



October 12, 2016

*Ex Parte Notice*

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**RE: *Connect America Fund, WC Docket No. 10-90; Universal Service Contribution Methodology, WC Docket No. 06-122; High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint Board on Universal Service, CC Docket No. 96-45***

Dear Ms. Dortch:

On Monday, October 10, 2016, the individuals listed below, representing Kansas rural broadband providers (the “Rural Representatives”), met with Commissioner Ajit Pai and his chief of staff, Matthew Berry, to discuss issues affecting the deployment and ongoing provision of broadband services in rural America. Kansas Senator Pat Roberts and members of his staff also attended the meeting.

During the meeting, the Rural Representatives emphasized the importance of affordable high-speed broadband Internet access for continued economic growth in rural America. They explained that they have witnessed how investment in and ongoing upgrades to broadband facilities have produced positive economic results in rural Kansas. When businesses have access to robust broadband and its many possibilities, it drives innovation in their industry sectors. One example of this virtuous cycle is noticeably present in Kansas – rural broadband networks, consisting of both robust fiber connections and wireless technologies, are driving the development and increased use of precision agriculture.

The Rural Representatives discussed how the universal service fund (“USF”) has been instrumental in helping small broadband providers bring broadband service to rural America. Its successes are unparalleled. The Rural Representatives stated that as the Federal Communications Commission (the “Commission”) continues to implement rate-of-return reform, it should ensure that the USF continues to provide sufficient support to deploy, maintain, and upgrade broadband networks, and that service is available in rural America at reasonably comparable rates. The Rural Representatives then stated that the Commission should focus on supporting future-proof networks, and expressed a general consensus that fiber is the future regardless of the specific broadband-enabled application to be delivered to the consumer.

The Rural Representatives also noted the many successes resulting from the Rural Utilities Service (“RUS”) lending and grant programs. Over the years, many rural service providers have utilized RUS loans to construct voice and broadband networks in rural areas. The Rural Representatives stated to Senator Roberts that it is imperative that the upcoming Farm Bill include funding to continue the RUS programs at or above their current levels.

Next, the Rural Representatives expressed their support for the Commission’s decision to make the voluntary Alternative Connect America Cost Model (“A-CAM”) available to rate-of-return carriers. They noted that it may be a viable option for many rural broadband providers. But, even for providers that find the A-CAM’s certainty and annual support levels attractive, whether to move to the A-CAM is a tough decision. Without timely provision of full details on and better, clearer guidance on the impacts of various model definitions, new expense limitations, support for standalone broadband, and implementation of budget constraints for both support paths, some carriers could be forced to make this decision without sufficient information. The Rural Representatives stated, however, that the Commission can prevent such a scenario by ensuring that rate-of-return carriers have access to all the information they need to make an informed decision ahead of the quickly approaching A-CAM election deadline.

The Rural Representatives voiced their concern that implementation of the A-CAM not have unintended consequences on those carriers that choose not to elect – or are precluded from electing – model support. They noted that there are still substantial outstanding questions regarding how the budget will be allocated between and among both those carriers electing the model and those that do not (or cannot) make such an election. Such questions include the resolution of any potential “oversubscription” for model support and the ability of carriers that do not elect the model to offer standalone broadband services at reasonably comparable rates that consumers will find affordable. At the heart of these concerns is uncertainty regarding the ability to build out to areas that lack broadband service at Commission-required speeds and to sustain and maintain existing voice and broadband services where available today.

The Rural Representatives further discussed the rate-of-return portion of the high-cost fund within the context of other universal service program budgets and the Commission’s current USF contribution requirements. First, the Rural Representatives recommended that the high-cost program be placed in regulatory parity with other universal service programs when it comes to keeping pace with cost increases over time. In particular, the high-cost budget amount should be indexed to inflation on an annual basis. Tethering the high-cost budget to inflation in the same way as Lifeline and E-Rate – each of which draws its inflationary factor ironically from a component of the high-cost program – could help relieve some of the high-cost fund’s budgetary pressure, and provide the Commission with more room to work as it moves forward with the complex implementation of the A-CAM and other parts of the *Rate-of-Return Reform Order*.

The Rural Representatives then briefly discussed the current state of USF contributions. For some time now, the universal service contribution factor has remained very high due to the shrinking pool of assessable telecommunications service revenue. The Commission should take action on specific measures proposed to “broaden the base” of contributors in the last

contributions FNPRM, particularly in the wake of last year's reclassification of broadband services. Such a move is long overdue. Moreover, the Rural Representatives explained that to achieve regulatory equity and fairness, the Commission should consider including all service providers who benefit from universal broadband connectivity, irrespective of whether a provider's service falls into one regulatory silo or another, and irrespective of whether that service is located at the network edge, the middle, or the last mile. To be sure, meaningful USF contribution reform will be required in order for the Commission to achieve all of the goals set out in the *USF/ICC Transformation Order* and the *Rate-of-Return Reform Order*.

Finally, the Rural Representatives discussed the burdens of FCC reporting obligations. Because of their status as incumbent local exchange carriers ("ILECs"), rural broadband providers are subject to numerous FCC reporting requirements. The Rural Representatives explained that these annual reporting obligations require them to submit duplicative information, and questioned whether the cost of compliance in terms of time and resources for small companies is outweighed by the perceived benefits of the reports. The Rural Representatives discussed ways to streamline annual ILEC reporting requirements, eliminate duplicative reporting, and generally make the reports more useful to FCC staff and industry. The Rural Representatives also discussed these issues directly with Senator Roberts, and questioned whether some of the burdens associated with the FCC reporting requirements could be corrected or eliminated by means of the forthcoming Farm Bill.

Pursuant to Section 1.1206 of the Commission's rules, this ex parte is being filed electronically using the electronic comment filing system.

Respectfully submitted,

/s/ Michael R. Romano

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

cc: Commissioner Ajit Pai, [ajit.pai@fcc.gov](mailto:ajit.pai@fcc.gov)  
Matthew Berry, [matthew.berry@fcc.gov](mailto:matthew.berry@fcc.gov)

Marlene H. Dortch

October 12, 2016

Page 4 of 4

**Meeting Attendees**

The Honorable Pat Roberts, Kansas Senator

Eric Slee, Staff to Senator Roberts

Darin Guries, Staff to Senator Roberts

Joel Leftwich, Staff to Senator Roberts

Harold Stones, Staff to Senator Roberts

The Honorable Ajit Pai, FCC Commissioner

Matthew Berry, Chief of Staff to Commissioner Pai

Janet Bathurst, S&A Telephone Company

Brian Boisvert, Wilson Telephone

Rob McDonald, Madison Telephone

Jeff Wick, Wamego Telecommunications Company

Mary Jane Stankiewicz, Kansas Rural Independent Telecommunications Coalition

Dale Jones, Tri-County Telephone

Colleen Jamison, State Independent Telecommunications Association of Kansas

Jimmy Todd, Nex-Tech

Catherine Moyer, Pioneer Communications

Brian Thomason, Blue Valley Telecommunications

Terry Force, Blue Valley Telecommunications

Archie Macias, Wheat State Telephone