

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
Rural Broadband Experiments)	WC Docket No. 14-259

**REPLY OF
NTCA–THE RURAL BROADBAND ASSOCIATION**

NTCA–The Rural Broadband Association (“NTCA”) hereby files its Reply in connection with the Petition for Reconsideration and Request for Limited Waiver filed by Halstad Telephone Company (“Halstad”) in the above-captioned proceedings.¹ Consistent with NTCA’s prior advocacy with respect to letter of credit (“LoC”) requirements arising out of the Rural Broadband Experiments (“RBEs”),² NTCA urges the Federal Communications Commission to grant the requested relief to Halstad.

Halstad’s filings reflect the continuing tension between an understandable desire for accountability in the use of universal service resources on the one hand, and substantial concerns on the other about the reasonableness, burden, and even exclusionary nature of requirements that could bar participation by those best positioned to deliver most effectively on the promise of such programs. More stringent LoC requirements and deadlines likely make sense in the context of recently formed firms, companies without experience delivering rural broadband specifically, or

¹ See Petition for Reconsideration of Halstad, WC Docket Nos. 10-90 and 14-259 (filed July 15, 2015); Request for Limited Waiver of Halstad, WC Docket Nos. 10-90 and 14-259 (filed July 15, 2015).

² See, e.g., Comments of NTCA, WC Dockets No. 10-90 and 14-259 (filed Jan. 6, 2015) (“NTCA Comments”); Emergency Petition of NTCA for Limited Waiver of Rural Broadband Experiments Letter of Credit Requirement, WC Dockets No. 10-90 and 14-259 (filed Feb. 3, 2015) (“NTCA Petition”); Reply of NTCA, WC Dockets No. 10-90, 14-58, and 14-259 (filed Feb. 23, 2015); Reply of NTCA, WC Dockets No. 10-90, 14-58, and 14-259 (filed April 13, 2015).

providers that do not have a prior demonstrated track record with universal service or Rural Utilities programs. But imposing strict requirements – such as a mandate to obtain a stringent form of LoC from a “top-100” bank in extremely short order – on long-standing network operators that have track records with both federal telecommunications programs and rural broadband delivery will undermine, rather than further, the goals of universal service.

In particular, as NTCA has previously noted, the requirement to obtain LoCs specifically from “top 100 banks” is overly burdensome and impractical – particularly for smaller entities obtaining relatively smaller awards.³ In other filings in these proceedings, NTCA has indicated support for reasonable but meaningful accountability in the program, including requiring that all would-be support recipients comply with statutory provisions mandating distribution of support only to eligible telecommunications carriers that offer both voice and broadband to consumers⁴ and holding fast to requirements governing the technical capabilities of both applicants and the systems/solutions they would propose to deploy.⁵ NTCA has advocated too that a deeper look at the specific track records of individual would-be recipients is just as (if not more) important than any LoC obligations, and that preference (or at least reasonable flexibility regarding waivers) should be afforded to those with a demonstrated history of actual performance in or near the areas they propose to serve, in lieu of accepting any applicant’s blanket promises of ability to perform

³ NTCA Petition at 2-4.

⁴ See, e.g., *Ex Parte* Letter from Michael R. Romano, Sr. Vice President – Policy, NTCA, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90, *et al.* (filed Jan. 17, 2014).

⁵ See, e.g., NTCA Comments at 2-3.

and credentials that provide little, if any, indication of actual ongoing operating experience in rural, high-cost areas.⁶

Small firms like Halstad combine the best of all attributes for program success, combining local proximity to the communities to be served, decades of experience and a proven track record of success in delivering rural broadband, and familiarity with operating in accordance with federal telecommunications programs generally and universal service oversight in particular. Halstad represents the kind of provider that the Commission should be turning to in order to solve rural broadband challenges with the help of universal service programs. No party appears to have filed any opposition to the reasonable relief requested by Halstad in its filings – just as no party opposed NTCA’s Petition for limited relief from the LoC requirement six months ago. Halstad has taken reasonable steps to comport with the LoC requirement, and relief should therefore be granted so that Halstad can now participate in the RBE program.

Respectfully Submitted,

**NTCA–THE RURAL BROADBAND
ASSOCIATION**

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⁶ See, e.g., *id.* at 2 (“Such a track record . . . should turn upon a much more specific showing that the applicant or its management is actually familiar with the area it intends to serve, that the applicant or its management has operated in or near that area (or in areas like it) for a sustained period in the past in connection with other efforts, and that the applicant or its management has in fact had the experience of delivering quality, reasonably affordable services to consumers in such areas over a longer period of time than just a year or two.”).