



January 14, 2016

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

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

Dear Ms. Dortch:

On Tuesday, January 12, 2016, Mitchell Moore of Clear Creek Communications shared information with Carol Matthey, Deputy Chief of the Wireline Competition Bureau, regarding challenges the company had faced in obtaining and retaining access to capital in the face of regulatory uncertainty and concerns with respect to whether any of the proposed reforms would better enable the company to upgrade its network plant to provide increasing levels of broadband to consumers. The information shared by Mr. Moore is attached to this letter.

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the rules of the Federal Communications Commission, a copy of this letter is being filed via ECFS.

Sincerely,

/s/ Michael R. Romano
Michael R. Romano
Senior Vice President – Policy

cc: Carol Matthey

Attachment

Clear Creek Mutual Telephone Company

Clear Creek Mutual Telephone Company serves 2,221 access lines in 52 square miles or 42.7 access lines per square mile. We serve 1,965 broadband lines for 100% of our customers with broadband speeds of at least 6 mbps download and 1 mbps upload using DSL technology and in certain areas cable modem tiers averaging 16 mbps download and 4 mbps upload. The company serves Redland, Viola, Springwater and parts of unincorporated Clackamas County.

- Clear Creek Mutual Telephone Company (CCMTC) is a rural high-cost company, which currently lacks the financial ability to invest in broadband-capable facilities that will comply with the FCC's increasing data speed requirements. The uncertainty created by the anticipation of various USF reforms over the past 5 years, has created challenges for CCMTC to secure the necessary funds to make the needed investments.
 - CCMTC's lender ratcheted down debt to operating cash flow terms from 4.5X to 3.2X thereby making additional debt impossible
 - RUS will only loan for limited refinance – so this is not that helpful
- Because the financial institutions are reluctant to invest, CCMTC can't get access to upfront capital, meaning that our plant is eroding and so is our support, which has decreased by \$1,004,628 (not including LSS) in 2010, to an estimated \$533,657 in 2016 (not including ICC recovery). This is an annual loss of (\$470,971).
- CCMTC received \$865,298 in high cost USF in 2014; including this support we operate with a margin loss of (\$519,681).
- The FCC has stated that proposed USF reforms should benefit RLECs like CCMTC and provide sufficient funding to incent broadband deployment. However, the proposed reforms, fail to accomplish this goal:
 - The A-CAM incorrectly overstates the level of competition in our area as there is no provider of competitive voice services.
 - There must be an effective challenge process to ensure support goes to where it should.
 - CCMTC is incorrectly identified in A-CAM as a low-cost company (i.e., with census blocks where support will not be provided because the average cost is below \$52.50 per location); a customer ordering a telephone access line and 6/1 Mbs Internet service currently pays \$76.82 per month and should pay closer to \$97.47 to cover the cost of providing service.

- CCMTC is penalized by the A-CAM for incorrect identification of unsubsidized competitors as well as the identification as a low cost provider. This reduces funding under the A-CAM option by (\$839,776) eliminating it as a viable option for CCMTC.
- The FCC needs to return to its original USF reform principles and ask itself whether its current proposals are meeting these goals. CCMTC would encourage the FCC to work with the industry to make sure only those reforms that are truly equitable and efficient are adopted.
 - We need to make sure consumers in all kinds of high-cost areas have access to robust, affordable voice and broadband services, and to make sure that decisions about how USF support will be distributed are based upon accurate data and a full understanding of consequences.
- We've already had 5 years of uncertainty, we need solutions that work.