



PEÑASCO VALLEY TELEPHONE
COOPERATIVE, INC.

Providing Quality Telecommunications to Southeast New Mexico

September 24, 2010

Filed Electronically Via ECFS

Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

*Re: Ex Parte Presentation
WC Docket No. 10-90
GN Docket No. 09-51
WC Docket No. 05-337*

Dear Ms. Dortch:

Peñasco Valley Telephone Cooperative, Inc. and its subsidiaries (“PVT”) hereby submits the following ex parte presentation, to provide the Commission with additional information concerning the proposed creation of a Mobility Fund, pursuant to the September 16, 2010 meeting between representatives of PVT and the Commission’s Wireless Telecommunications Bureau and Wireline Competition Bureau. With regard to the creation of a Mobility Fund, PVT recommends that the Commission take into account the following:

1. **Mobility Fund Benefits:** The Mobility Fund could be a significant benefit to rural wireless carriers, if certain principles are observed in awarding funding under this mechanism. PVT is in the process of attempting to deploy the 700 MHz spectrum that it has won at auction, in a fashion that will allow the public safety community and the public in general to benefit from this deployment. The availability of Mobility Fund dollars could allow companies like PVT to achieve 3G capability in those very rural portions of their service areas that would otherwise confound the business case. And in general, this funding source could jump start the build out efforts of rural wireless carriers. However, in order to do so, the Mobility Fund needs to be large enough to have an impact – at least \$1 Billion, if not more.
2. **The need to utilize more accurate mapping tools to determine unserved areas:** It is vital to ensure that an accurate tool is used to identify “unserved areas” that are to be eligible for Mobility Fund support. As the incumbent ILEC in much of Southeastern

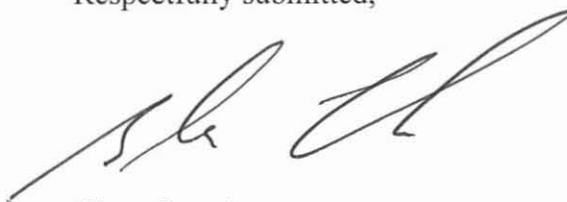
New Mexico, PVT can verify empirically that the National Broadband Plan is wrong in claiming 91 to 100% broadband availability in this portion of the state. Currently, there are large areas that do NOT have at least 4 mbps broadband. The Commission must create a mechanism whereby a carrier requesting Mobility Fund support can show that its proposed service area does not currently have 3G coverage over 4 mbps, despite the claims of inaccurate maps or competitive puffery.

3. **The need to be efficient in awarding funding:** Because the Mobility Fund will likely be limited in size, the Commission must be efficient in awarding support. Mobility Fund money should not be awarded to duplicate areas already covered by legitimate 3G networks; and when choosing among funding proposals, the Commission should give a preference to entities that propose to use a more efficient and advanced 3G technology, such as LTE. Other 3G technologies (e.g., EVDO) will have to be replaced when implementing 4G. In contrast, LTE will require only a software upgrade.
4. **The need to preserve ILEC support:** Mobile broadband services in Rural America will not work if sufficient backhaul is not available. Therefore, in conjunction with the implementation of a Mobility Fund, it is vital that the Commission not simultaneously take actions that will undercut the rural local exchange carriers like PVT, that are providing fiber and other backhaul capabilities to the truly rural portions of the country. It is not possible to simply rely on backhaul from larger carriers, because it is either not available in very rural areas, or it is a “toll road” that can make a rural broadband proposal economically infeasible. In rural New Mexico, backhaul can easily cost three times more if a carrier like PVT must lease capacity and transport instead of providing its own backhaul, thus making internet much more expensive to all of its customers. The Commission’s proposal to freeze ILEC support will cost PVT approximately \$2.8 million in support, which will seriously threaten the viability of its ILEC operations.
5. **Limit Mobility Fund support to small, rural carriers:** The Mobility Fund will likely receive only a small portion of the \$4 Billion pool of money that has been identified by the National Broadband Plan for a number of purposes. Because of this limited funding availability, the Commission should not let the giant nationwide carriers like Verizon gobble up Mobility Fund dollars, especially at a time when these carriers are supposed to be relinquishing Universal Service Fund support in the wake of several large mergers that have removed competitive roaming options for rural wireless carriers. All available evidence indicates that the larger carriers have systematically failed to invest in the rural areas included in their service areas, creating a “Rural-Rural Divide” between those communities served by nationwide carriers versus communities served by small rural LECs. The larger carriers should not be rewarded for this investment pattern by getting access to the Mobility Fund.
6. **Avoid Reverse Auctions:** The Commission should not use reverse auctions to award Mobility Fund support. Reverse auctions, and reliance on a “lowest cost per unit” approach, hurts licensees that are attempting to provide coverage to the truly rural, low

population density areas; and since giant carriers can generally spread certain build out costs over a larger subscriber base (including non-rural subscribers), the reverse auction approach would favor these larger carriers – even though they have not shown a vested interest in establishing coverage to many truly rural, low population areas.

Thank you for considering the above information. We will be glad to respond to any questions you may have. Consistent with section 1.1206 of the Commission's rules, 47 C.F.R. §1.1206, one copy of this notice is being filed electronically in each of the above-captioned proceedings.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'G. Lovelace', written in a cursive style.

Glenn Lovelace
General Manager

cc (via email): Margaret Wiener
David Goldman
Scott Mackoul
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Wireless Telecommunications Bureau

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