



Panhandle Telephone Cooperative, Inc.

SHAWN HANSON
Chief Executive Officer

March 7, 2014

Via ECFS

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

**Re: Panhandle Telephone Cooperative, Inc. Expression of Interest
Connect America Fund, WC Docket No. 10-90**

Dear Ms. Dortch,

With this letter, Panhandle Telephone Cooperative, Inc. ("PTCI") hereby notifies the Federal Communications Commission ("FCC" or "Commission") of its interest in conducting a rural broadband experiment. Specifically, PTCI is interested in deploying broadband with Connect America funding to underserved and unserved locations in its incumbent service area and in adjacent price cap carrier service areas.

PTCI Background

PTCI is a rural, rate-of-return incumbent local exchange carrier ("ILEC") that serves a roughly 6,328 square mile service territory in the panhandle of Oklahoma, stretching into parts of Texas and New Mexico. Through its wholly owned subsidiary, Panhandle Telecommunication Systems, Inc. (d/b/a PTCI), PTCI provides services on a competitive local exchange carrier ("CLEC") basis the Texas panhandle area. In total, PTCI and its subsidiary provide local telephone service, mobile wireless voice and data services, wireline and fixed wireless broadband Internet access services, digital video services, and business solutions to rural consumers, rural businesses, and community anchor institutions on an incumbent and competitive basis in Oklahoma, Texas, and New Mexico. PTCI's residential and business customers can receive high-speed Internet with speeds of up to 50 megabits per second (Mbps) downstream and 5 Mbps upstream in certain areas, and the community anchor institutions in both PTCI's ILEC and CLEC areas can receive Internet connections with speeds of up to 1 gigabit per second (Gbps) downstream.

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PTCI is Interested in Conducting a Rural Broadband Experiment in Surrounding Price Cap Carrier Areas in Texas, as well as in Underserved and Unserved Areas in its Rate-of-Return ILEC Service Territories of Oklahoma, Texas and New Mexico

PTCI is interested in conducting a rural broadband experiment within a number of the price cap carrier areas that are located in the panhandle of Texas and within the remaining underserved and unserved census blocks in its rate-of-return ILEC area. Based upon its examination of data released by the FCC, PTCI has determined it is interested in conducting an experiment to deploy broadband to unserved price cap carrier areas within any of the following Texas counties: Hansford, Lipscomb, Ochiltree, and Sherman. Census tract data released by the FCC for the four Texas Counties is attached at the end of this letter. Although the FCC has not released a list of census tracts or blocks in areas served by rate-of-return carriers that are eligible for experiments, PTCI is interested in serving the underserved and unserved census blocks in its rate-of-return ILEC area, which represents about 2% of its service area. These census blocks are in extremely high cost areas that are unreachable with fixed wireless, and PTCI will need to construct a fiber-based wireline network there in order to provide adequate service.

PTCI has deployed fiber-based networks to much of its ILEC and CLEC service areas. In addition to fiber-based networks, other network technologies utilized by PTCI to provide broadband service include DSL, VDSL, Coaxial cable-based infrastructure, traditional copper plant, and fixed wireless last mile solutions using licensed spectrum. As much as possible, PTCI will leverage existing broadband assets as part of any experiment.

The illustrative results for version 4.0 of the Connect America Cost Model and its underlying data show that there are unserved price cap areas in Hansford, Lipscomb, Ochiltree, and Sherman counties that are potentially eligible to receive funding under Phase II of the Connect America Fund. The data also shows that there are unserved areas that are likely to fall above the cost model's extremely high-cost benchmark. PTCI is interested in serving unserved areas that qualify for support under the cost model and those that are designated as extremely high-cost by the model.

PTCI is Interested in Deploying Robust Broadband Services Where Possible and Fixed Wireless Technology in Extremely High Cost Areas Where the Terrain Allows

PTCI is interested in deploying a fiber to the premise (FTTP) broadband network where possible. A FTTP network will provide robust broadband service and will be capable of meeting the broadband service obligations that are expected to be required of recipients of future universal service support. All newly constructed broadband networks should be scalable, and should be capable of one day providing the same types of ultra high speeds that are now starting to be found in urban areas. By deploying a fiber-based network, PTCI will be able to offer broadband service with download speeds ranging from 4 Mbps to 1 Gbps. Consistent with current PTCI offerings, any rural broadband experiment would also offer potential customers voice service, broadband and voice bundles, stand-alone broadband service, and a variety of broadband speed tiers.

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The overall population density for PTCI's ILEC service territory is just under 5 persons per square mile. PTCI's costs for constructing and maintaining its rural communications network are substantially higher than those in urban areas. The price cap areas in the Texas Counties that are adjacent to PTCI's ILEC service territory are geographically similar, if not identical. In both its ILEC and CLEC areas where costs are extremely high, PTCI is interested in utilizing a fixed wireless solution as its last mile technology, where terrain makes it feasible. The topography in many of the census tracts served by PTCI is simply not conducive to wireless, so the best option would be a fiber build. PTCI currently provides broadband service via fixed wireless in certain areas, and is able to provide service at speeds of up to 12 Mbps downstream and 1 Mbps upstream. Any PTCI broadband experiment utilizing fixed wireless would be designed to provide even greater speeds.

PTCI's Rural Broadband Experiment Will Require Support for Capital Expenditures and Support for Ongoing Costs

In order to successfully complete any rural broadband project, PTCI will require support for initial capital expenditures and support for ongoing network costs. PTCI is prepared to commit its own capital to a rural broadband experiment, and is exploring the availability and use of additional government and private funding to support any experiment.

As previously stated, PTCI is interested in conducting an experiment to deploy broadband to unserved price cap carrier areas within any of the following Texas counties: Hansford, Lipscomb, Ochiltree, and Sherman. The total land mass of these four Texas Counties is roughly 3700 square miles, and the overall average population density for the four counties is approximately six persons per square mile. Because of the low population density of such a large land mass, PTCI's costs for constructing and maintaining a rural communications network in any one of these areas will be substantially higher than those in urban areas. In some extremely high cost areas, the best option to provide robust broadband is a fiber build and PTCI's experience with the soil and rock conditions of their area and densities of less than one subscriber per square mile, has indicated the cost to construct the cable alone is upwards of \$22,000 per mile.

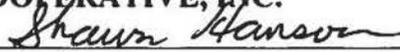
Based on an examination of cost model data released by the FCC PTCI generally believes the Connect America Cost Model underestimates the cost of serving the price cap carrier areas in Hansford, Lipscomb, Ochiltree, and Sherman County Texas. In many areas, PTCI believes the cost model greatly underestimates costs of providing service. PTCI cannot at this time make a detailed estimate of the amount of support it would need in any of the four Texas Counties to conduct a rural broadband experiment. However, it is anticipated that funding required would be a mix of both one time support for capital expenditures and recurring support to maintain the ongoing costs. Support for the ongoing costs of a broadband project in any of the ILEC or CLEC areas will be essential because the low population density will make it difficult for PTCI to maintain costs based on monthly service revenue alone.

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Should the Commission have any questions, please do not hesitate to contact the undersigned.

Respectfully Submitted,

By: **PANHANDLE TELEPHONE
COOPERATIVE, INC.**



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Below are census tract data for four Texas Counties that are served by price cap carriers where PTCI is interested in conducting a rural broadband experiment.

Hansford County Texas

State	County	County Name	Tract ID	Eligible High Cost Locations	Extremely High Cost Locations	Annual Support
TX	48195	Hansford	48195950100	242	121	\$80,263.06
TX	48195	Hansford	48195950300	215	86	\$49,523.14

Lipscomb County Texas

State	County	County Name	Tract ID	Eligible High Cost Locations	Extremely High Cost Locations	Annual Support
TX	48295	Lipscomb	48295950200	106	84	\$17,308.78
TX	48295	Lipscomb	48295950300	216	149	\$75,088.18

Ochiltree County Texas

State	County	County Name	Tract ID	Eligible High Cost Locations	Extremely High Cost Locations	Annual Support
TX	48357	Ochiltree	48357950100	496	281	\$140,225.74
TX	48357	Ochiltree	48357950300	3	0	\$1,733.38

Sherman County Texas

State	County	County Name	Tract ID	Eligible High Cost Locations	Extremely High Cost Locations	Annual Support
TX	48421	Sherman	48421950200	89	76	\$33,088.02