



May 4, 2022

Filed Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
45 L Street, NE
Washington, DC 20554

RE: Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

On Tuesday, May 3, 2022, Mark Gailey of Totah Communications (Oklahoma and Kansas) and Derrick Owens and Gerry Duffy representing WTA – Advocates for Rural Broadband (“WTA”) met via Zoom conference call with Ramesh Nagarajan, Legal Advisor, Wireline to Chairwoman Jessica Rosenworcel, to discuss the status of the Budget Control Mechanism (“BCM”) and other issues affecting the future Connect America Fund – Broadband Loop Support (“CAF-BLS”) and High-Cost Loop Support (“HCLS”) mechanisms relied upon by approximately 53 percent of WTA’s rural local exchange carrier (“RLEC”) members.

WTA is aware that the Commission may be considering the extension of the current waiver of the BCM to encompass the July 1, 2022 to June 30, 2023 tariff year. If the BCM goes back into effect as of July 1 of this year, it is expected to reduce the CAF-BLS/HCLS support of recipients by 13.9 percent. Based on previous projections of a BCM between 12 and 15 percent, WTA members had estimated that the BCMs would result in revenue losses of between a quarter and a half million dollars a year for many smaller RLECs and revenue losses that approach or exceed a million dollars a year for many larger RLECs. Estimated support reductions of this magnitude (which remain relatively accurate with respect to an actual 13.9 percent BCM) would impair the ability of affected RLECs to extend and upgrade their broadband networks, repay loans, maintain service quality and retain their staffs as well as create pressures for rate increases.

WTA asks for an early ruling on the extension of the current BCM waiver in order to simplify the scheduled June 2022 annual access tariff filings, as well as to facilitate other essential planning activities by affected RLECs.

On a longer-term basis, WTA has supported the ACAM Broadband Coalition petition for rulemaking, but believes that Commission review of the evolving service level commitments and budget for CAF-BLS/HCLS recipients is also needed within the same or similar time frame. WTA is well aware of the future influx of construction grant money from the recently appropriated National Telecommunications and Information Administration (“NTIA”), Rural Utilities Service (“RUS”) and U.S. Department of Treasury (Treasury”) programs, and of concerns regarding duplicative funding and overbuilding. Early delineation of the continuing role of existing or revised CAF-BLS and HCLS

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mechanisms in the extension and upgrade of RLEC broadband networks, as well as in the sustaining support of above-average operating expenses in high-cost areas, will better enable the Commission to work with NTIA, RUS, Treasury and the states in closing or substantially reducing the Digital Divide in an effective, efficient and economic manner. WTA has been participating with other stakeholders in the development of proposals for the enhancement of CAF-BLS, HCLS and other mechanisms in order to better achieve broadband deployment, upgrade, affordability and sustainability goals.

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

Respectfully submitted,
WTA – Advocates for Rural Broadband

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