



Advocates for Rural Broadband

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May 15, 2014

**Filed Via ECFS**

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

**RE: WC Docket Nos. 10-90, 07-135, 05-337 and 03-109, GN Docket No. 09-51 and  
CC Docket Nos. 01-92 and 96-45**

**Section 1.1204(a)(10) Exemption**

Dear Ms. Dortch:

On Wednesday, May 14, 2014, John and Eric Lundgren of Volcano Telephone Company (“Volcano”); David Arvig of Arvig Enterprises, Inc. (“Arvig”); Judi Ushio of GVNW Consulting, Inc. (“GVNW”); and Derrick Owens and Gerard Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met with Priscilla Delgado Argeris, Legal Adviser to Commissioner Jessica Rosenworcel.

The meeting had been scheduled to discuss the initial reaction of WTA members to the item adopted by the Commission on April 23, 2014, regarding Universal Service Support and related matters. Given that the item has not yet been released by the Commission, the discussion turned instead to more general rural local exchange carrier (“RLEC”) issues. However, to the extent that the presentation was made during the sunshine period and that it may have touched on matters that are related to issues being addressed in the April 23, 2014, order, it was made pursuant to the Section 1.1204(a)(10) exemption for presentations requested by (or made with the advance approval of) the Commission or staff for the clarification or adduction of evidence or for resolution of issues. The WTA representatives did not discuss any issues that they knew, or had reason to believe, were addressed and resolved in the April 23, 2014, order, nor did they discuss or advocate any changes to that order as it is currently being edited.

The Volcano and Arvig representatives discussed the current state of broadband deployment by their companies. They indicated that their companies presently provide substantial broadband services and speeds to about 96 percent of their rural customers. Both companies have proceeded significantly beyond the Commission’s current 4 Megabits per second (“Mbps”) downstream and 1 Mbps upstream standards. In fact, both companies already provide 10 Mbps downstream, 1 Mbps upstream service to substantial portions of their customers. They both pointed out that increasing upstream broadband speeds is much more difficult and expensive than increasing downstream speeds, but that this has not heretofore posed any perceptible problems because the vast majority of their rural residential customers do not request, use or want to pay for increased upstream speeds. Mr. Arvig noted that recent Minnesota proposals to require 6 Mbps upstream speeds have raised concerns that this would require major new broadband infrastructure investment and increase Internet access service prices without really addressing the downstream speeds and services that rural residential customer predominately want.

While they understand that the April 23, 2014, order addresses the scheduling and implementation of the rate floor, the WTA representatives questioned the underlying rationale for the rate floor itself (which they do not believe is addressed in the order). While it may be possible that one or two very small and isolated RLECs still charge the mythical \$5 a month for local service, the WTA members know of no such companies. Rather, virtually all RLECs are currently compliant with the existing \$14 per month rate floor, while many RLECs (including Volcano) have local service rates in excess of that amount. WTA believes that the rate floor is based upon a flawed statistical design that incongruously sets the minimum rural rate equal to the average urban rate, thereby forcing all rural residential customers to pay more for their monthly local service than roughly half of urban residential customers. Mr. Arvig pointed out that his rural residential customers were already paying higher local service rates than customers in nearby CenturyLink exchanges serving much larger cities and towns, and that this disparity will increase in the future.

The WTA members also discussed their reliance upon Rural Utilities Service ("RUS") loans, and the successes and benefits of RUS programs in rural America. They expressed gratitude that the Commission and RUS were establishing joint working relationships, and their hopes that these relationships would result in improved investment incentives and broadband service in rural areas.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceedings.

Respectfully submitted,

  
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