Advocates for Rural Broadband
Paul Kelly
President
Kelly Worthington
Executive Vice President

June 15, 2016

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

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

Dear Ms. Dortch:

On Tuesday, June 14, 2016, Bob Johnson of Dickey Rural Networks ("Dickey") in North Dakota; Dave and Marilyn Osborn of the VTX1 Companies ("VTX1") in Texas; Rick Vitzthum and Michor Hodgen of the Tenino and Kalama Telephone Companies ("Tenino" and "Kalama") in Washington; and Derrick Owens (via telephone), Patricia Cave and Gerry Duffy representing WTA – Advocates for Rural Broadband ("WTA") met with Amy Bender, Legal Advisor, Wireline to Commissioner Michael O'Rielly, to discuss the March 30, 2016 *USF Order* and their responses to it.

None of the companies are able to elect the Model Path – either because they were precluded from electing Model-based support due to their build-out status or because their calculated Model-based support was so much lower than their existing support that they had no viable option but to remain on the Rate of Return Path. Mr. Johnson stated that Dickey is a cooperative that has build fiber-to-the-home ("FTTH") facilities to 100 percent of its members, and is therefore not eligible to participate in Model-based support. Mr. Osborn described how VTX1 has found that the Model does not work well for the lower density, higher cost companies of rural Texas, and indicated that VTX1 could not elect the Model Path because it would lose a crippling 50 percent of its existing support on it. Mr. Vitzhum asserted that Tenino and Kalama have estimated that they would lose a critical 70 percent or more of their support on the Model Path, and therefore had no reasonable option but to remain on the Rate of Return Path.

WTA indicated that it had sought reconsideration of the *USF Order* to request a streamlined procedure for revising build-out obligations if, as it believes is very likely, fiber optic cable and contract construction services become much more expensive or unavailable during the industry-wide broadband construction programs the Commission has been mandating. Mr. Hodgen indicated that fiber optic cable delivery periods are already increasing beyond two months, and have been known in the past to reach six months or more. Helium shortages also appear to be delaying fiber optic production and deliveries. While some companies deploy their own fiber lines, shortages of contractors, equipment and trained personnel are also expected to drive up build-out costs significantly. If build-out costs increase 30 percent or more above the costs used by the Commission to set its 5-year build-out requirement for the Rate of Return Path and its 10-year build-out requirement for the Model Path, those build-out requirements will become onerous or impossible to achieve with the applicable high-cost support. WTA has requested a streamlined process for revising build-out requirements for carriers on both Paths if substantial cost increases or other materially changed circumstances render the build-out requirements unreasonable or impossible.

WTA also indicated that it had sought reconsideration of the definition of "qualified unsubsidized competitor" to require an entity seeking that status with respect to a particular incumbent local exchange carrier ("ILEC") to offer the same broadband speeds and comply with the same service obligations as that ILEC if it is to cause the loss of some or all of the ILEC's support. WTA continues to ask what benefit will be gained by the consuming public if a FTTH carrier that can meet all conceivable broadband capacity demands for the next 15-20 years or more is displaced by a wireless Internet service provider ("WISP") than cannot, or if an ILEC that provides Lifeline service is displaced by a competitor that does not.

WTA noted that it had also asked the Commission to state or clarify how it will handle transactions that take place after the *USF Order* and its new paths and mechanisms become effective. In particular, it has asked how the Commission will handle the acquisition by a Model Path carrier of a Rate of Return Path carrier in the same state, or vice versa.

Finally, WTA requests that any contemplated broadband Customer Proprietary Network Information ("CPNI") rules not place significant additional compliance and security costs and liabilities upon rural ILECs – both those on the Model Path and those on the the Rate of Return Path – that are already hard pressed to meet their existing and future broadband deployment obligations in a time of limited and insufficient high-cost support.

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 proceeding.

Respectfully submitted,

/s/ Gerard J. Duffy

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