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April 22, 2013

The Honorable Julius Genachowski  
Chairman, Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

Re: *Ex Parte* Submission  
WC Docket No. 10-90, *Connect America Fund*; WC Docket No. 05-337, *High-Cost Universal Service Support*

Dear Chairman Genachowski:

ADTRAN, Inc. (“ADTRAN”) is writing to reiterate its call for prompt Commission action to extend and refine slightly the Connect America Fund (“CAF”) Phase I incremental support program while the Commission finalizes details of CAF Phase II. In response to the Commission’s request for comment on CAF Phase I,<sup>1</sup> ADTRAN filed extensive Comments and Reply Comments.<sup>2</sup> In those earlier pleadings, ADTRAN explained why the Commission should follow the path it set in the *USF/ICC Transformation Order*<sup>3</sup> and supplement the funds available for near-term broadband support for price cap carriers by distributing another \$300 million in CAF Phase I incremental support in 2013, as well as permitting carriers to spend CAF Phase I incremental support allocated to them in 2012 after making several discrete changes to the eligibility criteria. ADTRAN explained how the extra time and lessons learned from the first round of CAF Phase I provide the Commission with an opportunity to refine the CAF Phase I rules for a second round. ADTRAN also supported the Commission’s proposal to allow carriers to accept additional funding if other carriers do not accept their full allocations in order to maximize the benefits of CAF Phase I.

ADTRAN recognizes there are significant complexities surrounding CAF Phase II, including the development of an accurate cost model and determining what qualifies as a “broadband service offered by an unsubsidized competitor” so as to disqualify a territory for CAF Phase II support. The Commission needs to get these issues right, because CAF Phase II will be an important catalyst for deployment of broadband service to the tens of millions of unserved and underserved Americans. The difficulty in resolving these issues, however, means that it will still be some time before the Commission can begin to distribute CAF Phase II funding.

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<sup>1</sup> *Connect America Fund*, Further Notice of Proposed Rulemaking, 27 FCC Rcd 14566 (rel. November 19, 2012).

<sup>2</sup> Comments of ADTRAN in WC Docket No. 10-90, filed January 28, 2013; Reply Comments of ADTRAN in WC Docket No. 10-90, filed February 12, 2013.

<sup>3</sup> *USF/ICC Transformation Order*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (Nov. 18, 2011).

But we cannot afford simply to “hit pause” on support for broadband deployment while awaiting the resolution of these CAF Phase II issues. Broadband deployment is far too important. Indeed, as the National Broadband Plan recognized: “Until recently, not having broadband was an inconvenience. Now, broadband is essential to opportunity and citizenship.”<sup>4</sup> Moreover, other nations are moving ahead rapidly with their own plans for national broadband networks, and we can ill-afford to fall further behind.

Finally, the Commission’s “hitting pause” on support for broadband deployment would send the wrong signals to the private capital markets, which will be needed to supply the vast majority of funding for broadband deployment and upkeep even with the government subsidy programs. Three of the largest price cap carriers have committed to match the CAF Phase I incremental support they accept in 2013 with an equal investment of their own capital to extend broadband to unserved locations.<sup>5</sup> It is that kind of combined private and public investment in infrastructure, along with the enhanced productivity that broadband enables, that can help fuel our economic recovery.

There is a clear and simple path forward that will allow the United States to maintain momentum and spur broadband deployment to hundreds of thousands of unserved homes and businesses in the very short term.<sup>6</sup> The Commission should reject calls for major overhauls of the current interim program, or the requests to shut it down. Rather, the Commission simply ought to extend the CAF Phase I incremental support program, with a few refinements as suggested by ADTRAN and others. Moving forward promptly in this way will best serve the public interest.

Sincerely,

/s/

Tom Stanton

Chairman and Chief Executive Officer

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<sup>4</sup> *National Broadband Plan*, March, 2010, Chapter 1 at p. 5, available at <http://download.broadband.gov/plan/national-broadband-plan.pdf>.

<sup>5</sup> *See* Letter from Glen F. Post, III, CEO and President, CenturyLink, Inc., Maggie Wilderotter, Chairman and CEO, Frontier Communications, and Jeff Gardner, President and CEO, Windstream, to Julius Genachowski, Chairman, FCC, WC Docket No. 10-90 and WC Docket No. 05-337, dated April 19, 2013.

<sup>6</sup> *See, e.g.*, Letter from Glen F. Post, III, CEO and President, CenturyLink, Inc., Maggie Wilderotter, Chairman and CEO, Frontier Communications, and Jeff Gardner, President and CEO, Windstream, to Julius Genachowski, Chairman, FCC, WC Docket Nos. 10-90 and 05-337, at 1 (April 3, 2013) (stating that the three companies would be able to bring robust broadband to hundreds of thousands of households through their proposed CAF Phase I modifications).