October 30, 2015

Filed Via ECFS
Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

On Thursday, October 29, 2015, Jason Hendricks of the Range family of telecommunications companies (“Range”) in Wyoming and Montana and Eric Keber and Patricia Cave representing WTA – Advocates for Rural Broadband (“WTA”) met with Travis Litman, Senior Legal Advisor to Commissioner Jessica Rosenworcel, to discuss Mr. Hendricks’ experience in serving rural areas and its relevance to universal service reform.

Mr. Hendricks described his company and the high-cost, sparsely populated rural areas that it serves. He emphasized his company’s efforts to deploy fiber optic facilities and to improve and extend the broadband services needed and wanted by their rural customers.

Whereas customer demand and other economic and social factors drive broadband investment decisions, uncertainty during recent years regarding the future of universal service revenue streams has affected business planning and lender interest with respect to broadband infrastructure investment by Range and other small, rural broadband providers. Although Mr. Hendricks has been following recent efforts to develop a dual-path system of universal service support for rate-of-return carriers, he has not yet been able to determine accurately the likely impacts of the potential future support mechanisms upon their operations due to the number of significant details that remain unresolved.

With respect to the proposed voluntary Alternative Connect America Cost Model (“ACAM”) path under consideration, Mr. Hendricks expressed concerns regarding the general accuracy of the price cap-based model for rural companies. Range has reviewed the released preliminary ACAM estimates and found that its Montana study area and one of its two study areas in Wyoming would gain support, while its other Wyoming study area and those of most unrelated Wyoming rural telephone companies would lose support. In addition to questioning the basis and accuracy of these results, Mr. Hendricks noted Range’s present inability to determine the amount of Model-based support it might receive and its associated build-out obligations. He recognized the possibility that the Commission might reduce the cap on ACAM support per location in order to adjust the new locations required to be served in response to possible reductions of Model-based support and indicated that this would reduce their ability to serve the remote, high-cost customers most in need of universal service support. He also pointed out that some state universal service funding mechanisms, including in Wyoming, are tied to the existing federal High Cost Loop
Support ("HCLS") and Interstate Common Line Support ("ICLS") mechanisms, such that shifts to Model-based support could mean loss of state support by some rural carriers.

Mr. Hendricks also expressed concern that the proposed bifurcated rate-of-return path was being developed in a rapid and untested manner and could well entail a number of unforeseen consequences. He pointed particularly to the increased recordkeeping and accounting complexities and costs and the difficulties of accurately and equitably allocating investments and associated operating expenses.

Finally, for both potential universal service support paths, Mr. Hendricks stated that a supported rural broadband speed of 10 Mbps downstream and 1 Mbps upstream is not going to remain reasonably comparable to urban broadband speeds and applications for very long. Whatever high-cost support mechanisms the Commission ultimately adopts, the need for stability, predictability and sufficiency is urgent. Small RLECs and their lenders simply cannot undertake broadband infrastructure projects with 10-to-25 year useful lives and loan terms without reasonable certainty that there will be sufficient revenues to recover the costs and repay the loans.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceeding.

Respectfully submitted,

Eric Keber
Director of Government Affairs

cc: Travis Litman