Advocates for Rural Broadband

Jimmy Todd
President

Kelly Worthington
Executive Vice President

August 18, 2022

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

**RE: Expanding Broadband Service Through the ACAM Program, et al.
RM-11868 and WC Docket Nos. 10-90, 09-197 and 16-271**

Dear Ms. Dortch:

On Tuesday, August 16, 2022, Derrick Owens and Gerry Duffy representing WTA – Advocates for Rural Broadband ("WTA") met via TEAMS video call with Suzanne Yelen, Jesse Jachman, Ted Burmeister and Stephen Wang of the Wireline Competition Bureau, and with Eric Ralph and Michael Janson of the Office of Economics and Analytics, to discuss the pending Enhanced Alternative Connect America Cost Model ("Enhanced ACAM") rulemaking, as well as the need for a very similar modification and upgrade of the Connect America Fund – Broadband Loop Support and High Cost Loop Support ("CAF-BLS/HCLS") programs.

WTA urged the Commission to move forward expeditiously with the consideration, adoption and implementation of the contemplated Enhanced ACAM and CAF-BLS/HCLS changes that would increase the service level commitments of most rural local exchange carriers ("RLECs") to 100/20 Mbps or more. Such improvements in reasonably comparable and affordable broadband speeds, capacity and scalability are urgently needed by rural customers. In addition, by obtaining enforceable commitments by participating RLECs to deploy qualifying 100/20 Mbps broadband, the proposed Enhanced ACAM and CAF-BLS/HCLS changes would eliminate a major source of potential funding duplication with respect to the Broadband Equity, Access, and Deployment ("BEAD") and other recently enacted federal broadband grant programs.

WTA has advocated in its written comments in the referenced proceeding that the Commission's high-cost Universal Service Fund ("USF") programs and the new federal broadband grant programs should be treated as complements to each other. It appears that the broadband grant provisions of the Infrastructure Investment and Jobs Act of 2021 - which began with funding proposals of $100 billion (White House) and $80 billion (Congress) and ultimately were adopted at a reduced compromise amount of $65 billion – will not be sufficient to close the Digital Divide. In addition, ongoing general inflationary pressures, plus the potential for substantial increases in broadband equipment and contractor costs as broadband construction increases and supply chain issues worsen, may further limit the amount of broadband deployment that the new grant programs can achieve. Under such circumstances, the most practicable solution is for the Commission to continue its successful high-cost USF programs that have enabled most RLECs to transform their voice-centric networks into broadband networks by systematically extending fiber optic trunks further and further into their networks in order to upgrade the broadband services and speeds available to their customers. This would allow the BEAD and other grant programs to focus their efforts on the construction of new or largely new broadband networks in non-RLEC areas where there have not already been substantial investments in extendable and scalable infrastructure. Put another way, it is far less costly to allow RLECs to continue extending and upgrading their existing broadband networks (mostly 10/1 Mbps or 25/3 Mbps) with high-cost USF support than to use BEAD and other federal grant funds to construct entirely new networks to overbuild and replace them (or to create complicated issues and disputes regarding potential duplicative funding).

The Commission's high-cost USF programs differ significantly from the new federal grant programs in that they provide continuing support for the high per-customer operating expenses that must be borne to sustain rural broadband networks. Whereas buried fiber lines have greater protection from climate events, the large areas in which line breaks and other problems may occur, the remote and harsh terrain involved, and the long rural truck rolls necessary to address network and customer problems offset some of the maintenance cost benefits expected from buried fiber. Moreover, increasing cybersecurity and middle mile costs are having substantial impacts upon the present and future operating expenses of many RLECs.

At the present time, high-cost USF support for both capital expenditures and operating expenses will be needed to support and sustain the broadband network extensions and upgrades of most RLECs as they strive to meet 100/20 Mbps and higher service level demands and commitments. Even where some RLECs have already deployed fiber-to-the-home ("FTTH") facilities in portions of their service areas or already offer 100/20 Mbps and greater service options, most such RLECs still have substantial construction loans to repay or company investments to recover. Whereas WTA recognizes that the Commission's high-cost USF programs are likely to focus much more upon sustainability and high per-customer operating expenses once the construction and deployment of scalable high-speed broadband networks is completed and paid for, that time is likely to be at least 5-to-10 years in the future.

Respectfully submitted,
WTA – Advocates for Rural Broadband

s/ Derrick B. Owens
Derrick B. Owens
Senior Vice President of Government
and Industry Affairs
400 Seventh Street NW, Suite 406
Washington, DC 20004
Telephone: (202) 548-0202
Email: derrick@w-t-a.org

/s/ Gerard J. Duffy
Gerard J. Duffy
Regulatory Counsel
Blooston, Mordkofsky, Dickens, Duffy &
Prendergast, LLP
2120 L Street NW, Suite 300
Washington, DC 20037
Telephone: (202) 828-5528
Email: gjd@bloostonlaw.com

cc (via email): Suzanne Yelen
Jesse Jachman
Theodore Burmeister
Stephen Wang
Eric Ralph
Michael Janson