

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

In the Matter of	)	
	)	
E-Rate Program Amortization Requirement	)	WC Docket No. 19-2
	)	
Modernizing the E-Rate Program for Schools and Libraries	)	WC Docket No. 13-184
	)	

**COMMENTS OF CENTRAL TEXAS TELEPHONE COOPERATIVE, INC., PEOPLES  
TELEPHONE COOPERATIVE, INC., AND TOTELCOM COMMUNICATIONS, LLC**

Central Texas Telephone Cooperative, Inc., Peoples Telephone Cooperative, Inc., and Totelcom Communications, LLC (collectively, the “Texas Carriers” or the “Companies”), by counsel, hereby submit these comments in response to the *Notice of Proposed Rulemaking* (“NPRM”) in the above captioned proceedings.<sup>1</sup> The NPRM seeks comment on, among other things, the effect of eliminating the amortization requirement on certain upfront expenditures under the Schools and Libraries (“E-Rate”) Universal Service Fund (“USF”) program. For the reasons stated herein, the Texas Carriers agree that eliminating the amortization requirement would promote increased broadband infrastructure to schools and libraries that currently *lack* such infrastructure. However, in doing so, the Federal Communications Commission (“FCC” or the “Commission”) should also strongly consider amending the E-Rate competitive bidding requirements to include safeguards which would discourage overbuilding of existing federally supported fiber networks.

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<sup>1</sup> *In re* E-Rate Program Amortization Requirement, *Notice of Proposed Rulemaking*, WC Docket No. 19-2 (rel. Jan. 31, 2019)(“NPRM”).

## **I. Background**

The Texas Carriers and their wholly-owned subsidiaries provide rural telephone service, as well as broadband, security and medical alarm, fixed wireless broadband, and other services throughout rural portions of Texas. Each has successfully built broadband infrastructure, including fiber connections, to schools in their areas with the assistance of the E-rate and High Cost Programs. The Companies have previously consulted with FCC staff and other industry stakeholders regarding its concerns of the recent use of federal funds through the E-Rate Program for special construction project that overbuild existing federally supported fiber networks in Texas.<sup>2</sup>

## **II. Discussion**

While the Texas Carriers fully support the Commission's goals of "closing the digital divide by facilitating and promoting increased broadband infrastructure deployment to our nation's schools and libraries"<sup>3</sup> and easing the administrative burden placed on such schools and libraries in obtaining E-Rate funds, the Texas Carriers are concerned about the possibility of overbuilding existing fiber networks that were previously constructed using governmental program funds. For example, a single rural school or library could end up with two fiber connections supported by USF, one facility previously constructed with the support of funding from the High Cost or other USF programs, and a new redundant facility constructed with funding from the E-Rate program. Such overbuilding is not only wasteful and an inefficient use

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<sup>2</sup> See Letter from Donald L. Herman and Clare C. Liedquist, Counsel to Central Texas Telephone Cooperative, Inc., Peoples Telephone Cooperative, Inc. and Totelcom Communications, LLC to Marlene H. Dortch, Secretary, FCC, WC Docket 13-184 (filed Nov. 19, 2018). See also Letter from Commissioner Michael O'Rielly, Federal Communications Commission, to Radha Sekar, CEO of the Universal Service Administrative Co. (Mar. 7, 2019).

<sup>3</sup> See NPRM, ¶ 1.

of governmental program funds, but it also reduces the pool of funds available to rural schools and libraries that actually need fiber broadband connection.

For these reasons, the Texas Carriers believe that, in connection with eliminating the amortization requirement as described in the NPRM, the Commission should also consider amending the E-Rate competitive bidding requirements, specifically 47 CFR § 54.503 and 54.511, to include safeguards that might eliminate, or at least reduce, the possibility of overbuilding existing USF or other government funded networks with E-Rate funds. Specifically, the Companies propose that the Commission adopt amendments that incorporate a public challenge process that requires an E-Rate applicant (including consortia) seeking funding for special construction fiber projects, whether for self-provisioned networks or networks owned by a commercial provider, to confirm that no existing fiber facilities exist. In order to effectively do so, the Companies recommend requiring E-Rate applicants seeking new fiber builds to post their proposed special construction project on the USAC website and allow a sixty (60) day challenge period in which existing provider(s) can demonstrate that its existing network facilities are capable of connecting via fiber the school or library in question. The rules should then provide that funding will not be approved for any special construction costs associated with laying new fiber infrastructure to any portion of the proposed network where it is demonstrated that fiber already exists.

### **III. Conclusion**

The Texas Carriers support the elimination of the amortization requirement for E-Rate program funds as described in the NPRM. However, the Companies are concerned about the use of E-Rate funds to overbuild existing networks that have been previously constructed using other USF or other government funds. In order to eliminate or reduce this potentially inefficient and

wasteful use of USF program funds, the Companies encourage the Commission to amend the E-Rate competitive bidding requirements in the manner described above. Such amendments will, in the opinion of the Companies, encourage the most productive use of E-Rate funds while still fulfilling the mission of the program to provide increased access to high-speed Internet in the nation's schools, libraries and rural health care facilities.

Respectfully submitted,

CENTRAL TEXAS TELEPHONE  
COOPERATIVE, INC.

PEOPLES TELEPHONE COOPERATIVE,  
INC.

TOTELCOM COMMUNICATIONS, LLC



By: \_\_\_\_\_  
Donald L. Herman, Jr.  
Clare C. Liedquist  
Herman & Whiteaker, LLC  
6720B Rockledge Drive, Suite 150  
Bethesda, MD 20817  
*Attorneys for the Texas Carriers*

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