms on the ability of RLECs with 100% FTTP to pay back their long term debt associated with these builds. The RLEC representatives stressed that while incenting further broadband deployment is necessary and a good goal of the reforms, the implementation must not be at the expense of customers that are currently served. In other words, if RLECs are not able to receive sufficient support to pay back their long term debt, customers that are currently served may be stranded if their RLEC providers cannot meet the terms of

existing loans. Therefore, the FCC must be cautious and take care to thoroughly vet all proposals to ensure RLECs with 100% FTTP are not unduly burdened by the Universal Service Reforms.

The RLEC representatives also discussed ideas to ensure support is used to further broadband deployment. Mr. Felty expressed concerns with a one-size-fits-all certification that would require a certain percentage of support to be used for expansion, citing the need for his company to use support in the near future payments towards long term debt and other business purposes. Mr. Bachman echoed this concern, indicating that the use of support will differ year over year depending on where RLECs may be in their investment cycles. Therefore, while accountability for the use of Universal Service support is necessary, RLECs must have some flexibility in deciding the best use of funding from year to year.

Finally, the RLEC representatives voiced concerns about using FCC Form 477 data in determining areas that are overlapped by an unsubsidized competitor for purposes of distributing Universal Service support either through a model or rate-of-return mechanisms. The RLEC representatives indicate that FCC Form 477 data may overstate competitor service areas and, particularly with voice service, the quality of service may not be comparable to that offered by a RLEC (specifically as it relates to CALEA and E911 compliance). Therefore, the FCC must use caution and develop a challenge process to vet the claims of competitors if it intends to use this data for Universal Service support distribution purposes.

Any questions about the information in this filing may be directed to the undersigned. Pursuant to Section 1.1206 of the FCC's rules, this letter is being filed electronically via ECFS.

Thank you for your attention in this matter

Sincerely,

/s/ Stacey Brigham

Stacey Brigham

Senior Regulatory Consultant

Cc: Carol Matthey
Alex Minard
Suzanne Yelen
Amy Bender