



December 18, 2013

EX PARTE

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Response to Ex Parte Letters Filed by Midwest Energy Cooperative and Utilities Telecom Council (WC Docket No. 10-90)*

Dear Ms. Dortch:

USTelecom replies herein to *ex parte* filings by the Midwest Energy Cooperative (Midwest)¹ and Utilities Telecom Council² (UTC) in WC Docket No. 10-90. Midwest and UTC both seek access to Connect America Fund Phase I (CAF I) funds³ and raise issues as to the process for obtaining the Eligible Telecommunications Carrier (ETC) designation.⁴

In attempting to divert CAF funding to other purposes, Midwest and UTC join a long list of parties seeking to repurpose a portion of the funding provided to expand and enhance broadband to consumers in areas served by price cap carriers. Price cap carriers historically have received significantly less high-cost support as compared to rate-of-return carriers.⁵ And without adequate support, price cap carriers will be unable to provide broadband to rural and

¹ See letter of Robert L. Hance, Midwest Energy Cooperative, dated December 9, 2013, WC Docket No. 10-90.

² See letter of Brett Kilbourne, Utilities Telecom Council, dated December 9, 2013, WC Docket No. 10-90.

³ See UTC letter at 1 and Midwest letter at 11.

⁴ Id.

⁵ *USF/ICC Transformation Order* ¶ 130 (noting that price cap companies “serve more than 83 percent of the people that lack broadband, many of whom live in areas that are just as low density and remote as areas served by rural companies”); ¶ 158 (stating that more than 83 percent of unserved locations are in price cap areas, yet such areas receive just 25 percent of high-cost support).

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other high cost customer locations. By targeting funding to such locations, CAF support is instrumental to enable the rapid broadband deployment envisioned by the Commission. The Commission recognized this when it added unclaimed CAF Phase I funding to CAF Phase II.⁶ Such funding should not be diverted to other uses.

The proper structure and application of the ETC designation is a significant issue that the Commission must address. Changes to the universal service high-cost regime and reform of the universal service low-income program demand a reexamination of the structure, meaning and application of ETC status. However, those issues should be dealt with globally, not in the context of the attempts of Midwest and UTC to misdirect CAF I funding.

Sincerely,



David B. Cohen
Vice-President, Policy

cc: Carol Matthey

⁶ See Report and Order, *In the Matter of Connect America Fund*, WC Docket No. 10-90 (rel. May 22, 2013) at ¶ 9.