

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	
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 Through the ACAM Program)	RM-11868
)	

**COMMENTS OF
NTCA–THE RURAL BROADBAND ASSOCIATION
REGARDING NOTICE OF PROPOSED RULEMAKING**

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TABLE OF CONTENTS

EXECUTIVE SUMMARY i

I. THE COMMISSION SHOULD DEFER SIGNIFICANT STRUCTURAL UPDATES TO CAF-BLS, HCLS, AND CAF-ICC SUPPORT UNTIL IT HAS HAD A MEANINGFUL OPPORTUNITY TO EXAMINE THE EFFECTIVENESS OF THE MOST RECENT REFORMS AND THE INTERACTION OF THESE PROGRAMS WITH OTHER BROADBAND INITIATIVES.....2

II. AS THE *NPRM* SUGGESTS, IT WOULD BE MOST EFFICIENT TO ESTABLISH NEW HIGHER-SPEED SERVICE LEVEL COMMITMENTS FOR CAF-BLS RECIPIENTS ONCE THE COMMISSION CAN IDENTIFY WHERE THEY ARE MOST NEEDED.....7

III. ADJUSTMENTS TO CAF-BLS SUPPORT IN LIGHT OF FUNDING AWARDS MADE UNDER OTHER PROGRAMS AND BASED UPON THE OPERATION OF UNSUBSIDIZED COMPETITORS SHOULD BE COORDINATED WITH REFRESHED CAF-BLS DEPLOYMENT OBLIGATIONS.....10

IV. CURRENT RULES GOVERNING CAF-BLS AND HCLS DISTRIBUTIONS ALREADY ACCOUNT FOR – AND REDUCE SUPPORT IN THE EVENT THAT – A SUPPORT RECIPIENT IS AWARDED GRANT FUNDING.....13

V. THE COMMISSION SHOULD TACKLE DIGITAL EQUITY ISSUES COMPREHENSIVELY IN PARTNERSHIP WITH STATE AND LOCAL GOVERNMENTS, CONSISTENT WITH THE RECOMMENDATIONS OF THE COMMUNICATIONS EQUITY AND DIVERSITY COUNCIL.....15

VI. CONCLUSION17

EXECUTIVE SUMMARY

With the *Enhanced A-CAM Order* just released, with a series of grant programs poised to launch or just now beginning work on more widespread broadband deployment efforts, and with input on the potential for more systemic universal service fund changes to follow via a related Notice of Inquiry, the Federal Communications Commission (the “Commission”) should defer significant structural updates to the Connect America Fund-Broadband Loop Support (“CAF-BLS”) or High-Cost Loop Support (“HCLS”) support mechanisms to evaluate the impacts of these recently enacted changes and to coordinate next steps with other programs more effectively.

To begin with, the precise budgetary implications of providers and support flows migrating from CAF-BLS and HCLS support to the enhanced Alternative Connect America Cost Model (“A-CAM”) remain unclear, and the Commission also took a meaningful step in the order to recalibrate the annual pre-inflationary baseline level of support for CAF-BLS and HCLS. Further structural changes to address budget considerations should be reviewed once the effects of these measures come into greater focus. In addition, as described herein, the potential budgetary impact of customer broadband-only line conversions may not present the same degree of exigent concern as in past years, which should provide time to make informed decisions as to next steps. Moreover, as part of any further structural reform, the Commission should consider whether areas currently in need of further deployment will become served through grants; to the extent this is the case, this should relieve pressure on future CAF-BLS/HCLS budgets as there would be less need for cost recovery through universal service programs where grants cover significant portions of capital investment. Finally, input provided in response to the Notice of Inquiry could illuminate a pathway for further reforms to existing mechanisms that would be preferable to significant structural modifications that might only be set aside or reworked yet again in a few years’ time.

For several of the same reasons, updates to CAF-BLS service level commitments and potential support disaggregation options should be considered in greater earnest and applied on or after January 1, 2025. NTCA supports service level commitments for CAF-BLS support that mirror those applicable under other broadband funding programs and provides herein some initial suggestions as to how these might be structured, but as the Commission rightly observes in the Notice of Proposed Rulemaking, it could only create confusion and even duplication should deployment obligations be set for CAF-BLS in the near-term only to find that grant awards create deployment obligations for portions of recipients' study areas. The same is true in considering support disaggregation measures, as it would be more effective to understand the extent to which other programs and providers are poised to deliver sufficient levels of service in specific geographies prior to devising a strategy to disaggregate support in such cases.

Given the requirements already clearly set forth in existing rules, the Commission need not adopt additional rules or processes to prevent "double recovery" in the event a CAF-BLS/HCLS support recipient is awarded a state or federal grant. More specifically, Part 32 rules address such concerns already, and cost studies and Universal Service Administrative Company audits, along with the Broadband Funding Map that allows one to identify where a CAF-BLS/HCLS recipient has secured grant funding, will help to ensure compliance with these existing rules.

Finally, the Commission should, in partnership with state and local governments, leverage recommendations made by the Communications Equity and Diversity Council as a guide, rather than a checklist, toward advancing the important mission of digital equity. In addition, NTCA reminds the Commission that effective high-cost mechanisms aimed towards reasonable comparability of rates, aided in turn by Lifeline and the Affordable Connectivity Program, are an essential part in ensuring affordability and digital equity in rural areas.

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**COMMENTS OF
NTCA–THE RURAL BROADBAND ASSOCIATION
REGARDING NOTICE OF PROPOSED RULEMAKING**

NTCA–The Rural Broadband Association (“NTCA”)¹ hereby submits its Comments in response to the recently released Notice of Proposed Rulemaking in the above-captioned proceedings.² In the *Enhanced A-CAM Order* that accompanied this notice, the Federal Communications Commission (the “Commission”) took significant steps to extend and enhance the Alternative Connect America Cost Model (“A-CAM”) program through voluntary offers of

¹ NTCA is an industry association composed of approximately 850 community-based companies and cooperatives that provide advanced communications services in rural America and more than 400 other firms that support or themselves are engaged in the provision of such services.

² *Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, Report and Order, Notice of Proposed Rulemaking, and Notice of Inquiry (rel. July 24, 2023) (“*NPRM*” or “*Enhanced A-CAM Order*,” as applicable).

support to both current A-CAM recipients and those receiving Connect America Fund-Broadband Loop Support (“CAF-BLS”) and High-Cost Loop Support (“HCLS”). The order also recalibrated the budget going forward for CAF-BLS and HCLS support, and the *NPRM* in turn inquires as to potential modifications to the CAF-BLS and HCLS mechanisms and related universal service fund (“USF”) programs.

Before undertaking additional significant reforms of CAF-BLS, HCLS, and related USF mechanisms such as Connect America Fund-Intercarrier Compensation (“CAF-ICC”) support, the Commission should as described below: (a) monitor the effectiveness of the reforms just enacted in the underlying order (which could include a sizeable migration of providers and support flows from CAF-BLS/HCLS to enhanced A-CAM); and (b) assess the interaction of these USF programs as just reformed with various grant initiatives over the next few years. Moreover, as the Commission considers further action via the Notice of Inquiry that accompanies the *NPRM* and the order, decisions with respect to the broader “future of universal service” could inform a pathway for further reforms to these existing mechanisms as well in lieu of adopting significant structural modifications in the interim only to change them again in perhaps a few years’ time.

I. THE COMMISSION SHOULD DEFER SIGNIFICANT STRUCTURAL UPDATES TO CAF-BLS, HCLS, AND CAF-ICC SUPPORT UNTIL IT HAS HAD A MEANINGFUL OPPORTUNITY TO EXAMINE THE EFFECTIVENESS OF THE MOST RECENT REFORMS AND THE INTERACTION OF THESE PROGRAMS WITH OTHER BROADBAND INITIATIVES.

The Commission seeks comment first in the *NPRM* on potential adjustments to the overall budget for CAF-BLS and HCLS support in the wake of having recalibrated the pre-inflationary baseline budget based upon 2023-2024 demand. Prompted particularly by the strains placed on CAF-BLS and HCLS support by escalating conversions of customer broadband-only lines (or “CBOLs”) that outpaced estimates made in 2016 and 2018, the Commission asks how the budget

control mechanism (“BCM”) might be adjusted to address ongoing CBOL adoption,³ including the potential to increase the amount that effectively must be charged to rural consumers as a means of managing “pre-budget control support.”⁴

Stepping back, the concerns that precipitated the recalibration of the pre-inflationary baseline budget in the most recent order and are flagged now for further consideration in the *NPRM* were hardly unanticipated. Indeed, leading up to the 2018 reforms to these programs, NTCA highlighted that increasing consumer adoption of broadband-only services was already placing pressure on the CAF-BLS budget; the Commission responded by adjusting the budget at that time and seeking comment on further potential structural changes to address such concerns.⁵ These concerns lingered, however, resulting in the need for waivers of the BCM in several recent years as escalating consumer demand for standalone broadband services and other factors driven by the pandemic placed even greater pressures on the budget.⁶

³ *Id.* at ¶ 127.

⁴ *Id.* at ¶ 128.

⁵ *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, 11924-25 and 11948-11950 (2018) (“*2018 Order*”), at ¶¶ 97-100 and 200-204.

⁶ *Connect America Fund*, WC Docket No. 10-90, Order, (rel. May 23, 2023), at ¶ 9 (“The growth in projected support by carriers is due, in part, to an increased conversion of voice lines to broadband-only lines, which receive a higher support amount, and an increase in the number of new customers subscribing to broadband-only lines, particularly given population migration during the pandemic to rural areas, many of which are served by legacy rate-of-return carriers.”). *See also Connect America Fund*, Order, WC Docket No. 10-90, Order (rel. May 10, 2022), at ¶ 10 (“Telecommunications companies, including legacy companies serving some of the most rural areas of the country, have been and will continue to be subject to increased costs to address labor and supply issues, maintain existing services, and meet the demands of new customers.”).

Although NTCA and other stakeholders five years ago urged the adoption of certain structural changes to help address these issues, it would be prudent now for several reasons to assess the impacts of the substantial reforms just adopted – and the grant programs just now being implemented – prior to making any further significant modifications to the CAF-BLS and HCLS programs. First, in its most recent order the Commission recalibrated the BCM and will carry forward inflationary adjustments from there. This fundamental “reset” paired with the inflationary factor already applicable under the Commission’s orders should likely provide greater budget certainty for at least the next several years as compared to the welcomed-but-more-limited budget adjustment made in 2018.⁷ This alone could mitigate concerns related to the BCM for the next several years, thereby providing time for the Commission and stakeholders to evaluate the cause and extent of any budgetary pressures that may subsequently arise and to develop a targeted plan for addressing them if needed. Moreover, depending on the magnitude and cost characteristics of current CAF-BLS/HCLS recipients that elect enhanced A-CAM support, this could have a further mitigating influence on potential future BCM impacts, and these effects too should be measured and monitored before action is taken.

Second, unlike in 2018 when the CAF-BLS mechanism was still relatively new and standalone broadband had been supported for only a couple of years, the 2023-2024 support demand levels now capture the effects of more than seven years of CBOL growth within the CAF-BLS/HCLS budget. While customers will certainly continue to migrate to broadband-only services as the market evolves, it is possible that the rate of conversion and resulting impacts on revenue requirements may be stabilizing to some degree from an industry-wide perspective. Thus,

⁷ Compare 2018 Order, 33 FCC Rcd at 11922, ¶ 91, with Enhanced A-CAM Order at ¶¶ 106-107.

while the potential budgetary impact of such conversions remains an issue worth monitoring, there does not appear to be the same degree of exigent concern that gave rise to the deliberations in 2018 regarding how to mitigate such impacts and ultimately prompted the need for BCM waivers.

Third, given that a primary motivation for the reforms adopted in the *Enhanced A-CAM Order* was to enhance coordination with various grant programs just now getting underway, the Commission would be well-served to take stock of the interplay between these reforms and the work of these other initiatives before further shifting course and adopting additional fundamental changes to the USF programs affected by this order. It is quite possible, for example, that areas currently in need of further deployment will become served through funding from the Broadband Equity, Access, and Deployment (“BEAD”) program or other grant initiatives – in which case, as noted in the *NPRM* and discussed further below, this should *relieve* pressure on future CAF-BLS/HCLS budgets because there would be less need for cost recovery through USF if significant portions of capital investments are covered by grants. It would make sense to obtain a sense of the degree to which the workings of these grant programs “offload” capital costs that would otherwise have been recovered through USF support before enacting additional structural reforms to the USF programs. Relatedly, it would also be logical to determine the extent to which mechanisms like CAF-BLS and HCLS effectively transition to become more focused on “sustainability” support in coordination with and in the wake of such grant programs.

Fourth, should the next few years indicate that any action is warranted or necessary due to newly arising budget concerns, NTCA’s prior recommendation in these proceedings to have future savings from the fixed support transition to enhanced A-CAM accrue to the CAF-BLS/HCLS budget could offer a useful, efficient, and seamless means of helping to address such concerns

before the BCM becomes a significant issue again.⁸ Such a measure would simply involve the “flow-back” of sums that originated within the CAF-BLS/HCLS budget to begin with, avoiding the potential for disruption to the operation of these mechanisms and minimizing the potential for unintended consequences from elections made by some prior CAF-BLS/HCLS recipients. By contrast, as even the Commission itself appears to acknowledge in the *NPRM*,⁹ a proposal to “reduce the amount of pre-budget control support” by increasing the CBOL revenue imputation (*i.e.*, the costs that a CAF-BLS recipient is presumed to extract first from the customer) could create greater uncertainty in these support mechanisms and foist materially higher broadband rates onto rural consumers that would fail to comport with the “reasonable comparability benchmark” rates that are themselves already materially higher than what urban consumers pay – especially when one considers that the revenue imputation does not include costs that one would also need to account for in terms of the wholesale transmission tariffed rate element or middle mile and access service connection point costs, among other things.

The same logic holds true with respect to potential changes to the HCLS and CAF-ICC mechanisms.¹⁰ The Commission has just taken meaningful steps to attempt to provide sufficiency and greater predictability in universal service support in the *Enhanced A-CAM Order* – these measures will, in some cases, result in *every location* within widespread rural study areas (and not just cherry-picked, hand-drawn proposed grant areas) receiving at least 100/20 Mbps or better broadband. These reforms should be given the time to take effect and providers should be given

⁸ See *NPRM* at ¶ 127 and n. 365.

⁹ *Id.* at ¶ 130.

¹⁰ *Id.* at ¶¶ 131-137.

the opportunity to plan for and undertake these required investments without the overhang of more “threads to be pulled” in unpredictable ways that are not designed to fix any specific problems that arise and could instead have unanticipated disruptive consequences on support distributions and investment planning. It is also worth noting that both HCLS and CAF-ICC are by design and operation declining and accordingly resulting in lesser impacts on the USF budget over time.¹¹

Thus, “fixing” these programs by making substantial changes to them would appear to be a solution in need of a problem. In lieu of adopting any further programmatic reforms to CAF-BLS, HCLS, and/or CAF-ICC now that might only disrupt or detract from the effectiveness of the reforms just enacted, the Commission should instead: (1) let the enhanced A-CAM elections and other recent reforms take effect; (2) complete updates to the Alaska Plan as well; (3) monitor the effects of these reforms and the interplay with other broadband funding initiatives on the operations, budgets, and goals of these various mechanisms; and (4) to the extent any concerns are detected through this monitoring, craft surgical and tailored solutions to address the specific issues presented.

II. AS THE *NPRM* SUGGESTS, IT WOULD BE MOST EFFICIENT TO ESTABLISH NEW HIGHER-SPEED SERVICE LEVEL COMMITMENTS FOR CAF-BLS RECIPIENTS ONCE THE COMMISSION CAN IDENTIFY WHERE THEY ARE MOST NEEDED.

NTCA generally supports the establishment of higher-speed service level commitments for recipients of CAF-BLS support that mirror those applicable under other broadband funding programs to help keep pace more effectively with consumer demand. Specifically, given the minimum thresholds for performance set in the BEAD program and for enhanced A-CAM support,

¹¹ The Commission’s universal service fund monitoring data indicate that CAF-ICC support for rural carriers has dropped from \$390 million in 2018 to \$351 million in the most recent report, while HCLS has declined from \$578 million to \$343 million over the same four-year period.

it is appropriate as suggested in the *NPRM* to recalibrate the CAF-BLS service level commitments at a minimum expectation of 100/20 Mbps as well.¹² At the same time, as the *NPRM* rightly observes, the BEAD program and other grant initiatives now underway may very well help to close any remaining gaps in the availability of services at this level, and there could be substantial risk of confusion and even duplication should deployment obligations be set for CAF-BLS now only to find that in the interim grant awards will address portions of recipients' study areas.¹³ Indeed, the fact that prior deployment obligations under CAF-BLS have typically been defined on a study area basis (rather than by reference to designated locations) heightens the potential for such conflicting outcomes, and underscores the need for a thoughtful approach to recalibrating the CAF-BLS service level commitments in a coordinated fashion with BEAD and other initiatives.

To this end, NTCA supports the suggestion in the *NPRM* to defer commencement of the next five-year term for CAF-BLS service level commitments to at least January 1, 2025.¹⁴ This should afford time to determine with greater precision where BEAD and other programs impose enforceable commitments of their own, leaving it clear what remaining locations could then be served at higher levels leveraging CAF-BLS resources. This should in turn minimize the potential need to disaggregate and adjust CAF-BLS support and obligations due to the subsequent awarding of a grant that covers the same locations. And, in the interim, if a CAF-BLS recipient itself should pursue and secure BEAD or other grant funding, as discussed above and further below, this would

¹² *Id.* at ¶ 140.

¹³ *Id.* at ¶ 141 (discussing the complexities of CAF-BLS obligations commencing only for another agency to issue a subsequent grant award for a portion of the same area).

¹⁴ *Id.* at ¶ 142.

accrue to the benefit of the USF program budget by reducing the need for recovery of capital through this program – thus representing yet another instance of efficient coordination.

Although the Commission notes some concern that such a temporary deferral might “further delay deployment of broadband in areas” that are not yet served at these higher levels of service,¹⁵ the benefits of greater coordination and potential relief for the future USF budget outweigh this slight risk. Moreover, the commendable track record of performance by CAF-BLS recipients to date highlights how insignificant this risk is as a practical matter. While the deployment obligations applicable to CAF-BLS recipients today require reaching a specified number of locations in each study area with 25/3 Mbps broadband, NTCA members and other CAF-BLS recipients have on the whole skyrocketed far past such baseline expectations. For example, NTCA’s more recent member survey indicates that 81.9% of their customers on average can *already* receive at least 100 Mbps downstream service,¹⁶ and NTCA estimates that the Commission’s own Broadband Data Collection indicates that CAF-BLS recipients already deliver at least 100/20 Mbps broadband to more than 70% of Fabric locations. Based upon this historical record of overperformance – especially in comparison to other rural areas where recipients of other USF mechanisms in the past tended to do the bare minimum to meet any obligations – and given the incentives generally built within CAF-BLS support for sustained investment, there should be little concern that a short-term temporary deferral of the refreshing of deployment obligations will result in broadband denied or deferred for prolonged periods.

¹⁵ *Id.*

¹⁶ NTCA Broadband/Internet Availability Survey Report (Dec. 2022), at 2 (available at: <https://www.ntca.org/sites/default/files/documents/2022-12/2022%20Broadband%20Survey%20Report%20%28FINAL%2011-28-22%29.pdf>).

III. ADJUSTMENTS TO CAF-BLS SUPPORT IN LIGHT OF FUNDING AWARDS MADE UNDER OTHER PROGRAMS AND BASED UPON THE OPERATION OF UNSUBSIDIZED COMPETITORS SHOULD BE COORDINATED WITH REFRESHED CAF-BLS DEPLOYMENT OBLIGATIONS.

As the *Enhanced A-CAM Order* demonstrates, the Commission has effectively defined a goal of universal service as aiming to ensure that every rural customer will ultimately obtain access to at least 100/20 Mbps broadband – whether that be achieved through a supported provider, through an unsubsidized competitor, or pursuant to an enforceable commitment to deploy a network capable of delivering such service.¹⁷ The Commission asks in the *NPRM* how to define unsubsidized competition in this context and how and when to disaggregate CAF-BLS support in the event such competition or an enforceable commitment exists.¹⁸ Precisely because the goal of this exercise is to identify where support is or is not needed to achieve access to a minimum of 100/20 Mbps broadband, NTCA recommends that the Commission pair the ultimate determination of where support may be unnecessary or can be reduced with the establishment of updated obligations for a CAF-BLS recipient to deploy 100/20 Mbps or better broadband as described in the preceding section. Moreover, it makes sense to defer this determination for the time being, as it will turn in significant part upon information yet to be compiled regarding awards already made in various states under earlier grant programs and awards still to be made under the BEAD program. In anticipation however of such implementation, the Commission can reach several preliminary decisions regarding how to structure this process. More specifically:

¹⁷ See *Enhanced A-CAM Order* at ¶¶ 31 and 40.

¹⁸ *NPRM* at ¶¶ 143-149.

First, with respect to the threshold question of how to define a qualifying competitor,¹⁹ the Commission should retain the definition currently contained in its rules, which requires a facilities-based competitor to offer voice and broadband services, each on a standalone basis, that match the performance levels required of a CAF-BLS recipient.²⁰ This is comparable to the definition that the Commission will apply in the context of the enhanced A-CAM program and, as noted above, this approach ultimately will help ensure that a consistent vision of robust and reliable universal service is achieved whether through the distribution of funding or via the operations of an unsubsidized entity.²¹

Second, with respect to how to disaggregate and reduce CAF-BLS support where a competitor exists,²² the Commission should maintain the current rule's focus on examining whether the qualifying competitor can serve a specified percentage of a defined geography such as a census block, and the 85% "competitively-served" figure is a sensible means of ensuring that the would-be competitor has a substantial presence in that geography – *i.e.*, that the competitor can effectively fulfill the mission of universal service in place of the CAF-BLS recipient – before support is disaggregated with respect to that area.

Third, with respect to the method and effects of disaggregation, NTCA concurs with the Commission's tentative conclusion that the calculation itself should be effectuated at a study area-

¹⁹ *Id.* at ¶ 144.

²⁰ 47 C.F.R. § 54.319(d); *see also Id.* at § 54.308(a)(2).

²¹ This underscores again why it is logical to tackle the analysis of competitive overlap at the same time that refreshed performance obligations are established, so that the measure of what constitutes sufficient broadband access is consistently assessed and applied.

²² *NPRM* at ¶ 143. NTCA would note, however, that the Commission should – in the interest of coordinating effectively with other programs – adopt a comparable definition of "reliable" broadband in ascertaining which entities are in fact effective qualifying competitors.

wide level based upon ratios and formulas comparable to those first adopted in 2016,²³ but adapted now to utilize BDC data and the National Broadband Map. This being said, NTCA believes it would be beneficial to defer further discussion and development of the precise nature of these formulas and their effects upon support until the national map is further refined and the reach of BEAD and other grant programs can be better ascertained. In short, the formulas should be developed when their impacts can be assessed by “facts on the ground” rather than in theory alone.

Fourth, with respect to the timing and process for evaluating competitive overlap and undertaking disaggregation of support where such overlap is confirmed to exist,²⁴ NTCA submits that conducting such analyses on a seven-year cycle (as was the case previously) strikes a proper balance between providing certainty that will promote achievement of deployment obligations by the CAF-BLS recipient and capturing relevant updates in competitive deployments. As described in its recent Petition for Reconsideration and/or Clarification of the *Enhanced A-CAM Order*, however, NTCA asserts that the Commission cannot obtain an accurate depiction of overlap without the collection of information that goes beyond BDC submissions and challenge processes. As discussed in that Petition, there are several elements of the definition of an unsubsidized competitor that simply are not captured in BDC data, and BDC processes are not built therefore to yield meaningful information regarding these elements.²⁵ Specifically, reasonable certifications from would-be competitors are necessary to determine based upon meaningful evidence the degree to which unsubsidized competition as defined in the Commission’s rules in fact exists, rather than

²³ *Id.* at ¶¶ 145-146.

²⁴ *Id.* at ¶¶ 147-148.

²⁵ *See* Petition for Reconsideration and/or Clarification of NTCA, WC Docket No. 10-90, *et al.* (filed Sep. 15, 2023), at 3-13.

relying upon BDC reports alone for such determinations. Similarly, with respect to ascertaining enforceable commitments and their effect on CAF-BLS support, the Commission should establish a process whereby the awarding agency or awardee provides notice of the completion of deployment in the relevant geography and thereafter incorporate such information into the next cycle of review of competitive overlap.

IV. CURRENT RULES GOVERNING CAF-BLS AND HCLS DISTRIBUTIONS ALREADY ACCOUNT FOR – AND REDUCE SUPPORT IN THE EVENT THAT – A SUPPORT RECIPIENT IS AWARDED GRANT FUNDING.

The *NPRM* seeks comment on the interplay of state and federal broadband grant programs and the CAF-BLS and HCLS mechanisms in helping to recover costs.²⁶ Specifically, the *NPRM* seeks confirmation that capital received from such grant programs is excluded from these carriers' support amount calculations pursuant to the Commission's existing rules/processes, and further inquires whether additional processes are necessary to ensure compliance. As explained below, current rules and processes address these concerns thoroughly, and additional rules or processes are unnecessary to prevent "double recovery" in the event a CAF-BLS/HCLS support recipient is awarded a state or federal grant.

To begin with, as the *NPRM* alludes to, the process of excluding grant obtained capital from CAF-BLS and HCLS support calculations is indeed "self-effectuating."²⁷ The Commission's rules governing the preparation of cost studies used to determine High-Cost USF reimbursement amounts have long required that capital obtained from a grant be treated consistent with contribution of capital. As a result, a recipient of CAF-BLS./HCLS support that is awarded a

²⁶ *NPRM* at ¶ 151.

²⁷ *Id.* ("Under the Commission's rules, rate-of-return carriers treat grants as capital contributions, which must be excluded from their Part 32 property accounts."). As the *NPRM* notes, this is required by 47 C.F.R. § 32.2000(a)(2).

BEAD grant must, in keeping with long-standing practice and rule, exclude the costs covered by that capital contribution from its cost study.

Moreover, several safeguards ensure compliance with this requirement. First, CAF-BLS/HCLS support recipients' financial information submitted for the purposes of the High-Cost fund include a certification, attesting to its accuracy and declaring that such claims are made under the penalty of perjury.²⁸ Certifications of this sort are a common measure to promote and enforce compliance with the Commission's rules, including for High-Cost Fund information required to be submitted to Universal Service Administrative Company ("USAC") and/or the National Exchange Carrier Association.²⁹ In addition, support recipients are subject to USAC audits, a further safeguard against failures of compliance with Part 32 rules.³⁰

Finally, while the *NRPM* questions whether additional reporting on the receipt of grants by CAF-BLS and HCLS support recipients is necessary,³¹ this is precisely the purpose of the Broadband Funding Map established by Congress in the Infrastructure Investment and Jobs Act.³² As the Commission itself noted in touting the release of this resource, stakeholders of all kinds, including Commission staff and USAC auditors, can readily use this tool to "identify, search, and filter federal funding programs by the Internet Service Provider receiving funding."³³ Moreover,

²⁸ 47 C.F.R. § 54.313.

²⁹ *See id.* at §§ 54.903(a)(3-4) and 69.601(c)(3)

³⁰ *Id.* at § 54.707.

³¹ *NRPM* at ¶ 151.

³² Build.gov (2023). Bipartisan Infrastructure Law (BIL) Maps Dashboard. Retrieved from <https://d2d.gsa.gov/report/bipartisan-infrastructure-law-bil-maps-dashboard>.

³³ *FCC Releases Broadband Funding Map*, WC Docket No. 11-10, WC Docket No. 19-195, Public Notice, DA 23-410 (rel. May 15, 2023).

the Commission and other agencies have shared that they frequently interact and share information consistent with these congressional expectations. Against this backdrop of interagency coordination, there is no need to adopt a “belt-and-suspenders” duplicative reporting requirement to confirm to the Commission funding awards made by other agencies.

V. THE COMMISSION SHOULD TACKLE DIGITAL EQUITY ISSUES COMPREHENSIVELY IN PARTNERSHIP WITH STATE AND LOCAL GOVERNMENTS, CONSISTENT WITH THE RECOMMENDATIONS OF THE COMMUNICATIONS EQUITY AND DIVERSITY COUNCIL.

Recognizing the importance of ensuring broadband is not only available but also affordable to all communities, the Commission seeks comment in the *NPRM* regarding how to advance digital equity in connection with further consideration of universal service reforms.³⁴ As small providers who are largely based within and serve small communities, NTCA members are committed to ensuring access and availability to all consumers, and engage broad offerings of digital inclusion efforts, including digital literacy programs, outreach initiatives, and offerings to make these vital services accessible and affordable to rural users. The needs and methods of advancing digital equity for all, however, vary from one area to another, or even by locations in some places. Consequently, as the Communications Equity and Diversity Council (“CEDC”) reported, a successful broadband adoption program requires “local coordination and engagement by trusted local stakeholders.”³⁵

A 2022 CEDC report identified more than a dozen recommendations aimed at increasing broadband engagement. These include low-cost broadband availability programs; strengthening

³⁴ *NPRM* at ¶ 153.

³⁵ *Connecting Opportunity Communities to Broadband During the COVID-19 Pandemic: Lessons Learned and Recommendations*, Report of the Communications Equity and Diversity Council (rel. June 15, 2023) at p. 15 (available at <https://www.fcc.gov/sites/default/files/cedc-digital-empowerment-inclusion-wg-broadband-access-report-06152023.pdf>).

marketing and communications about available federal and state connectivity programs and other programs that target low-income and other unconnected members of a community; streamlining the application process for government benefit programs; increasing support and funding for organizations such as schools, nonprofits, and faith-based organizations to provide digital navigation assistance in communities they serve; increasing device access and participation; strengthening digital skilling efforts in underserved communities; and encouraging the creation of workforce development and training opportunities, focusing on historically unrepresented communities.³⁶ The CEDC’s recommendations are indeed helpful at identifying methods of promoting digital equity; however, rather than being treated as a checklist for broadband providers to complete, providers should be encouraged to work with state and local officials to engage in tools and practices that best meet the needs of their specific communities.

In prior examinations, NTCA has found that affordability remains the single largest barrier to broadband adoption, and engagement rates are growing steadily across all categories defined by age, race, household income, and educational attainment.³⁷ The Commission’s existing universal service programs – High-Cost USF as well as Lifeline – combined with the Affordable Connectivity Plan are instrumental in addressing this barrier. Thus, effective high-cost mechanisms that provide predictable, specific, and sufficient support are essential to continue the progress made toward digital equity and is consistent with the Communications Act, which

³⁶ See *Implementing the Infrastructure Investment and Jobs Act - Prevention and Elimination of Digital Discrimination*, GN Docket, No. 22-69, Notice of Proposed Rulemaking (2022), at Appendix B.

³⁷ See Joshua Seidemann and Roxanna Barboza *Rural Imperatives in Broadband Adoption and Digital Inclusion*, NTCA, Smart Rural Community (2021), at pp. 7-9 (available at <https://www.ntca.org/sites/default/files/documents/2022-03/src-whitepaper-broadband-adoption-and-digital-inclusion.pdf>).

establishes a standard of reasonable comparability in rates for rural and urban areas.³⁸ In turn, affordability objectives in rural areas sit atop this foundation of reasonable comparability, and help to ensure that consumers in higher-cost areas have sufficient access as well to robust and reliable communications services.

VI. CONCLUSION

For the foregoing reasons, NTCA respectfully requests that the Commission act consistent with the recommendations set forth herein.

Respectfully submitted,

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³⁸ 47 USC § 254(b)(3).