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November 14, 2016

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
JSI A-CAM Electors
Notice of *Ex Parte***

Dear Ms. Dortch:

On November 2, 2016, the Federal Communications Commission (“FCC” or “Commission”) released a Public Notice announcing that 216 rate-of-return companies filed letters to elect Alternative Connect America Cost Model (“A-CAM”) support for 274 study areas, which exceeded the available A-CAM budget by more than \$160 million annually.¹ To contend with the oversubscription, the FCC intends to take “other measures that may be necessary” in order to prioritize among electing carriers or modify A-CAM parameters such as the per-location cap or the level of deployment. In the A-CAM Results PN, the FCC encouraged parties to submit *ex partes* into the record with recommendations on how the FCC should handle the excessive demand of the A-CAM.

JSI respectfully responds to the FCC’s call for recommendations on behalf of the rate of return carriers listed the attachment (referenced herein as the “JSI A-CAM Electors”) who submitted letters indicating that they would like to elect the A-CAM. In the *2016 Rate-of-Return Reform Order*, the FCC accurately acknowledged that “millions of rural Americans remain unserved,” and “[i]t is time to close the gap, and take action to bring service to the consumers served by rate-of-return carriers that lack access to broadband.”² On or before November 1, 2016, 216 rate-of-return carriers expressed that the best way they believe more rural Americans could get access to broadband expeditiously would be through electing the A-CAM. These companies spent over a year analyzing version after version of the A-CAM and meticulously considering where every dollar of funding could be spent in order to better serve their eligible locations. These 216

¹ See *Wireline Competition Bureau Announces Results of Rate-of-Return Carriers That Accepted Offer of Model Support*, WC Docket No. 10-90, DA 16-1246 (rel. Nov. 2, 2016) (“A-CAM Results PN”).

² *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., FCC 16-33, para. 2 (rel. Mar. 30, 2016) (*2016 Rate-of-Return Reform Order*).

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rate-of-return carriers saw the voluntary path to elect A-CAM as the right choice for their unique geographic and demographic locations, and have begun developing long-term strategies based on their A-CAM support estimates to ensure that the unserved areas in their study areas will have broadband. Yet, for some unknown portion of the 216 rate-of-return carriers who elected the A-CAM, the arduous decision process may return to “square one” if the FCC decides to completely exclude them from the A-CAM and for those carriers that remain eligible, an extremely short timeframe to decide whether or not to elect A-CAM under a lower funding cap.³

The JSI A-CAM Electors recommend that the Commission consider allocating enough additional funding to the A-CAM to cover the more than \$160 million annual overage, as this is the only equitable way to respond to the 216 companies that voluntarily elected the A-CAM with the intention of deploying broadband to their unserved areas. It is also the best way to ensure that the millions of unserved rural Americans, whose locations were uncovered in the extensive A-CAM development process, will be served within a reasonable period of time without further perpetuating the “rural-rural divide.” Reducing the per-location cap and/or reducing the 90% deployment threshold will cause the JSI A-CAM Electors, many of which are extremely small companies that face numerous broadband deployment hardships in addition to capital constraints, to face a very difficult decision. These companies already went through a tedious exercise that led them to determine that legacy rate-of-return support is insufficient, or too unpredictable, in contrast to the A-CAM. Reducing their A-CAM support has the very likely outcome of making both legacy and A-CAM support insufficient for deploying 10/1 Mbps or greater broadband to unserved locations in areas of JSI A-CAM Electors’ rate-of-return study areas in which it is not competitive or financially practical for the company to invest its own capital. Essentially, reducing the A-CAM offer in order to accommodate the more than \$160 million annual oversubscription will dangerously push the FCC toward making a move contrary to the Communications Act mandate of making Universal Service Support “specific, predictable and sufficient.”⁴

The JSI A-CAM Electors understand that the FCC has to work within the confines of an overall budget, but believes that some flexibility can be infused in the A-CAM oversubscription situation to ensure that the 216 companies that elected the A-CAM can move forward with the voluntary model at the level that they elected by November 1. The FCC currently has a surplus of available funding which could be applied to the more than

³ If the \$200 per location funding cap can be maintained, the November 1 election notices are irrevocable (*see Wireline Competition Bureau Announces Support Amounts Offered to Rate-of-Return Carriers to Expand Rural Broadband*, WC Docket No. 10-90, DA 16-869 (rel. Aug. 3, 2016) (“A-CAM Offer PN”). However, in the A-CAM Results PN, the FCC notes that the per location funding cap would need to be set below \$146.10 in order to accommodate the election of all 216 rate-of-return carriers. Accordingly, JSI believes that unless the A-CAM is fully funded, it is unlikely that the \$200 cap will be maintained, and the FCC will have to release a modified A-CAM offer which would trigger the need for each of the A-CAM electors to re-evaluate the results.

⁴ 47 U.S.C. § 254 (b)(5).

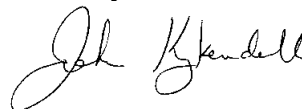
\$160 million annual oversubscription. The JSI A-CAM Electors are also aware that the A-CAM determined a considerable number of eligible locations in many study areas in excess of the real number of locations. Rate-of-return companies were advised to file modified location information in the future, after the A-CAM elections were made and the funds were disbursed. The JSI A-CAM Electors believe that the more than \$160 million annual oversubscription amount may be lower in reality, had companies been given the opportunity to file modified location data earlier in the A-CAM analysis process. The FCC should consider making adjustments to the A-CAM in the future, after it has effectively collected useful data on deployment milestones and precise location counts in eligible census blocks.

In the event that the FCC decides not to fully fund the A-CAM, the JSI A-CAM Electors urge the Commission to allow the 216 companies that elected the A-CAM to have the option of returning to legacy support as specified in the *2016 Rate-of-Return Reform Order*.⁵ Further, companies electing A-CAM whose model-based support is less than legacy support should not be penalized and none of the companies that remain on legacy support should be penalized if A-CAM electors opt to return to legacy support.

The FCC should be proud of its efforts to create a voluntary support model that 216 different companies representing 274 study areas, nearly a third of the rate-of-return carrier universe, want to elect. The FCC should not prevent a portion of these companies from proceeding expeditiously with broadband deployment plans by reformulating the A-CAM and presumably reducing the number of eligible locations or disqualifying companies that may have less than 90% deployment. Rather, the FCC should instead allocate enough funding to cover the more than \$160 million annual oversubscription and then consider making modifications at a later date after buildout and location data have been collected.

Please direct any questions regarding the filing to the undersigned.

Sincerely,



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On behalf of
JSI A-CAM Electors

⁵ *2016 Rate-of-Return Reform Order* at para. 63.

ATTACHMENT

JSI A-CAM Electors

Adams Telephone Co-Operative
Alma Telecom, Inc.
Alteva, Inc. (holding company for Alteva of Warwick LLC)
American Broadband Communications et al.
Buggs Island Telephone Cooperative
Carr Communications, Inc.
Chazy & Westport Telephone
Citizens Telephone Company of Hammond NY, Inc.
Citizens Telephone Company, Inc. (GA)
Clarity Telecom, LLC
Colorado Valley Telephone Cooperative, Inc.
ComSouth Corporation (holding company for ComSouth Telecommunications, Inc.)
DeKalb Telephone Cooperative, Inc.
E. Ritter Communications Holdings, Inc. - AR
Egyptian Telephone Cooperative Association
Etex Telephone Cooperative, Inc.
Fail, Inc. (holding company for Fulton Telephone Company, Bruce Telephone Company, Mound Bayou Telephone & Communications, Inc. (MS), and Chickamauga Telephone Corporation (GA))
Flat Rock Telephone Co-op, Inc.
Georgetown Telephone Company, Inc.
Grand River Mutual Telephone Corporation - MO dba GRM Networks
Hamilton County Telephone Co-Op
Hiawatha Communications, Inc.
Hopi Telecommunications, Inc.
Industry Telephone Company
Interstate Telecommunications Cooperative, Inc.
Le-Ru Telephone Company
Mark Twain Rural Telephone Company
Mid Century Telephone Co-operative
Mid-Plains Rural Telephone Cooperative, Inc.
Mount Horeb Telephone Company
Northeast Iowa Telephone Company
NTELOS, Inc. (holding company for Lumos Telephone of Botetourt Inc. and Lumos Telephone Inc.)
Otelco, Inc.
Pineland Telephone Cooperative, Inc.
Plant Telephone Company
Poka Lambro Telephone Cooperative, Inc.
Riviera Telephone Company, Inc.
Synergy Technology Partners, Inc. (holding company for Ardmore Telephone Company)

Taylor Telephone Cooperative, Inc.
Telapex, Inc. (holding company for Franklin Telephone Company & Delta Telephone Company)
TelAtlantic Communications, Inc. (holding company for West Side Telephone Company and Zenda Telephone Company, Inc.)
Telephone Electronics Corporation
USConnect Holdings, Inc. (holding company for Dalton Telephone Company, Elsie Telephone Company (NE), and S&A Telephone Company (KS))
United Telephone Mutual Aid Corp (UTMA)
West Carolina Rural Telephone Cooperative, Inc.
Wes-Tex Telephone Cooperative, Inc.