

March 6, 2017

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*
*Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42***

Dear Ms. Dortch:

On Thursday, March 2, 2017, Derrick Owens, Patricia Cave and Gerry Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met with Jay Schwarz, Acting Wireline Advisor to Chairman Ajit Pai, to discuss various general rural telecommunication industry and universal service issues.

WTA noted that its rural local exchange carrier (“RLEC”) members are very interested in deploying fiber optic facilities further and further into their networks, and in providing their rural customers with the broadband capabilities and services that they need. In particular, increasing upstream speeds above 1 Mbps is becoming necessary, for example, to allow farmers and ranchers to sell their produce and livestock online.

WTA discussed comments it filed on February 13, 2017 in response to the FCC’s Report and Order and Further Notice of Proposed Rulemaking regarding additional funding of the Alternative Connect America Cost Model (“A-CAM”). WTA urged full funding of both the ACAM Path and the Rate-of-Return (“RoR”) Path. Approximately 45 percent of WTA’s members have elected the ACAM Path, and WTA supports full funding of ACAM at the initially proposed \$200 per location benchmark. If, for any reason, the Commission cannot allocate the additional dollars needed for full ACAM funding, WTA has proposed that it should first eliminate the 4-to-20 percent reductions for various 10/1 Mbps categories in order to fund ACAM participants, at minimum, at the \$146.10 per location benchmark applicable to price cap carriers, and then to increase that benchmark as far as possible from \$146.10 toward \$200.

WTA also advocated full funding of the RoR Path. It noted that many of its members were precluded from electing the ACAM Path because they had deployed too much of a 10/1 Mbps broadband service that may soon be obsolete and/or insufficient to meet the needs of many rural customers. Other WTA members were effectively excluded from participating in the ACAM model because its formula produced significantly less USF reimbursement support than would allow those carriers to meet their financial obligations. WTA proposed that “full funding” of the RoR Path focus upon elimination of the budget control mechanism in Section 54.901(f) of the Rules. Like the former Quantile Regression Analysis, the budget control mechanism renders it very difficult for RLECs to obtain long-term loans (normally, 10-to-15-years) for broadband network upgrades because it can cause substantial and unpredictable decreases in their high cost support on a year-to-year basis and is affected in major part by the uncontrollable actions of other RLECs.

WTA noted that it also had prepared and filed a suggested Unsubsidized Competitor Form in WC Docket No. 10-90 in October 2016 as a follow-up to discussions with the Wireline Competition Bureau regarding the future challenge process for entities claiming to be unsubsidized competitors within census blocks served by RoR Path carriers. WTA is attaching copies of the ex parte letter that it filed regarding this matter on October 24, 2016, plus copies of its suggested form and instructions.

WTA also urged elimination or suspension of the rate floor in Section 54.318(b) of the Commission's Rules. It noted its agreement with then-Commissioner Pai's criticism of the rate floor in his dissent to the Commission's April 23, 2014 order (FCC 14-54, released June 10, 2014). If nothing is done, many RLECs are going to have to raise their voice rates again – this time, to \$20 per month - as of July 1, 2017. The rate floor saddles rural customers with voice rates higher than those paid by many of their urban counterparts, is particularly harmful to elderly and low-income customers who only want or can afford voice service, and makes little sense in a time when many customers are questioning their need for traditional wireline voice service.

Finally, WTA reiterated its ongoing concerns about certain changes to the Lifeline program as detailed in its Petition for Reconsideration still pending before the Commission. WTA noted that because many rural consumers will still lack access to 4/1 or 10/1 service for the foreseeable future, the minimum standards adopted in the Lifeline Modernization Order render consumers who are otherwise eligible for Lifeline unable to receive support for the broadband services available to them. WTA noted that the phase-out of voice services will be particularly detrimental to rural Lifeline customers who cannot — even after the Lifeline discount — afford a voice/broadband bundle that meets the minimum speed standard or otherwise do not desire broadband. WTA also stated its concern regarding the establishment of a separate 12-month port freeze for Lifeline customers applying their benefit to a broadband service offering. WTA asserted that navigating two port freezes is confusing for consumers, complex to administer for small carriers, and encourages carriers to “lock-in” their customers for a year.

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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Attachments: WTA *Ex Parte* Letter in WC Docket No. 10-90, dated October 24, 2016
WTA Unsubsidized Competitor Form and Instructions

cc: Jay Schwarz