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VIA ECFS

EX PARTE

August 30, 2012

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

Re: *Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Reform – Mobility Fund, WT Docket No. 10-208*

Dear Ms. Dortch:

On August 28, 2012, Eric Einhorn, Bill Kreutz, and the undersigned, from Windstream Corporation (“Windstream”), met with Julie Veach, Carol Matthey, Patrick Halley, Joe Cavender, and Ryan Yates of the Wireline Competition Bureau to discuss potential modifications to the Connect America Fund (“CAF”) Phase I program that would permit price cap carriers to utilize more of the allocated funding to serve the Commission’s goals.

Windstream stated that it has consistently represented that the CAF Phase I rules—most notably the \$775 per-location deployment requirement—would be unworkable for it and many other price cap carriers, and the fact that \$185 of the \$300 million in CAF Phase I funding for 2012 remains unclaimed demonstrates this reality. Windstream noted that grant of its pending waiver request¹ would neutralize some of the program’s shortcomings in the near term and permit Windstream to use all of its allocated \$60.4 million to deploy nearly 2,000 miles of fiber that would bring broadband to 17,000 unserved locations in 15 states.

¹ Windstream Election and Petition for Waiver, WC Docket Nos. 10-90 and 05-337 (July 24, 2012).

Windstream further advised that, if the Commission does not grant its waiver request and/or other pending waiver requests,² the 2012 carrier allocations should be carried forward into the second round of CAF Phase I in 2013, and the Commission should modify the program rules to enable carriers to utilize the allocated funding to provide robust broadband in high-cost areas in their service territories.

Windstream noted that selecting any single per-location dollar figure for all companies is a poorly targeted approach because it over-funds some companies and causes the rest to forego all or a substantial portion of their allocated funding. Windstream further explained that in most cases, customers are unserved because they are too far from a fiber-fed DSLAM, and that the per-mile cost of deploying fiber to remote terminals is relatively fixed among different providers and in different areas. Therefore, Windstream advocated that the CAF Phase I rules be modified to permit carriers to utilize allocated funding to deploy second-mile fiber to expand broadband service. Windstream also suggested ways the Commission can design such a program to minimize overbuilding.

Please feel free to contact me if you have any questions.

Sincerely yours,

/s/ Malena F. Barzilai

Malena F. Barzilai

cc: Julie Veach
Carol Matthey
Patrick Halley
Joe Cavender
Ryan Yates

² See CenturyLink Petition for Waiver, WC Docket No. 10-90 et al. (June 26, 2012) (seeking waiver that would permit CenturyLink to accept \$81.5 million of the \$89.9 million allocated to it); Petition of Virgin Islands Telephone Corp. d/b/a Innovative Telephone for Waiver of Rule 54.904(d) of the Commission's Rules, WC Docket Nos. 10-90 and 08-71 (July 23, 2012).