



July 11, 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 Thursday, July 7, 2016, Derrick Owens and Gerry Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met with Carol Matthey, Alexander Minard and Suzanne Yelen of the Wireline Competition Bureau to discuss WTA’s pending petition for reconsideration of the March 30, 2016 *USF Order*.

WTA noted that it has sought modification or clarification of the “entity other than a rate of return carrier” and “exchanges” language of Section 54.902(c) of the Rules to indicate what type or types of entities and transactions are governed by the provision and what types of model-based support and public interest obligations are contemplated. WTA also indicated the need by those contemplating future acquisitions and mergers for specific guidance regarding how the Commission will handle transactions that take place after the new Model Path and Rate of Return Path and associated mechanisms are implemented – particularly when Model Path carriers acquire Rate of Return Path carriers in the same state, and vice versa.

WTA expressed its concerns that fiber optic cable and contract construction services are likely to become much more expensive or unavailable during the industry-wide broadband construction that will take place during the next five-to-ten years in connection with various Commission programs. Should actual build-out costs significantly exceed the estimated 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 current build-out requirements unreasonable or impossible.

WTA indicated increasing rural telephone company concerns that the various benchmarks, digital subscriber line (“DSL”) charges, middle mile costs and customer service expenses are making it difficult or impossible for affiliated retail broadband service providers to certify that they satisfy the Commission’s reasonably comparable rate benchmarks for broadband service. WTA noted that it would be helpful for the Commission or the Universal Service Administrative Company (“USAC”) to state clearly that the Commission is using the broadband rate certification to collect information, and that it is seeking explanations for above-benchmark rates rather trying to reduce high-cost support or otherwise penalize entities.

Finally, WTA discussed its request for reconsideration of the definition of “qualified unsubsidized competitor” to require an entity seeking reduction of a particular incumbent local exchange carrier’s (“ILEC’s”) support to offer the same broadband speeds and comply with the same service obligations. WTA indicated that its members do not expect to receive support in areas where cable television systems provide equivalent service. However, it does not seem fair or in the public interest for a wireless Internet service provider (“WISP”) with questionable claims and records of service (particularly when leaves are on the trees) to be allowed to displace a fiber-to-the-home (“FTTH”) carrier that can meet all conceivable broadband capacity demands for the next 15-20 years.

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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