



August 8, 2016

Via ECFS

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

RE: NOTICE OF EX PARTE

WT Docket No. 10-208: *Universal Service Reform – Mobility Fund*

WC Docket No. 10-90: *Connect America Fund*

WC Docket No. 16-143: *Business Data Services in an Internet Protocol Environment*

WT Docket No. 05-265: *Roaming Obligations of Commercial Mobile Radio Service Providers*

Dear Ms. Dortch,

Caressa Bennet and Erin Fitzgerald of the Rural Wireless Association, Inc. (“RWA”) met with Claude Aikin and Daudeline Meme, Legal Advisors to Commissioner Clyburn, on August 4, 2016, and with Travis Litman, Senior Legal Advisor to Commissioner Rosenworcel, on August 5, 2016 to discuss issues related to the above-referenced dockets.

During the meeting, RWA discussed its continued support for the creation of a Mobility Fund Phase II mechanism that will provide specific, predictable, and sufficient support to sustain and advance the availability of mobile services in high-cost areas. RWA also discussed and raised concerns regarding the Commission’s recent Connect America Fund (“CAF”) Phase II item and Business Data Services proceeding.

Budget. As to sufficiency, RWA urges the Commission to retain the originally proposed \$500 million annual budget for Mobility Fund Phase II. The proposal to reduce the budget was predicated on estimated disbursement figures that were frozen and ratcheted down to 60% of the 2011 baseline. \$400 million was not reflective of carriers’ costs *then*, and certainly isn’t reflective of carriers’ costs *now*.

Metrics. RWA also noted that a population-based metric alone is not appropriate for today’s wireless industry. A straight population-based metric allows carriers to serve those in highly profitable population centers and leave residents in outlying areas underserved or not served at all. Further, a population requirement is not an appropriate metric for today’s wireless industry. It fails to accurately account for areas where there is great need for mobile broadband – like

agricultural, energy production, and tourism centers – but where there are few permanent residents. RWA agrees with the Senate letter that a geographic measurement, such as cropland coverage assessed by using the U.S. Department of Agriculture data for crop operations or the U.S. Geological Survey’s Land Use classification, is preferable to a population-based or road mile metric alone.¹

Area Eligibility and Challenge Process. RWA expressed its continued concerns regarding the use of FCC Form 477 data and the “centroid method” which overstate wireless coverage, especially in rural areas. This issue should be addressed by employing a robust challenge process that provides all parties (not just those that are very large entities with nearly unlimited technological and personnel resources) sufficient time and opportunity to carefully review and provide input. As discussed in prior comments filed by RWA, such a process would allow interested parties to identify “centroid exceptions,” where 50 percent or more of a census block is unserved, even though the centroid is covered. In such cases, the entire census block should be classified as unserved and eligible for support. In cases where census blocks are geographically large (e.g. over 300 square miles), it is in the public interest to classify these blocks as eligible if 40 percent or more of the census block is unserved, even though the centroid is covered.²

Continued Reliance on Incompatible Legacy Networks. The GSM/CDMA incompatibility issue previously raised by RWA and U.S. Cellular continues to be a concern in rural areas.³ Carriers rely heavily on 3G/2G CDMA and GSM networks to provide voice services. The two technologies remain incompatible with each other, which necessitates both types of networks in order for all mobile consumers to be universally connected. In an area where Verizon provides 4G LTE service, a USF-supported carrier may be the only mobile wireless provider serving GSM customers (including AT&T or T-Mobile customers that are roaming). Without that USF-supported network, those GSM customers would be “left in the dark” because they would be unable to connect to Verizon’s CDMA network for voice calls. As a result, the proposed rules fail to ensure the availability of mobile service in areas served by *either* AT&T or Verizon 4G LTE.

Roaming. RWA noted that, while it is often considered a separate issue, concerns regarding roaming agreements are, in fact, related to universal service support. The nation’s largest carriers

¹ Letter to Chairman Tom Wheeler, FCC, from United States Senators Wicker, Manchin, *et. al.*, at pp. 1-2, (July 16, 2016).

² See *Connect America Fund, Universal Service Fund – Mobility Fund*; Comments of Rural Telecommunications Group, Inc.; WC Docket No. 10-90, WT Docket No. 10-208 (Dec. 21, 2012).

³ Letter from Anthony K. Veach, Sr. Regulatory Counsel and Erin P. Fitzgerald, Regulatory Counsel, Rural Wireless Association, Inc., to Marlene H. Dortch, Secretary, FCC, WT Docket No. 10-208 (Dec. 22, 2015); *see also* Letter from Erin P. Fitzgerald, Assistant Regulatory Counsel, Rural Wireless Association, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission, WT Docket No. 10-208 and WC Docket No. 10-90 (Aug. 26, 2015); *see also* Letter from David LaFuria, Counsel for U.S. Cellular, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 10-208, Attachment at p. 17 (Feb. 25, 2016).

are often hesitant to enter into bilateral voice and data roaming agreements at commercially reasonable rates, terms and conditions. Short of filing a formal complaint (which is very expensive and, given recent decisions, unlikely to be successful) small carriers have no recourse. Further, these carriers also often refrain from offering their own subscribers access to rural roaming coverage on USF-supported small carrier networks even when the large carrier's own "native" coverage is inferior or non-existent. This leaves their customers with sub-par (or no) service, and poses public safety concerns. The lack of bilateral roaming eliminates a source of non-federal revenue that small rural providers could use to offset network costs. This, in turn, has rendered them more reliant on both state and federal universal service support.

Business Data Services Proceeding. RWA also weighed in on the Business Data Services proceeding. Excessively high priced backhaul services negatively impact the deployment of robust, advanced mobile wireless networks in rural areas. High-capacity backhaul is a key input for LTE, but is also one of the most expensive inputs. Backhaul connections can be as much as 30% of the cost of operating a wireless network. In rural areas, the demand for BDS is generally low, resulting in fewer carriers willing to offer high-capacity backhaul services that can be used to connect wireless infrastructure. As a result, wireless carriers serving rural areas are left with large incumbent price cap carriers that have a stranglehold on the BDS marketplace, and are thus forced to accept the predatory pricing schemes for backhaul services.

Unreasonable prices for BDS also threaten the transition to next-generation wireless services because backhaul will be even more crucial to the roll-out of 5G services. It will take more cell sites and more small cells, meaning wireless carriers will not be able to fully deploy 5G wireless services without sufficient backhaul connections. This situation will not change without FCC action to adopt pro-competitive rules governing the provision of BDS.

CAF Phase II. In regards to CAF Phase II, RWA expressed its support for recent Commission action allowing wireless carriers to compete in the forthcoming auction, but noted that the bid weighting scheme must not prevent such carriers from effectively competing. Because $\geq 10/1$ Mbps speed and ≥ 150 GB usage allowance is the "Minimum" allowable performance tier for bids in the CAF II auction, there is no need to assign weight to such bids. Further, it does not make sense to assign weight to bids committing to the "Gigabit" tier because such weighting would violate the "reasonably comparable" statutory requirement.

Additional information is necessary regarding the methodology that will be used to test latency, as this will determine what sort of commitment bidders can make as to latency levels. CAF II winners should be allowed to designate their own speed test server in or near the service area. Given that the lower latency standard serves as the bid floor, no weight should be assigned to bids committing to high latency. Lower latency bids should receive a modest weight that recognizes the benefit low latency provides, but that does not otherwise exclude competitive bids.

Pursuant to Section 1.1206 of the FCC's Rules, 47 C.F.R. § 1.1206, this *ex parte* is being filed electronically with the Office of the Secretary.

Respectfully submitted,

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