



January 23, 2020

VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: *Rural Digital Opportunity Fund, WC Docket No. 19-126; Connect America Fund, WC Docket No. 10-90*

Dear Ms. Dortch:

On Wednesday, January 22, 2020, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”) spoke via telephone with Preston Wise, rural broadband advisor to Chairman Ajit Pai, regarding matters in the above-referenced proceedings.

NTCA first followed up on a prior conversation with Mr. Wise regarding the importance of the Federal Communications Commission (the “Commission”) seeking comment on how to identify and address the need for potential ongoing universal service support in rural areas that have access to speeds in excess of 25/3 Mbps broadband. *Ex Parte* Letter from Michael R. Romano, Sr. Vice President, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket Nos. 19-126 and 10-90 (filed Jan. 17, 2020). NTCA notes that it is a false dichotomy to conceive of areas as falling into only “served” or “unserved” categories, and that universal service policy should therefore not be premised upon such a categorization. Instead, it is important to note that there is a third category as well – “market failure areas,” which are those areas where networks exist only by the grace of universal service support and where services will not remain reasonably comparable in price and/or quality without ongoing support.

Precisely because universal service is *not* a grant program and does *not* provide upfront financing, the Commission should consider questions such as how loans will be repaid and services kept affordable on networks in such areas even after they are built. The Commission has previously acknowledged this concern in prior rulings, and it should seek comment here on how to identify such areas and address such issues going forward. *See, e.g., Connect America Fund, et al., WC Docket No. 10-90, et al., Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, 33 FCC Rcd 11893, 11907-08 (2018), at ¶¶ 40 and 45 (“[T]he Commission has previously recognized that areas with partially or fully-deployed fiber-to-the-premises may still require high-cost support to maintain existing service.”); Connect America Fund, et al., WC Docket No. 10-90, et al., 31 FCC Rcd 3087, 3113 (2016), at ¶ 66 (“We recognize that carriers that are fully deployed in some cases have taken out loans to finance such expansion and therefore may have significant loan repayment obligations for years to come.”). NTCA further observed that seeking comment on such questions would have no effect on the timing, scope, or budget of the Rural Digital Opportunity Fund (“RDOF”) auction, and that NTCA supports enthusiastically the Commission moving forward with that important initiative.*

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Indeed, beyond the need to consider these critical questions, I reiterated NTCA's support on the whole for the draft RDOF order recently circulated and released by Chairman Pai. I highlighted the significance of the "clearing round" provision included within the draft order in helping to ensure the best possible use of the RDOF auction budget, and that any changes to the clearing round structure would put at risk the careful balance struck by the draft order and substantially undermine the promise that the order otherwise holds for unserved areas in rural America. I observed that the changes proposed by other parties to this provision were lacking in any evidentiary or analytical basis whatsoever – proposing, for example, an arbitrary 50% factor for application of that provision – and were clearly intended to do nothing more than render the provision inoperative given prior experience in the Connect America Fund Phase II auction. *Ex Parte* Letter from Louis Peraertz, Vice President, WISPA, to Marlene H. Dortch, Secretary, Commission, WC Docket Nos. 19-126 and 10-90 (filed Jan. 21, 2020). NTCA therefore urged the Commission to dismiss any such recommendations and to proceed with the draft order as circulated in this respect.

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano
Senior Vice President –
Industry Affairs & Business Development
NTCA–The Rural Broadband Association

cc: Preston Wise