



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, Shirley Bloomfield, Chief Executive Officer of NTCA–The Rural Broadband Association (“NTCA”) held separate telephone conversations with Commissioners Michael O’Rielly and Brendan Carr, and Matthew Berry, chief of staff to Chairman Ajit Pai, regarding matters in the above-referenced proceedings.

Ms. Bloomfield started by expressing NTCA’s strong support on the whole for the draft Rural Digital Opportunity Fund (“RDOF”) order recently circulated and released by Chairman Pai. While having concern regarding the inclusion of a new 50/5 Mbps speed tier that would result in two separate levels of performance below that experienced by the average urban consumer, Ms. Bloomfield emphasized the significance of the “clearing round” provision included within the draft RDOF order in helping at least to mitigate such concerns by promoting support for deployment of the best possible networks for the available auction budget, and she urged the Federal Communications Commission (the “Commission”) therefore to ensure that this provision would remain in the order as proposed.

Ms. Bloomfield next discussed a “transition issue” that has been flagged in connection with the RDOF auction and which is critical to the sustainability of universal service in high-cost areas. *See, e.g.*, Comments of NTCA, WC Docket Nos. 19-126 and 10-90 (filed Sept. 20, 2019), at 34-35; *Ex Parte* Letter from Michael R. Romano, Sr. Vice President, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed Dec. 19, 2019), at 5; *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). Specifically, NTCA raised concerns regarding the circumstance in which a recipient of Connect America Fund (“CAF”) Phase II model-based universal service support far “outperformed” its prior 10/1 Mbps buildout obligations, deploying instead a network capable of delivering 100 Mbps or even Gigabit service. In that case, the area in which such a network was built will be ineligible for the RDOF auction (because available speeds exceed 25/3 Mbps) – and as a result, under the order as currently drafted, *no* universal service support would appear to be available going forward in that area once the CAF Phase II distribution term completes.

Ms. Bloomfield noted the odd results and inefficient incentives that would follow from this approach. Had a provider receiving CAF Phase II support deployed a network that met only the bare minimum 10/1 Mbps buildout obligation (even if that deployment was at a cost *less* than that of model support), that area would then be eligible in the upcoming auction for another ten-year term of support. Yet, if a provider receiving CAF Phase II support deployed a network capable of 25/3 Mbps or greater *for the same amount of funding*, its “reward” for being so efficient and doing so much more for rural consumers would be the declaration of the areas it serves as seemingly ineligible for future support. This not only creates inefficient incentives for operators, but also represents a wasteful and inefficient use of universal service resources by requiring the American ratepayer to keep paying for complete rebuilds of networks every several years for only incremental improvements in performance.

For these reasons, NTCA has urged the Commission to seek comment on how to address those areas where operators leverage universal service support to deploy a network that performs well in excess of prior buildout obligations. Specifically, the Commission should ask how to determine which of those areas may require ongoing support to provide service at reasonably comparable rates, how to determine an efficient level of support to achieve that objective in those areas, and what incremental level of performance might be warranted in excess of prior buildout obligations in connection with any such ongoing support. Ms. Bloomfield explained that asking these questions would have no effect whatsoever on the scope, timing, or budget of the RDOF, and that nothing in such an inquiry would prejudice any result the Commission might reach in terms of whether, where, and to what degree such ongoing support might be available or how precisely such support might be distributed (*e.g.*, via further auction, a revised model, or some other means).

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: Commissioner Michael O’Rielly
Commissioner Brendan Carr
Matthew Berry