

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund: A National Broadband Plan for Our Future High-Cost Universal Service Support	)	WC Docket No. 10-90
	)	
ETC Annual Reports and Certifications	)	WC Docket No. 14-58
	)	
Telecommunications Carriers Eligible to Receive Universal Service Support	)	WC Docket No. 09-197
	)	
Connect America Fund – Alaska Plan	)	WC Docket No. 16-271
	)	
Expanding Broadband Service Through the ACAM Program	)	RM-11868
	)	

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

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Date: August 1, 2022

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Summary

WTA – Advocates for Rural Broadband (“WTA”) continues to support the ACAM Broadband Coalition’s proposal for modification of the Alternative Connect America Cost Model (“ACAM”) ACAM programs to add a new voluntary Enhanced ACAM mechanism that will increase current service level commitments to meet rapidly growing customer needs and provide corresponding increases in model-based support during an extended term. WTA also proposes that Connect America Fund-Broadband Loop Support (“CAF-BLS”) and High-Cost Loop Support (“HCLS”) recipients be eligible to opt voluntarily into the Enhanced ACAM mechanism; and that the Commission act concurrently to increase the service level commitments of continuing CAF-BLS/HCLS recipients, align such commitments and deployment timetables with those of the Enhanced ACAM mechanism, and recalibrate the non-ACAM budget in light thereof.

WTA urges the Commission to take these actions expeditiously in order to meet rapidly growing broadband service needs in rural America, and to permit the Commission’s established Universal Service Fund (“USF”) high-cost programs and the new federal broadband grant programs to operate efficiently, effectively, and economically in a complementary manner. Specifically, the Commission’s USF high-cost programs should continue to build on their success in encouraging and facilitating the investments necessary to construct, extend and upgrade existing broadband networks in rural local exchange carrier (“RLEC”) service areas, while freeing up Broadband Equity, Access, and Deployment (“BEAD”) and other grant funds for use in non-RLEC areas where broadband deployment has lagged and where large-scale projects will be needed to construct new or replacement networks largely in their entirety.

WTA's reply comments have focused on the transparent attempts by several entities to kill the Enhanced ACAM proposal and other USF high-cost program improvements, by asserting that the Commission should not consider any proposal for additional USF high-cost support for an extended period of at least 2-to-3 years, and more likely 6-to-7 or more years, until the funds from BEAD and other new federal broadband grant programs have been awarded and the effects of such funding can be evaluated. These attempts to convince the Commission to abrogate its future role, and abandon its past investments and successes, in enabling RLECs to upgrade their broadband networks should be rejected for a variety of reasons, including: (1) it is far from certain that BEAD and other new federal grant funding will be "enough" to eliminate the rural-urban broadband deployment gap, and much more likely that the long period needed to determine this will result in lengthy and readily avoidable delays in upgrading the services of residents of RLEC and other rural areas; (2) a complementary approach to the focus of USF high-cost programs and the new federal grant programs will be far more cost-effective and less prone to waste, particularly because upgrading existing RLEC broadband networks is much less expensive than constructing new ones; (3) prompt action by the Commission to increase the service level commitments of USF high-cost support recipients will eliminate the potential for duplication with BEAD grants under the eligibility rules established by NTIA; (4) reliance upon established and tested USF high-cost programs and recipients in RLEC service areas is far more prudent and effective than experimenting with untried new "competitive" processes; and (5) although not available in BEAD and other grant programs, the inclusion of continuing support for high per-customer operating expenses in USF high-cost programs is necessary to sustain the long-term quality, reliability and affordability of rural broadband networks.

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

WTA – Advocates for Rural Broadband (“WTA”) submits its reply comments with respect to the Commission’s *Notice of Proposed Rulemaking*, FCC 22-35, which was released May 20, 2022 in the captioned proceeding (“*NPRM*”).

As stated in its initial comments in these proceedings, WTA supports the ACAM Broadband Coalition’s (“Coalition’s”) proposal for modification of the existing Alternative Connect America Cost Model (“ACAM”) mechanisms to add an additional voluntary Enhanced ACAM option that will increase current ACAM I and ACAM II service level commitments to 100/20 Mbps or higher speeds and provide increased model-based support during an extended term. WTA also proposes that Connect America Fund - Broadband Loop Support (“CAF-BLS”) and High-Cost Loop Support (“HCLS”) recipients be eligible to opt voluntarily into the Enhanced

ACAM mechanism; and that the Commission in this or a concurrent proceeding update and increase the service level commitments of continuing CAF-BLS/HCLS recipients, align such service level commitments and deployment timetables with those of the Enhanced ACAM mechanism, and recalibrate the non-ACAM budget in light of such increased service level commitments.

WTA urges the Commission to act rapidly to adopt and implement both the modified Enhanced ACAM proposal and the revised CAF-BLS/HCLS service level obligations and funding in order to: (1) meet pressing and growing broadband service needs in rural local exchange carrier (“RLEC”) service areas; (2) preserve and continue the successes of the Commission’s high-cost Universal Service Fund (“USF”) programs in encouraging and facilitating the investments necessary to construct, extend and upgrade the existing broadband networks in such RLEC service areas; and (3) free up Broadband Equity, Access, and Deployment (“BEAD”) and other Congressionally-appropriated grant funds for use in those non-RLEC areas where broadband deployment has lagged and new or replacement networks have to be constructed largely in their entirety.

## I.

### **Effective, Efficient and Economical Coordination of Complementary Commission High-Cost Programs and Congressional Broadband Grant Programs**

The principal opposition to the Enhanced ACAM proposal (and implicitly to the prospective modified CAF-BLS/HCLS proposal) during the initial comments came from NCTA – The Internet & Television Association (“NCTA”),<sup>1</sup> Windstream Services, LLC (“Windstream”)<sup>2</sup>

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<sup>1</sup> Comments of NCTA – The Internet & Television Association, WC Docket Nos. 10-90, 14-58, 09-197 and 16-271 and RM-11868 (“*NCTA Comments*”).

<sup>2</sup> Comments of Windstream Services, LLC, WC Docket Nos. 10-90, 14-58, 09-197 and 16-271 and RM-11868, dated July 18, 2022 (“*Windstream Comments*”).

and INCOMPAS.<sup>3</sup> All three entities argue that the Commission should not consider any proposal for additional high-cost USF support until the funds from BEAD and other new federal broadband grant programs have been awarded and the effects of such funding can be evaluated.<sup>4</sup>

In stark contrast, WTA believes that the Commission's established USF high-cost programs (predominately its ACAM and CAF-BLS/HCLS programs) and the new Congressionally-appropriated grant programs (the largest of which is the BEAD program) can and should be operated most efficiently and economically in a complementary manner. The Commission, which has already invested billions of USF high-cost dollars during recent decades to facilitate the transformation of the formerly voice-centric networks of RLECs into higher and higher speed broadband networks, should continue to build upon its successful broadband deployment efforts via the proposed modifications to its ACAM and CAF-BLS/HCLS programs. Because many RLECs have been systematically upgrading their broadband services by extending fiber optic trunks further and further from their central offices, the Commission's broadband deployment goals can be accomplished in major part in these RLEC areas by continuing to encourage and fund these extension and upgrade efforts without building (or overbuilding with) entirely new networks. In contrast, the new federal grant programs have the resources to fund large construction projects, and can be much more effectively utilized by focusing upon those unserved and underserved areas that do not receive ACAM or CAF-BLS/HCLS support where broadband deployment has lagged and where new or replacement networks have to be constructed largely in their entirety.

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<sup>3</sup> Comments of INCOMPAS, WC Docket Nos. 10-90, 14-58, 09-197 and 16-271 and RM-11868, dated July 18, 2022 ("*INCOMPAS Comments*").

<sup>4</sup> *NCTA Comments*, pp. 2-6; *Windstream Comments*, pp. 2-3; *INCOMPAS Comments*, pp. 3-6.

### *A. Response to NCTA's "Sufficiency" Argument*

NCTA begins its argument for delaying consideration of Enhanced ACAM (and CAF-BLS/HCLS modifications) by asserting that BEAD and other new federal grant funding “may be enough” to eliminate the rural-urban broadband deployment gap (*NCTA Comments*, p. 3). However, no one can be certain at this time whether or not the appropriated federal grant monies will be “sufficient” in amount or in their manner of use to meet that goal. WTA notes that at least some members of the Biden Administration and the Congress do not appear to believe that the appropriated grant amounts were “sufficient” because they initially proposed significantly larger broadband funding programs that were ultimately reduced to the appropriated amounts as part of various budgetary and other compromises.<sup>5</sup> Moreover, even if the initially appropriated amounts were “sufficient” when appropriated, both subsequent general inflationary conditions and specific telecommunications equipment and labor supply chain bottlenecks, shortages and price increases<sup>6</sup> (not to mention the potential of uncompleted projects and other waste) can substantially and adversely affect the purchasing power and ultimate broadband deployment impact of the appropriated amounts.

NCTA itself admits that the Commission will not be able to determine the “sufficiency” of the grant programs by evaluating remaining needs and identifying locations that need additional USF support until the grant funds are fully distributed (*Id.*). Assuming, *arguendo*, that NCTA’s admission accurately identifies “full distribution” are the appropriate time for evaluation, this means that NCTA is seeking to delay consideration of Enhanced ACAM and CAF-BLS/HCLS

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<sup>5</sup> For example, the Biden Administration initially proposed a \$100 billion broadband deployment program. Senator Klobuchar and Congressman Clyburn subsequently proposed an \$80 billion broadband program. Ultimately, the enacted Infrastructure Investment and Jobs Act of 2021 appropriated \$65 billion for broadband deployment, including \$42.5 billion for the BEAD program.

<sup>6</sup> One WTA member reports 100% increases in the prices of certain fiber optic electronics equipment, and 50% increases in construction contractor costs since the BEAD program was announced.



modification during the substantial time – likely two years or more in many states – that it takes to complete distribution of BEAD grants, the largest of the new federal grant programs. Whereas the Commission is trying to finalize Broadband Serviceable Location Fabric (“Fabric”) maps expeditiously, the National Telecommunications and Information Administration (“NTIA”) will need to use such completed maps to allocate BEAD funds among the states and eligible territories, and then the individual states and territories will need to prepare and gain approval of their broadband plans and BEAD grant distribution plans, and conduct their own state grant application, review, approval and distribution proceedings. In actuality, NCTA’s “sufficiency” question cannot be answered until the much later time that the extent to which BEAD-funded projects are ultimately completed and capable of providing the promised broadband speeds and services can be determined. Due particularly to the likelihood of substantial equipment and labor supply chain bottlenecks and delays, as well as right-of-way permitting delays, as multiple BEAD and other extensive new broadband deployment projects move forward simultaneously, this information is unlikely to be available for at least the four-year term and one-year “extension upon request” period that cannot begin until after BEAD grants are distributed, and very possibly much longer.

The ultimate result of NCTA’s “sufficiency” argument is that the Commission is being asked to abdicate its role and jurisdiction under the complementary approach, and to watch its established USF high-cost programs languish for at least two-to-three years, and probably seven or more years, before it can act to modify them to encourage and enable upgrades to the then applicable universal broadband service standard.<sup>7</sup>

In other words, NCTA’s proposed lengthy delay constitutes a transparent attempt to kill the Enhanced ACAM proposal, and to preclude the Commission from employing and improving

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<sup>7</sup> In three years, and certainly in seven years, the emerging 100/20 Mbps standard is unlikely to still be the standard for universal broadband service.

its established and successful USF high-cost programs to continue reducing the Digital Divide in RLEC service areas where it has already made substantial investments and efforts. NCTA's proposed delay may be aimed at RLECs, but actually will wreak most damage upon the rural residents of RLEC service areas by depriving them for at least several years of 100/20 Mbps or better services that can be deployed at a much earlier date via the proposed modified Commission USF high-cost programs. And should the federal grant programs ultimately provide no funding for an RLEC service area or fund a proposal that results in an uncompleted or inferior network, local residents can remain underserved for a much longer period.

*B. Response to NCTA's "Wasteful Spending" Argument*

NCTA next alleges that moving forward with Enhanced ACAM or any other modified high-cost USF program at this time would result in "wasteful spending" of USF funds in contravention of the Commission's goal of protecting such funds from waste, fraud, and abuse (*Id.*, p. 4). This allegation ignores at least four critical facts which demonstrate that a complementary approach that includes modification of the ACAM and CAF-BLS/HCLS programs to continue upgrading existing broadband networks in RLEC service areas is the far more efficient, economical and effective approach as well as the one less vulnerable to waste, fraud and abuse.

First, the Commission has already invested billions of USF dollars since its initial 1997 implementation of Section 254 of the Communications Act, as amended, in the upgrade of RLEC networks to deploy higher and higher broadband speeds as the local exchange industry evolved from a voice-centric network into a national broadband network. If NCTA's requested lengthy delays in the Commission's modification of its ACAM and CAF-BLS/HCLS program results in the overbuilding of existing 4/1, 10/1 and 25/3 Mbps RLEC facilities by BEAD and other grant recipients, the affected RLEC networks will be reduced to inferior status, and possibly ultimately

shut down, and the prior Commission investments in their existing broadband facilities will be stranded.

Second, most RLECs have converted their former voice-centric networks to higher and higher speed broadband networks by constructing fiber optic trunks and then gradually and systematically extending such trunks further and further from their central offices until they ultimately can provide FTTH/FTTP drops and services to most or all locations. This established and time-tested RLEC approach constitutes a far more economical and less wasteful way of using federal USF high-cost dollars to reach and later surpass evolving broadband service goals than employing one-time federal grants to build or overbuild entirely new broadband networks aimed at the current 100/20 Mbps target.

Third, the Commission's existing and proposed modified ACAM and CAF-BLS/HCLS programs support established and experienced RLECs that have proven records of using their USF high-cost support to construct and operate evolving broadband networks and of providing reliable and affordable services to their rural customers that are reasonably comparable to those available in urban areas. In contrast, whereas there will be many honest and competent entities that will apply for BEAD and other grants, there also is likely to be little or no actual experience and performance records upon which the distributing federal and state agencies will be able to evaluate many such grant applicants. Unfortunately, there are likely to be some well-meaning applicants that will lack the ability and resources to meet their construction and service promises, and likely also to be some other applicants looking to make a quick and easy profit without longer-term plans to construct and operate a reliable and sustainable broadband network.

Fourth, NCTA disregards the proven effectiveness of the established, tested and refined system of regulations, reports, tests, audits and other safeguards that the Commission has

developed and utilized to prevent and deter waste, fraud and abuse in its USF high-cost programs. NCTA has not, and cannot, make any plausible prediction or provide any credible evidence that the future NTIA and state safeguards that are yet to be devised and implemented will be more effective in fighting waste, fraud and abuse than the Commission’s proven system and procedures.

In sum, a complementary approach that includes continued Commission improvement and funding of the proposed Enhanced ACAM program and modified CAF-BLS/HCLS mechanisms will be far more effective and far less likely to involve “wasteful spending” than the alternatives advocated by NCTA.

### *C. Response to NCTA’s “Duplication” Argument*

NCTA’s assertion that the most effective way to avoid duplicative USF and grant funding is “simply” to wait until the BEAD program and other sources of federal funding are distributed (*Id.*, pp. 4-5) is the exact opposite of what is the case. As NCTA should be aware, NTIA has ruled that states and territories may not treat as “unserved” or “underserved” for BEAD grant eligibility purposes any location that is already subject to an enforceable federal, state, or local commitment to deploy “qualifying broadband” (*i.e.*, 100/20 Mbps service<sup>8</sup>) as of the date that NTIA’s BEAD challenge process is concluded.<sup>9</sup>

Put simply, if the Commission proceeds to adopt and implement the Enhanced ACAM proposal and a revised CAF-BLS/HCLS mechanism, and if individual RLECs enter into enforceable federal commitments to deploy 100/20 Mbps or better broadband within their service areas as a condition of participation in the modified Commission USF programs before the NTIA BEAD challenge process is completed, there will be no possibility of duplication because the

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<sup>8</sup> NTIA Notice of Funding Opportunity, Broadband Equity, Access and Deployment Program (NTIA-BEAD-2022), p. 37.

<sup>9</sup> NTIA Notice of Funding Opportunity, Broadband Equity, Access and Deployment Program (NTIA-BEAD-2022), p. 36.

affected RLEC service areas will not be eligible to apply for or receive BEAD grants.

*D. Response to NCTA's "Absence of Competitive Process" Argument*

NCTA's final argument is that, in the absence of a competitive process, the Commission will never know whether a non-incumbent broadband provider could have delivered comparable or better service at a lower price (*NCTA Comments*, p. 5).

The essence of life is that every entity constantly makes choices among two or more alternatives and that no entity can ever know how things will develop and change after each of the many choices that it must make.

Even if one limits matters to specific BEAD-related choices, no one knows at this time what specific BEAD grant selection processes the various states and territories will adopt or the extent to which the various state and territorial competitive grant selection processes will result in reasonable and equitable selections of grantees that will actually build quality, reliable and sustainable broadband networks. Nor does anyone know at this time how effectively any of the NTIA and state safeguards that will eventually be devised and incorporated in the BEAD program will actually work in practice.

Now that broadband has become an essential service, quality and reliability are becoming much more important factors for evaluating proposed projects and networks. Who really wants to fly on an airplane that was built and maintained by the lowest bidder and that is being flown by a low-paid and inexperienced crew? Likewise, what is the benefit to customers of a broadband network constructed, operated and maintained by a low bidder if such network is prone to congestion and outages? On a daily basis, rural customers depend upon quality and reliable broadband service for critical work, telemedicine and educational functions. And during harsh weather and other circumstances when rural customers find it very difficult or impossible to leave

their homes, quality and reliable broadband connections are absolutely essential to obtain news, information, emergency assistance and other services.

Rather than wondering or worrying how a variety of new and untried competitive BEAD grant procedures might have worked, it is far more prudent and reasonable for the Commission to move forward as rapidly as possible to modify the established ACAM and CAF-BLS/HCLS programs that have enabled experienced and competent RLECs to consistently bring higher speed and more reliable, sustainable and affordable broadband services to their rural customers that are reasonably comparable to those available in urban areas.

*E. Response to Windstream's "Insufficiency of USF" Argument*

Windstream commences its argument for delay of ACAM and CAF-BLS/HCLS modification by alleging that Congress "tacitly acknowledged" in creating the BEAD program that existing USF programs such as ACAM are insufficient on their own to meet modern demands for high-speed, affordable Internet (*Windstream Comments*, p. 2). It presents no specific evidence of such "tacit acknowledgement" nor of any explicit expressions of Congressional "intent" for the BEAD program to fund broadband networks in all areas of the United States, including areas currently receiving ACAM support. In contrast, as noted above, NTIA has carefully studied the Infrastructure Investment and Jobs Act of 2021 ("Infrastructure Act") and determined that states and territories may not approve and distribute BEAD grants for locations that are already subject to enforceable federal, state, or local commitments to deploy qualifying 100/20 Mbps service.

Windstream ignores the value of a complementary approach and disregards the fact that the existing ACAM and CAF-BLS/HCLS programs are intended and designed to support and sustain broadband deployment only in the generally remote, rugged and/or sparsely populated rural areas served by RLECs. These are the historically high-cost and difficult-to-serve areas that large

and mid-sized telecommunications carriers and cable television companies long refused to serve. The existing Commission programs have enabled many RLECs to overcome their limited financial circumstances and relatively small customer bases to construct, operate, maintain and sustain broadband networks that are frequently superior in quality and speed to the broadband networks operated by large companies in other rural areas.<sup>10</sup>

WTA reiterates that the most effective and efficient approach is to operate the Commission's USF high-cost programs and the Congressionally-appropriated grant programs in a complementary manner. The Commission can and should build on the successes of its USF high-cost programs and preserve the benefits of its prior investments in RLEC service areas by adopting the Enhanced ACAM proposal and modifying its CAF-BLS/HCLS program in an expedited manner. This, in turn, will free up BEAD and other federal grant funds for use in deploying broadband in the unserved and underserved portions of non-RLEC areas where broadband deployment has lagged and new or replacement networks are likely to be required to be constructed largely in their entirety.

#### *F. Response to Windstream's "More Cost-Effective and Timely" Argument*

Windstream claims that the competitive nature of the BEAD program grant process represents a more cost-effective and timely approach to delivering high-speed broadband service (*Id.*, at p.3).

As indicated above, the competitive BEAD grant process is not more cost-effective in

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<sup>10</sup> For example, in 2007, the Federal-State Joint Board on Universal Service declared that RLECs had done "a commendable job of providing broadband to nearly all of their customers" under the high-cost support system then in effect [HCLS and the former Interstate Common Line Support ("ICLS")]. Recommended Decision (*High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*), WC Docket No. 05-337 and CC Docket No. 96-45, FCC 07J-4, released November 20, 2007, at para. 30. In defense of larger carriers, WTA notes that they are not able to focus primarily on local rural service areas like RLECs, but rather have diverse properties and opportunities of which their rural service areas often constitute a very small and non-material part.

RLEC service areas because it poses the danger that the Commission's past USF high-cost program investments will be disregarded and stranded by overbuilds, and ignores the fact that extending and upgrading existing fiber optic trunks and related broadband facilities is substantially less expensive and time-consuming than building entirely new broadband networks.

Moreover, the four-year BEAD timeline (plus likely extensions) on which Windstream relies for its argument does not begin until the BEAD grants are actually distributed to potential service providers. That will not happen for the several years that it will take for NTIA and the states to conduct and complete the myriad of state-by-state BEAD allocations, initial state proposals, challenge processes, subgrantee applications and selections, and final state approvals. The length of this pre-distribution period will vary from state-to-state, but will take at least two-to-three years for all the required pre-distribution plans, procedures and approvals to be completed in many states. Consequently, it is highly unlikely that the BEAD process will deliver high-speed broadband service in many areas in a "more timely" manner than Commission modifications of ACAM and CAF-BLS/HCLS programs that can be adopted and implemented within well less than a year.

#### *G. Response to Windstream's "Unreasonably High Cost" Argument*

Windstream claims that the Coalition's proposed Enhanced ACAM support per location is unreasonably high, and that the "main driver of this high cost" is the ACAM program's continuing support of carrier operating expenses (*Id.*). Windstream proceeds to assert that rate-of-return carriers are "by nature guaranteed a profit margin" and that the Coalition's proposal "does not incentivize efficient network operation" (*Id.*, p. 5).

The ACAM and CAF-BLS/HCLS mechanisms – in their current and proposed modified forms – include substantial amounts of support for operating expenses. Such support is necessary



to sustain rural broadband networks by helping to recover the substantial and increasing per-customer costs incurred by RLECs for essential components such as middle mile and second mile transport, maintenance, cybersecurity, vehicles and fuel, labor, customer service and regulatory compliance. In this respect, the Commission's high-cost programs differ significantly from BEAD and other federal grant programs that are limited to the reimbursement only of construction costs. However, without the ability to pay their relatively high per-customer operating expenses on an ongoing basis, rural broadband networks receiving only construction grants are unlikely to be able to sustain their quality, reliability and affordability for a very long period.

Windstream's "guaranteed profit margin" claim ignores the fact that the rate-of-return system provides a prospective return only on a carrier's undepreciated rate base and not on its operating expenses. Moreover, the profit inherent in the applicable rate of return is theoretical only, and can be reduced or eliminated by inflation with respect to incentive mechanisms like ACAM and by the Budget Control Mechanism with respect to the CAF-BLS and HCLS mechanisms. In the meantime, eligible operating expenses are reimbursed only on a dollar-for-dollar basis that includes no profit or return, and that is subject to a two-year delay with respect to HCLS support and a true-up with respect to CAF-BLS support. Finally, since 2015, the Commission has taken a series of steps to limit both the specific types of operating expenses and the total amounts of operating expenses for which RLEC high-cost support recipients can be reimbursed.

In sum, contrary to Windstream's claims, reimbursement of certain high per-customer operating expenses is necessary to sustain reliable and quality rural broadband networks and to keep such rural broadband services affordable. And with respect to RLECs, such operating expenses have been substantially limited by the Commission in scope and amount in a manner that

requires the efficient operation of such networks.

*H. Response to INCOMPAS's "Greater Network Capacity" Argument*

INCOMPAS asserts that the programs funded by Congress are "likely to deliver much greater network capacity" than what the Enhanced ACAM proposal will deliver (*INCOMPAS Comments*, p. 4).

INCOMPAS provides no evidence to support its assertion, nor any clarity as to what it means by it. If INCOMPAS means that the \$65 billion appropriated in the Infrastructure Act for broadband is likely to entail the construction of more broadband network facilities than the much smaller Enhanced ACAM program, that is true. However, if the Infrastructure Act grants and the Commission's ACAM and CAF-BLS/HCLS are employed in a complementary manner like that proposed by WTA herein and by NTIA with respect to the BEAD program, broadband network capacity can be maximized in both the RLEC service areas supported by the Commission's high-cost programs and the unserved and underserved rural areas that are not subject to enforceable Commission or other commitments to deploy qualifying 100/20 Mbps service.

On the other hand, if INCOMPASS means that the Infrastructure Act grant programs will enable individual grant recipients to provide greater broadband network capacity to their customers than Enhanced ACAM recipients, then that is simply not the case. Rather, for most RLECs, deployment of 100/20 Mbps service generally requires scalable FTTH/FTTP facilities that are able to provide equal or greater network capacity vis-à-vis the various wireline, terrestrial wireless and satellite technologies that may be used by Infrastructure Act grant recipients.

*I. Response to INCOMPAS's "Competitive ACAM Funding" Argument*

Finally, INCOMPAS argues that the ACAM program should be opened up so that competitive providers also can participate, and that the resulting competition for broadband

funding will help to drive down costs and to deliver effective results for the public (*Id.*, p. 7).

At this time, the Commission has conducted two reverse auctions – the CAF Phase II auction (Auction 903) and the Rural Digital Opportunity Fund (“RDOF”) auction (Auction 904) – in non-RLEC areas that were deemed to be unserved or underserved. Notwithstanding the claims of some advocates, it is not yet clear whether and to what extent the winners of those auctions will actually build and operate the broadband networks that they proposed for the support levels that they agreed to accept and within the timelines specified by the Commission. In fact, the primary evidence currently available with respect to this question is the substantial number of RDOF winners that are being fined for already defaulting on their winning bids – defaults that mean the rural residents of the affected areas will not receive upgraded broadband services for years after they were promised such services.<sup>11</sup> It is even less clear to what extent such auction winners will be willing and able to sustain the quality, reliability and affordability of their networks over the longer term, and whether they will be willing and able to upgrade such networks in the future as customer bandwidth needs continue to grow.

## II.

### Conclusion

WTA continues to support the Coalition’s proposal for modification of the ACAM program to add a new voluntary Enhanced ACAM mechanism that will increase current service level commitments to meet rapidly growing customer needs and provide corresponding increases in model-based support during an extended term. WTA also proposes that CAF-BLS/HCLS recipients be eligible to opt voluntarily into the Enhanced ACAM mechanism; and that the

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<sup>11</sup> See, for example, *In the Matter of 73 Applicants for Rural Digital Opportunity Fund in Default*, Notice of Apparent Liability for Forfeiture, FCC 22-59, released July 22, 2022 (where \$4.3 million in forfeitures are proposed to be imposed upon 73 RDOF auction winners that have defaulted on their winning bids).

Commission act concurrently to increase the service level commitments of continuing CAF-BLS/HCLS recipients, align such commitments and deployment timetables with those of the Enhanced ACAM mechanism, and recalibrate the non-ACAM budget in light thereof.

WTA urges the Commission to take these actions expeditiously in order to meet rapidly growing broadband service needs in rural America, and to permit the Commission's established USF high-cost programs and the new federal broadband grant programs to operate efficiently, effectively, and economically in a complementary manner. Specifically, the Commission's USF high-cost programs should continue to build on their successes in encouraging and facilitating the investments necessary to construct, extend and upgrade existing broadband networks in RLEC service areas, while freeing up BEAD and other grant funds for use in non-RLEC areas where broadband deployment has lagged and where large-scale projects will be needed to construct new or replacement networks largely in their entirety.

WTA's reply comments have focused on the transparent attempts by several entities to kill the Enhanced ACAM proposal and other USF high-cost program improvements, by asserting that the Commission should not consider any proposal for additional USF high-cost support for an extended period of at least 2-to-3 years, and more likely 6-to-7 or more years, until the funds from BEAD and other new federal broadband grant programs have been awarded and the effects of such funding can be evaluated. These attempts to convince the Commission to abrogate its future role, and to abandon its past investments and successes, in enabling RLECs to upgrade their broadband networks should be rejected for a variety of reasons, including: (1) it is far from certain that BEAD and other new federal grant funding will be "enough" to eliminate the rural-urban broadband deployment gap, and much more likely that the long period needed to determine this will result in lengthy and readily avoidable delays in upgrading the services of residents of RLEC and other

rural areas; (2) a complementary approach to the focus of USF high-cost programs and the new federal grant programs will be far more cost-effective and less prone to waste, particularly because upgrading existing RLEC broadband networks is much less expensive than constructing new ones; (3) prompt action by the Commission to increase the service level commitments of USF high-cost support recipients will eliminate the potential for duplication with BEAD grants under the eligibility rules established by NTIA; (4) reliance upon established and tested USF high-cost programs and recipients in RLEC service areas is far more prudent and effective than experimenting with untried new “competitive” processes; and (5) although not available in BEAD and other grant programs, the inclusion of continuing support for high per-customer operating expenses in USF high-cost programs is necessary to sustain the long-term quality, reliability and affordability of rural broadband networks.

Respectfully submitted,  
**WTA – ADVOCATES FOR RURAL BROADBAND**

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Date: August 1, 2022