



Advocates for Rural Broadband

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July 9, 2015

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

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

Dear Ms. Dortch:

On Wednesday, July 8, 2015, Jerry Piper of Cambridge Telephone Co. in Idaho; Garrin Bott of Direct Communications which operates in Idaho, Utah, Oregon, Washington and Missouri; and Derrick Owens and Gerry Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met with Travis Litman, Legal Advisor to Commissioner Jessica Rosenworcel, to discuss universal service reform.

WTA discussed the importance of broadband to the economic and social life of rural communities, and the continuing need for universal service support to enable the construction, maintenance and operation of rural broadband networks. It compared the deployment of broadband networks to the great national and regional infrastructure projects of the past (including canals, turnpikes, dams and other river navigation improvements, railroads, airports and interstate highways) that served to connect the nation and stimulate its economic development.

WTA and its members emphasized the need for stable, predictable and sufficient support mechanisms if they are to be able to obtain the 15-to-20 year loans necessary to fund major broadband construction projects. Without such stability, rural carriers during recent years have been unable to obtain the external financing and internal approvals necessary to undertake substantial fiber optic deployment projects, and have frequently been forced to ratchet down their investment plans to much more limited projects.

WTA indicated that it supports the consensus of rural stakeholders for a coordinated two-path approach to universal service support for rural local exchange carriers (“RLECs”) consisting of an optional, model-based support mechanism and rejuvenated actual cost mechanisms.

WTA reiterated its support for an early option for interested RLECs to opt into an appropriate version of Scenario 1.3 of the Alternative Connect America Cost Model (A-CAM”), and for a longer term revision of the A-CAM to improve its accuracy for RLEC use followed by a second opt-in period. Mr. Bott explained that one of the complexities of model usage is the fact that the bid prices of contractors for the same infrastructure construction projects differ significantly from year to year due to general economic conditions as well as the changing circumstances and project schedules of individual contractors.

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WTA also discussed the various options for revising actual cost mechanisms, including: (a) the current version of Data Connection Service (“DCS”) proposal that has been revised many times by the Rural Associations to respond to Wireline Bureau concerns; (b) a more recent Alternative DCS Proposal that could be implemented with relatively minor changes to the existing High Cost Loop Support (“HCLS”) and Interstate Common Line Support (“ICLS”) mechanisms; and (c) newly advanced proposals for bifurcating high cost support on the basis of capital investments made before and after a date certain. Messers. Piper and Bott both emphasized the need for the ultimate mechanism(s) to provide the stable, predictable and sufficient support necessary for their companies and other RLECs to obtain the financing for significant additional broadband deployments and upgrades.

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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