

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Connect America Fund) WC Docket No. 10-90
)
Developing a Unified Intercarrier Compensation Regime) CC Docket No. 01-92
)
Petition of Great Plains Communications for Waiver of)
47 C.F.R. §51.909(a)(4) and 47 C.F.R. §51.917)

**REPLY COMMENTS
OF
WTA - ADVOCATES FOR RURAL BROADBAND**

WTA – Advocates for Rural Broadband (“WTA”) hereby submits its reply comments with respect to the “Petition of Great Plains Communications for Waiver of 47 C.F.R. §51.909(a)(4)(ii)(A) and 47 C.F.R. §51.919(b)” (subsequently clarified on or about July 27, 2017 to request waivers of 47 C.F.R. §51.909(a)(4) and 47 C.F.R. §51.917).

WTA’s initial comments in this proceeding did not oppose the Great Plains Communications (“Great Plains”) waiver requests *per se*. Rather, WTA noted that -- without further Commission action – grant of the Great Plains waiver plus the likely stream of future “me-too” waiver petitions by similarly situated rural local exchange carriers (“RLECs”) will increase Connect America Fund – Intercarrier Compensation (“CAF-ICC”) support above the amount it would otherwise have been in the absence of such waivers and will consequently increase the percentage reductions of High Cost Loop Support (“HCLS”) and Connect America Fund – Broadband Loop Support (“CAF-BLS”) imposed by the budget control mechanisms of 47 C.F.R. §§54.901(f) and 54.1310(d) upon those RLECs remaining on the Rate of Return (“RoR”) Path.

Nothing in the July 27, 2017 Great Plains Clarification or in the various comments by Verizon, the Nebraska Public Service Commission, USTelecom and ITTA supporting the proposed Great Plains waiver negates the obvious fact that grant of the requested waiver and the establishment of a precedent for similar “me-too” waivers will have a substantial adverse impact upon the RLECs that remain (and, in many cases, were forced to remain) on the RoR Path. Whereas Great Plains asserts that it will receive no addition to its total intercarrier compensation recovery from access charges and CAF-ICC support (Great Plains Clarification, p. 1), grant of the proposed waiver will reconfigure that total by substantially decreasing its originating switched access and transport revenues and substantially increasing its CAF-ICC support above the amount it otherwise would receive under the applicable Part 51 rules. Under current Commission rules and mechanisms, every dollar of incremental Great Plains CAF-ICC (plus every dollar of the CAF-ICC increments received by “me-too” waiver recipients) will reduce the amount of HCLS and CAF-BLS support available for RoR Path RLECs on the same dollar-by-dollar basis. More specifically, such CAF-ICC increases will further increase the Section 54.901(f) and 54.1310(d) “haircuts” imposed upon RoR Path RLECs, which already have risen to a projected 12.3505 percent for the July 2017 to June 2018 period.

Section 51.909(a) has functioned to moderate changes in CAF-ICC support as carriers have left the National Exchange Carrier Association (“NECA”) tariff. It requires NECA to calculate a net contribution or net receipt and an adjustment factor for RLECs leaving its tariff, and enables RLECs to use this factor to adjust their originating switched access and transport rates. In some cases, the originating switched access and transport rates of the exiting RLEC may increase; in others, they may decrease. These rate increases and rate decreases impact the amounts of access revenues that are subtracted from each exiting RLEC’s Eligible Recovery in

order to determine its CAF-ICC support. Generally, some exiting RLECs have increased originating switched access and transport revenues that reduce their CAF-ICC support, while others have reduced originating switched access and transport revenues that increase their CAF-ICC support. Normally, these support increases and decreases at least partially offset against each other and reduce the overall net impact on total CAF-ICC support distributions.

Grant of the proposed Great Plains waiver and similar ‘me-too’ waivers will disrupt this balancing mechanism. If RLECs receiving Section 51.909(a) adjustment factors that entail originating switched access and transport rate and revenue increases and CAF-ICC support decreases are granted waivers, the netting effect will be reduced and total CAF-ICC support will increase over and above the amount that it would have been in the absence of the waivers. The ultimate impact upon total CAF-ICC support is likely to be significant. Whereas WTA does not have access to the individual company data for those RLECs that have left the NECA tariff during recent years, it has reason to believe that Great Plains is not unique, and that other exiting RLECs are likely to have had larger adjustment factors and rate impacts. Moreover, once the Commission opens up the waiver gates, some RLECs that may have stayed in the NECA tariff to avoid Section 51.909(a) adjustments and rate increases may be encouraged to leave and seek waivers to avoid the consequences.

WTA has long advocated vigorous Commission actions to address and eliminate rural call completion problems. However, it is not clear how the workings of Section 51.909(a) will exacerbate rural call completion problems as alleged by Great Plains and some others. As WTA understands the issue, it has been higher than average **terminating** switched access rates that may have given interexchange carriers and their least cost routing agents financial incentives not to complete calls to numbers in rural service areas. However, the Section 51.909(a) mechanism

does not affect switched access end office (*i.e.*, terminating) rates, which continue to decrease toward bill-and-keep. It only increases the caps on the exiting RLEC's originating switched access rates (which should have no impact upon calls to rural areas) and transport rates (which may have some impact upon rural calls, but far less than the terminating switched access end office rates that have already transitioned to amounts below \$0.005 per minute).

WTA is not opposed to originating switched access and transport rate reductions, or to the Great Plains waiver petition *per se*. Rather, WTA seeks to avoid an inequitable and disruptive outcome where every dollar of incremental CAF-ICC "relief" provided to Great Plains and future "me-too" waiver recipients results in the loss of a dollar of HCLS and CAF-BLS support for RoR Path RLECs. WTA has proposed a solution wherein the Commission could grant the Great Plains waiver and similar "me-too" waivers, but hold that none of the resulting incremental CAF-ICC support will be included in or otherwise affect the residual budget for the RoR Path or the calculation of the budget adjustment factor for the Section 54.901(f) and 54.1310(d) budget control mechanism reductions. WTA emphasizes that this incremental amount constitutes the difference between the annual CAF-ICC support that Great Plains and other "me-too" waiver recipients would have received without the subject waivers vis-à-vis the amount with the waivers, and that each waiver recipient should be required to recalculate and certify its resulting incremental CAF-ICC support every year as a condition of the waiver.

Respectfully submitted,
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