



Advocates for Rural Broadband

David Shipley  
President

Kelly Worthington  
Executive Vice President

October 19, 2020

**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, October 15, 2020, Darby McCarty of Smithville Communications (Indiana), Denise Russell of Northern Arkansas Telephone Company (Arkansas), Mark Gailey of Totah Communications (Oklahoma), and Derrick Owens and Gerry Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met via telephone conference call with Preston Wise, Wireline Advisor to Chairman Ajit Pai, to discuss the urgent need by the approximately 435 rural local exchange carriers (“Rural LECs”) that receive High Cost Loop Support (“HCLS”) and/or Connect America Fund – Broadband Loop Support (“CAF-BLS”) for relief from the budget control mechanism (“BCM”) during the period from July 1, 2020 through June 30, 2021, or at least for the remainder of the ongoing COVID-19 emergency.

Whereas WTA is aware that there are a variety of other issues regarding Universal Service Fund (“USF”) support at this time, the amount of BCM relief requested is relatively small and would have minimal impact upon USF resources and contributions. WTA has previously shown that, at the projected BCM factor of 3.03 percent for the 2020-2021 year, the maximum amount of BCM relief would be approximately \$36 million if BCM reductions are not implemented during the entire year (and, obviously, somewhat less if the pandemic were to end, and the BCM were to be put back into effect before June 30, 2021). Assuming overall USF collections and disbursements of \$8.0 to \$8.5 billion, the maximum BCM relief requested would comprise less than one-half of one percent (approximately 0.42%-to-0.45%) of USF dollars during the 2020-2021 year.

The requested BCM relief is warranted because the HCLS/CAF-BLS participants on the call and hundreds of other affected HCLS/CAF-BLS recipients have gone to extraordinary lengths and expense to meet the broadband needs of their service areas during this unprecedented world-wide COVID-19 crisis, and are suffering substantial and increasing financial hardships as they continue to incur more and more expense to provide more and more essential broadband services to rural customers who are becoming more and more unable to pay their monthly service bills.

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All three WTA members on the call were among the many WTA members and other Rural LECs who participated voluntarily in Chairman Pai's initial and extended Keep America Connected pledges. In addition to keeping existing customers connected when they could not afford to pay their monthly bills, they all reported substantial efforts to make the investments necessary to extend and upgrade their broadband networks to meet the needs of their home-bound customers and school-age children, as well as substantial increases in middle mile transport and other operating expenses due to the additional traffic generated by those working and studying from home. The WTA members reported that federal unemployment payments helped to control billing and collection issues while they were in effect, but that the number and size of delinquent accounts has been increasing since the federal payments ended.

The estimated BCM impacts upon the three WTA members on the call ranged from \$47,900 to \$100,000 to \$312,500. Other WTA members report approximate BCM impacts of \$6,000, \$36,000, \$120,000, \$200,000, \$290,000 and \$855,000. These may not be huge numbers from a national perspective, but they constitute major disruptions to the business plans and operations of small companies that need every available dollar to keep their doors open while meeting the increasing broadband service needs of their customers during an unprecedented worldwide health crisis.

During one of the industry calls encouraging voluntary participation in his Keep America Connected initiative, Chairman Pai promised to do what he could to encourage Congress to provide some additional relief to the broadband providers that were maintaining their essential services to customers unable to pay. To date, Congress has not provided any such relief, and it is not certain that it ever will. Whereas neither the Chairman nor the Commission as a whole are responsible for the acts or omissions of Congress, the Commission could relieve a lot of the financial squeeze disrupting the operations of HCLS/CAF-BLS recipients by providing the requested BCM relief.

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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cc: Preston Wise