**Before the**
**Federal Communications Commission**
**Washington, D.C. 20554**

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| In the Matter of | ) | |
| | ) | |
| Connect America Fund | ) | WC Docket No. 10-90 |
| | ) | |
| Universal Service Reform – Mobility Fund | ) | WT Docket No. 10-208 |
| | ) | |
| ETC Annual Reports and Certifications | ) | WC Docket No. 14-58 |
| | ) | |
| Establishing Just and Reasonable Rates for Local Exchange Carriers | ) | WC Docket No. 07-135 |
| | ) | |
| Developing an Unified Intercarrier Compensation Regime | ) | CC Docket No. 01-92 |

**To: The Commission**

**COMMENTS OF**
**THE BLOOSTON RURAL CARRIERS**

The Blooston Rural Carriers,[1] by their attorneys, hereby submit the following comments in response to the Commission's Further Notice of Proposed Rulemaking in the above-captioned proceeding.[2] Specifically, in the FNPRM the Commission proposes to increase the speed obligations associated with receiving Phase II support.[3] While not opposing increased speeds *per se*, the Blooston Rural Carriers are concerned that such an increase will not be met with a commensurate increase in support. Thus, if the Commission raises broadband speed obligations

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[1] A list of the rural carriers participating in these comments is attached hereto.
[2] *In the Matter of Connect America Fund, Universal Service Reform – Mobility Fund, ETC Annual Reports and Certifications, Establishing Just and Reasonable Rates for Local Exchange Carriers, Developing a Unified Intercarrier Compensation Regime,* Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, WC Dockets No. 10-90, 14-58, and 07-135; WT Docket No. 10-208; CC Docket No. 01-92, released June 10, 2014 (*FNPRM*).
[3] *FNPRM* at ¶¶138-148.

for Phase II, it must also ensure sufficient support is made available to carriers with which to meet those obligations.

Presently, carriers are limited by a $250 per line per month cap on support. In many rural cases, increasing broadband speeds to meet a 10/1 or higher requirement using existing technology would cause carriers to exceed the $250 per line per month cap. For example, ADSL2+ can provide 10/1 speeds up to approximately 10,000 feet from the node. If a customer is beyond that boundary, additional equipment and fiber are necessary (and expensive). In other cases, existing technology is simply not capable of meeting some new requirements, and would require wholesale replacement of network elements at great cost. This is particularly true for increased upstream speed obligations. Taking ADSL2+ again, the technology can meet the present day 1 mbps upstream requirement, but cannot meet 2 mbps or higher. In order to meet a higher requirement, ADSL2+ would need to be completely replaced with VDSL.

High-cost support for rate-of-return carriers is currently fixed at approximately $2 billion annually, which amount must also now accommodate the CAF support for intercarrier compensation replacement. Participants in the record leading up to the release of 2011's *USF/ICC Reform Order* [4] highlighted the significant additional investment that would be necessary to meet the 4/1 speed obligation in effect today,[5] and likewise expressed concern about the availability of sufficient support to meet that obligation. This is no less true today as the Commission considers increasing the requirement to 10/1, or beyond.

The Commission has a policy of implementing cost recovery mechanisms to provide carriers the opportunity to recover their costs and that must be applied to broadband expansion.

[4] *In the Matter of Connect America Fund, et al.*, 26 FCC Rcd 17663 (FCC 2011).

[5] *Reply Comments of NECA, NTCA, OPASTCO, and WTA*, WC Docket No. 10-90 et al., filed February 17, 2012, at p. 5.

For instance, when Signaling System No. 7 protocols were required, the Commission implemented cost recovery mechanisms.[6] When number portability obligations were implemented, the Commission also implemented cost recovery mechanisms.[7] Affordability concerns were similarly addressed when the Commission ordered non-Bell, non-GTE exchange carriers to implement equal access.[8] Increased broadband speed obligations should be treated no differently, and a suitable cost recovery mechanism must be implemented to provide carriers the opportunity to recover their costs in meeting an increased burden.

In conclusion, the Blooston Rural Carriers submit that the Commission must ensure that carriers are able to recover the costs they incur in meeting Commission requirements, increased speeds or otherwise. Since the *USF/ICC Transformation Order* was released in 2011, rural carriers have seen multiple and continuing reductions in support and the Commission must not lightly impose even greater obligations.

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[6] *In the Matter of Provision for Access of 800 Service*, 4 FCC Rcd 2824, 2833 (FCC 1989)( finding that SS7 represents a general network upgrade, the core costs of which should be borne by all network users, and concluding that LECs should apportion SS7 components not incurred specifically for the implementation and operation of the 800 data base system in accordance with existing accounting and separations rules).

[7] *In the Matter of Telephone Number Portability*, 13 FCC Rcd 11701 (FCC 1998)( allowing carriers to recover costs directly related to providing long-term number portability through a federally tariffed, monthly number-portability charge as well as through a federally tariffed intercarrier charge for long-term number portability query services).

[8] *In the Matter of MTS/WATS Market Structure (Phase III)*, 100 FCC 2d 860 (FCC 1985).

Respectfully submitted,

**BLOOSTON RURAL CARRIERS**

By /s/ Benjamin H. Dickens, Jr.

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**The Blooston Rural Carriers**
Participating Carriers

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3 Rivers Telephone Cooperative, Inc.

Cameron Telephone Company

Custer Telephone Cooperative, Inc.

Granite State Telephone, Inc.

Harrisonville Telephone Company

Oregon Telephone Corporation

Shawnee Telephone Company

Smithville Communications, Inc.

SRT Communications, Inc.

Townes Telecommunications, Inc.

Venture Communications Cooperative

Walnut Telephone Company, Inc.