



February 17, 2023

Ex Parte Notice

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

RE: *Connect America Fund, 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 A-CAM Program, RM-11868*

Dear Ms. Dortch:

On Thursday, February 16, 2023, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”) spoke with Marco Peraza from the office of Commissioner Nathan Simington regarding matters in the above-referenced proceedings.

In our meeting, I expressed concerns about the substantial likelihood of a recurrence of the budget control mechanism (“BCM”) for the 2023-2024 support period that, if implemented, would result in substantial cuts in Connect America Fund-Broadband Loop Support (“CAF-BLS”) and High-Cost Loop Support (“HCLS”) for several hundred small rural providers. As the Federal Communications Commission (the “Commission”) is well aware, the CAF-BLS and HCLS mechanisms provide support *after* investments have been made and as services are delivered, meaning that these cuts in universal service fund (“USF”) support could put at risk the viability of existing high-capacity networks and undermine the ability to offer quality services on an ongoing basis at more affordable rates to consumers across rural America.

The application of such drastic cuts to much-needed USF support at a time when providers have been investing at an increased pace to connect more Americans and attempting to stimulate greater adoption of broadband in rural areas would run counter to the broader national imperative to promote broadband availability and affordability. The Commission itself has recognized the severe negative impacts application of the BCM would have upon universal service goals, thankfully providing waivers in the past two years as a result. *See Connect America Fund, WC Docket No. 10-90, Order (rel. May 10, 2022) (“2022 Waiver Order”); Connect America Fund, WC Docket No. 10-90, Order (rel. June 3, 2021)*. Indeed, the Commission itself best captured the case for revisiting the BCM in the most recent waiver order, noting that “increased conversion of voice lines to broadband-only lines,” “an increase in the number of new customers subscribing to broadband-only lines,” increased investment in broadband networks, and lingering pandemic-related effects of inflation on

labor and materials all justified such relief. *See* 2022 Waiver Order, at ¶¶ 8-10. In other words, the very policy outcomes the Commission seeks through its USF programs – accelerated investment leading to better broadband that is in turn adopted by more customers – combined with certain persistent economic consequences arising out of the pandemic lead to the conclusion that the budget adopted by the Commission in 2018 for CAF-BLS and HCLS is outdated. *See also* NTCA Broadband/Internet Availability Survey (Dec. 2022), at 7 and 9 (finding that over the past year the availability of 100 Mbps or better broadband from NTCA members increased by 6.3% on average and that customer adoption of 100 Mbps or better service increased on average by 11.6%).

For these reasons, NTCA renews its calls over the past year for the Commission to address such concerns through prompt adoption of its proposals for updates to the Alternative Connect America Model (“A-CAM”) and CAF-BLS and HCLS mechanisms. *See, e.g.*, Comments of NTCA, WC Docket No. 10-90, *et al.* (filed July 18, 2022); Reply Comments of NTCA, WC Docket No. 10-90, *et al.* (filed Aug. 1, 2022); *Ex Parte* Letters from Michael R. Romano, Executive Vice President, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90, *et al.* (filed Oct. 14, 2022 and Dec. 5, 2022). While the Commission could grant another BCM waiver and provide a similar measure of relief for the year ahead – and while such relief would be justified for the very same reasons as prior BCM waivers were granted – the recurring nature of this issue confirms that fundamental recalibration of the 2018 BCM as has been proposed by NTCA is warranted and appropriate, and the additional measures recommended by NTCA would put these programs on more sound footing and on a clear path to both require and enable the delivery of higher-speed broadband to broad rural geographies. NTCA also observes that the Commission is well-positioned to adopt updates to the CAF-BLS and HCLS mechanisms such as those suggested in the filings cited above, having sought comment several times over several years on budget issues, the fact that service level commitments need to be revisited this year pursuant to Commission rule, and the specific questions of both whether such revised commitments should be aligned with any A-CAM updates and the budget that would be necessary to accommodate such commitments. *See Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, Report and Order, Further Notice of Proposed Rulemaking and Order on Reconsideration, (rel. Dec. 13, 2018), at ¶¶ 97, 108, 200-202; *Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, Notice of Proposed Rulemaking (rel. May 20, 2022), at ¶ 58; *see also* 2022 Waiver Order, at ¶ 12.

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: Marco Peraza