



**Advocates for Rural Broadband**

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**Filed Via ECFS**

Acting Chairwoman Jessica Rosenworcel  
Commissioner Brendan Carr  
Commissioner Geoffrey Starks  
Commissioner Nathan Simington  
Federal Communications Commission  
45 L Street, NE  
Washington, DC 20554

**RE: The Rural Digital Opportunity Fund Auction (Auction 904), AU Docket No. 20-34  
Rural Digital Opportunity Fund, WC Docket No. 19-126  
Connect America Fund, WC Docket No. 10-90**

Dear Chairwoman Rosenworcel and Commissioners Carr, Starks and Simington:

WTA – Advocates for Rural Broadband (“WTA”)<sup>1</sup> is submitting this letter to express its serious concerns regarding the first Rural Digital Opportunity Fund (“RDOF”) auction (Auction 904). These consist particularly of the degree of scrutiny and burden of proof to be employed with respect to the pending long-form applications (FCC Forms 683) of the prospective winning bidders, as well as the long-term enforcement of the rules, terms and conditions pursuant to which the auction was conducted and concluded. These issues are critically important not only to the integrity and credibility of the RDOF and potential future reverse auctions, but also to the ability of the residents of the auctioned rural areas to receive the promised broadband services within the expected time periods.

WTA recognizes that the Commission’s RDOF regulations are not clear regarding the degree to which public input will be welcomed and permitted during the Commission’s processing of long-form applications. WTA notes that its members possess a trove of relevant and useful information, including participation in the RDOF auction (both as winners and non-winners) as well as substantial experience in the construction and operation of high-speed rural broadband networks in areas similar to (and in some cases adjacent to) the RDOF areas. WTA is aware that on or about January 19, 2021, a bipartisan group of 160 Senators and House Members sent the Commission a letter urging it to thoroughly vet the “technical, financial, managerial, operational skills, capabilities and resources” of RDOF long-form applicants in a manner that is “as public as possible” and to “consider opportunities for public input on the applications” in order to ensure “transparency and

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<sup>1</sup> WTA is a national trade association representing more than 350 rural telecommunications providers that offer voice, broadband, and video-related services in rural America. WTA members are predominately rural local exchange carriers (“Rural LECs”) that serve some of the most rugged, remote and/or sparsely populated areas of the United States. The primary service areas of WTA members are comprised of farming and ranching regions, isolated villages, mountain and desert communities, and Native American reservations. WTA members are providers of last resort to many remote areas and communities that are both very difficult and very expensive to serve.

accountability” and to “minimize any opportunities for fraud and abuse.”<sup>2</sup> Moreover, the National Association of Regulatory Utility Commissioners (“NARUC”) in a letter dated March 29, 2021, has stated that “[t]argeted public input on specific [long-form] applications can only increase the probability that the RDOF objectives will be met” and has emphasized that “[w]inning bidders that fail to provide the promised services will delay service to those customers in the designated census blocks for years.”<sup>3</sup>

WTA members (and apparently others) are very skeptical of the ability of several RDOF auction “winners” to fulfill their promises to construct and operate new stand-alone Gigabit-speed fiber optic broadband networks with RDOF support that is only 20-to-30 percent of the reserve prices for their areas. As the Commission is aware, these reserve prices are based upon the detailed engineering cost model using real-world data that was developed for the Commission by CostQuest Associates to estimate the forward-looking costs of deploying and operating modern fiber optic voice and broadband networks at the census block level in high-cost areas. This model was thoroughly constructed, revised and peer reviewed, and has been used by the Commission for its Connect America Cost Model (“CAM”) for price cap areas, its Alternative Connect America Cost Model (“A-CAM”) for rural telephone company areas, and its reserve prices for the RDOF auction. Whereas the CostQuest model is not expected to be 100 percent accurate on a dollar-for-dollar basis in every census block group or geographic service area, it would be wholly defective and unreliable if its support cost estimates were actually overstated by a massive 70-to-80 percentage points throughout major portions of the country. For this reason alone, long-form applicants proposing to construct and operate new stand-alone Gigabit fiber-optic networks at 20-to-30 percent of the RDOF reserve price should be required to meet a very detailed and stringent burden of proof regarding their concrete and verifiable technical, financial, staffing and operational resources. This is particularly the case where such applicants have never previously constructed or operated a fiber optic network, have not yet hired a technical and administrative staff capable of building and running their proposed broadband networks, and/or have never provided broadband services at speeds anywhere near the Gigabit level.

WTA has similar concerns about the capability of other long-form applicants to provide their proposed Gigabit services over fixed wireless or satellite networks. A primary issue here is capacity and congestion. A wireless or satellite service provider may be able to provide Gigabit service to a relatively small number of customers at the same time, but speed, latency and signal quality can deteriorate increasingly as more and more customers at the locations required to be served try to use the network at the same time. Fixed wireless and satellite broadband networks also have line-of-sight, weather, foliage, storm damage, useful life, and maintenance vulnerabilities that can render service unavailable or unreliable for substantial numbers of locations and/or increase costs far beyond the level contemplated by the prevailing RDOF bids.

Finally, WTA is aware of concerns in the trade press and the industry that some of the RDOF long-form applicants that employed very low bids (in the 20-to-30 percent of reserve price range) to become tentative “winners” may be planning or intending to return to the Commission down the road to seek waivers or other revisions or relief from the service obligations and support amounts that they bid to accept. Such retroactive changes to the RDOF I auction rules and terms would destroy the integrity and legitimacy not only of the RDOF I auction but also of future reverse auctions by condoning game-playing and deceptive and insincere bidding. If some entities are allowed to follow a strategy of bidding support levels down to unreasonably low and unprofitable levels in order to force out *bona fide* service providers and then come to the Commission

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<sup>2</sup> Bicameral Letter on RDOF (Clyburn-Walberg- Klobuchar-Thune), January 19, 2021.

<sup>3</sup> Letter from James Bradford Ramsey, NARUC General Counsel, to Acting Chairwoman Rosenworcel and Commissioners Starks, Carr and Simington, WC Docket No. 10-90 (March 29, 2021), p.3.

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later for waivers or other changes to adjust their support levels and service obligations retroactively to a more profitable mix, the reverse auction process would degenerate into a “game” where participants compete to determine who could make the most unrealistic bids in order to “win” the auction and then retroactively revise and improve their “bargain” the most.

WTA urges the Commission to declare unequivocally that its existing RDOF I auction rules will be strictly enforced and that RDOF I auction winners will not be granted waivers or other retroactive changes from the build-out requirements, service obligations and/or support amounts that they agreed to accept as a condition of their “winning” bids. Such a clear and resolute statement is essential to preserve the integrity of the auction process and to minimize service disruptions and delays of essential broadband service due to gaming or other irresponsible behavior.

WTA is filing this letter for inclusion in the public record of the referenced proceedings.

Respectfully submitted,  
WTA – Advocates for Rural Broadband

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