

July 15, 2015

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

Re: Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch,

On June 24, 2015, NTCA—The Rural Broadband Association (NTCA), the National Exchange Carrier Association, Inc. (NECA), and WTA—Advocates for Rural Broadband (WTA) (herein, the “Rural Associations”) sent a letter to the Commission in the above-captioned proceeding outlining several issues requiring further examination in connection with potential use of the Alternative Connect America Cost Model (A-CAM) by rate-of-return regulated (RoR) carriers in determining high-cost support amounts under the Commission’s Connect America Fund (CAF) program.<sup>1</sup>

The Rural Associations reiterated in that letter their support for making a model-based path available to RoR carriers on a voluntary basis.<sup>2</sup> However, preliminary observations of the A-CAM indicate the model’s inputs and outcomes require greater examination.<sup>3</sup> These observations were based, in part, on a study of engineering data from 144 wire center-wide fiber-to-the-premises (FTTP) projects in more than a dozen states showing significant differences in costs between model predictions and real-world construction costs.

That initial study was conducted by Vantage Point Solutions (VPS), a leading provider of telecommunications engineering, design and construction services based in Mitchell, South Dakota. Following its initial study, VPS has conducted more in-depth case studies of individual wire centers, and has provided those results to the Commission.<sup>4</sup> The case studies reaffirm the need for additional, more detailed review of the model, and also suggest specific areas where the model can be improved.

The Rural Associations remain committed to working with the Commission and other entities, such as CostQuest, to improve the model’s accuracy. A more studied approach to formulation and refinement of the model will increase industry confidence, should stimulate greater use of the A-CAM on a voluntary basis, and would ultimately benefit consumers in rural areas by assuring limited support funds are targeted as efficiently

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<sup>1</sup> Letter from Michael R. Romano, NTCA, et al., to Marlene H. Dortch, FCC, WC Docket No. 10-90 (filed June 24, 2015) (*Rural Associations’ June 24<sup>th</sup> Letter*). See *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, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, 29 FCC Rcd. 7051 (2014) ¶ 276.

<sup>2</sup> *Rural Associations’ June 24<sup>th</sup> Letter* at 1.

<sup>3</sup> *Id.* at 3.

<sup>4</sup> Letter from Larry Thompson, Vantage Point, to Marlene H. Dortch, FCC, WC Docket No. 10-90 (filed July 13, 2015).

and effectively as possible. To facilitate this process, the Rural Associations respectfully suggest the Commission promptly take action to authorize its staff and outside contractors, including CostQuest, to work more directly with Rural Association representatives as well as VPS and other interested stakeholders to explore ways to improve the model's accuracy and resolve technical issues identified by VPS and others with respect to the model and other aspects of reform more generally as soon as practical.

Sincerely,

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