



September 19, 2022

Ex Parte Notice

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

RE: *Report on the Future of the Universal Service Fund, WC Docket No. 21-476*

Dear Ms. Dortch:

On Thursday, September 15, 2022, the undersigned on behalf of NTCA–The Rural Broadband Association and Ryan Boone, Chief Executive Officer of Premier Communications, met with Eric Ralph from the Office of Economics and Analytics and Suzanne Yelen, Ted Burmeister, Jesse Jachman, Joseph Sorresso, and Stephen Wang from the Wireline Competition Bureau regarding matters in the above-referenced proceeding.

During the meeting, we urged the Federal Communications Commission (the “Commission”) to start work now in the wake of the publication of its Report to Congress in this proceeding on consideration of how to update the high-cost universal service fund (“USF”). In particular, we expressed strong support for the Commission’s finding in the Report that the agency should “consider if, when, and under what circumstances continuing support is necessary to develop, sustain, and improve broadband operations and how best to determine which carriers may need such support and in what amounts,” and also the recognition of the need “to ensure that consumers have continuing access to advanced telecommunications services in high-cost areas that are reasonably comparable to that offered in urban areas at reasonably comparable prices.” *Report on the Future of the Universal Service Fund, WC Docket No. 21-476, Report (rel. Aug. 15, 2022), at ¶ 41.* We highlighted concerns, however, about the notion of only *starting* such work “in parallel with the rollout and completion of BEAD-funded projects.” *Id.* at ¶ 42.

More specifically, we noted that there are already circumstances where, well before the “rollout and completion of BEAD,” providers face the prospect of serving deeply rural areas without any USF support. For example, various states and other federal agencies such as the U.S. Department of Agriculture are already distributing grant funds for broadband deployment, meaning the issues that the Commission would examine for BEAD exist in an increasing number of rural areas today. Moreover, Premier highlighted for the Commission how, because it chose to invest in a fiber network in lieu of leveraging less capable and less efficient technologies, some of the areas it serves were rendered ineligible for the Rural Digital Opportunity Fund auction – resulting in a flash-cut loss of USF support and increased prices for consumers in order to help mitigate the materially higher costs of operating in rural areas and to repay loans taken out to build the upgraded network.

To be clear, we acknowledged that the consideration contemplated by the Report must carefully assess the level of USF support (if any) that may be appropriate and warranted in each such area. But such a discussion should be initiated soon given the effect of the current regime is that, in certain areas today, no USF support is available as a presumptive and absolute matter. We observed that this current state, in which support can dissipate in some areas without any assessment of need whatsoever, fails to satisfy the Commission's statutory mandate to ensure universal service in the form of reasonably comparable services at reasonably comparable rates in rural and urban areas alike. 47 U.S.C. § 254(b)(3).

We therefore urged the Commission to issue a notice of proposed rulemaking ("NPRM") to examine the issues teed up by the Report to Congress and to begin to chart a course for the "future of universal service." Consistent with the Report to Congress, such a NRPM should call for comment on how best to assess the business case for broadband investment and ongoing operations and the impacts of higher costs on efforts to keep rural rates reasonably comparable to those in urban areas where existing mechanisms are not already doing so. *Id.* at ¶ 43. The NPRM could also develop a record on the impacts of grants received (or not received) in covering certain costs and their longer-term impacts on ensuring that service levels and rates will continue to satisfy the statutory mandate for reasonable comparability over the lives of the underlying networks. Finally, such a NPRM could obtain input on how best to identify those areas in need of and eligible for support and how to establish an appropriate level of support based upon the characteristics of each area and on how the provider in question came to serve there.

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 Romano
Michael Romano
Executive Vice President

cc: Eric Ralph
Suzanne Yelen
Ted Burmeister
Jesse Jachman
Joseph Sorresso
Stephen Wang