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Ex Parte

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

Re: Assessment and Collection of Regulatory Fees for Fiscal Year 2019,
MD Docket No. 19-105

Dear Ms. Dortch:

On August 7, on behalf of CenturyLink, I met with Nirali Patel, legal advisor to Chairman Pai, regarding the above-captioned matter. The conversation was consistent with CenturyLink's previous filings.¹ In particular, I emphasized the following points.

The record in this proceeding is clear: the fees for terrestrial international bearer circuits are far too high and cannot be justified, and the Commission should, this year, take steps to reduce those fees. The only potential question is what the best methodology might be to set a more appropriate fee. As set forth in CenturyLink's comments, applying the capacity-based methodology the Commission itself relied upon to set those fees in the first place when it divided up the former International Bearer Circuit fee category into separate satellite/terrestrial and submarine cable subcategories shows that fees for terrestrial international bearer circuits are more than 7 times higher than they ought to be.² Alternatively, as explained in CenturyLink's reply comments, the Commission might develop a new fee methodology that did not rely on the

¹ Comments of CenturyLink (filed June 7, 2019) (CenturyLink Comments); Reply Comments of CenturyLink (filed June 24, 2019) (CenturyLink Reply Comments).

² See CenturyLink Comments at 5 ("The Commission's proposed allocation of 12.4% thus over-assesses terrestrial and satellite IBCs by more than a multiple of seven based on the Commission's own reasoning.").

distribution of capacity between types of international bearer circuits but instead relied on FTE data.³ Applying such a methodology based on available FTE data shows that fees for terrestrial international bearer circuits are more than 5 times higher than they ought to be.⁴

Although the Commission should adopt CenturyLink's proposal to reduce fees for terrestrial international bearer circuits by more than a factor of seven, the Commission could reasonably decide to take an interim, transitional step to reduce fees substantially but not as much as CenturyLink proposes. In adopting an interim fee reduction, the Commission should acknowledge that its own methodology would result in a 98.3%-1.7% division of IBC fees between the submarine cable and satellite and terrestrial international bearer circuits,⁵ and it should, at a minimum, adjust its fees at least halfway to that result, 93%-7%. The Commission might observe that the reasonableness of such a result is confirmed by the available evidence in the record about the FTE burden terrestrial international bearer circuits place on the Commission⁶ and commit to consider additional reforms, whether among the international bearer circuit categories or more broadly among International Bureau fee categories, in the future.

Please contact me if you have any questions regarding this matter.

Respectfully submitted,

Joseph C. Cavender

cc: Nirali Patel

³ See CenturyLink Reply Comments at 4.

⁴ See *id.* (citing Comments of the North American Submarine Cable Association and the SEA-US Licensees at 10 (filed June 7, 2019) (NASCA Comments)). AT&T urges the Commission not to reform international bearer circuit fees as CenturyLink proposes until it has completed a "comprehensive review" with new FTE data. See Letter from James Talbot, AT&T, to Marlene H. Dortch, Secretary, FCC, MD Docket No. 19-105, at 3 (filed Aug. 5, 2019). To be sure, it is always better to have more recent rather than less recent data. However, as NASCA has pointed out, the Commission has never clearly identified any direct FTEs associated with international bearer circuits. See CenturyLink Reply Comments at 2 (citing NASCA Comments at 11). There is no reason to imagine that a comprehensive review or new data would result in a substantially different result. That the Commission may wish to consider various approaches, or consider new data, before deciding how to reform fees for terrestrial international bearer circuit in the future does not mean it should continue to disregard the promise it made a decade ago to rebalance bearer circuit fees on an annual basis. That is particularly so when the methodology the Commission used to establish its current fees shows that fees for international bearer circuits are too high and that any other reasonable methodology would produce similar, if not identical, results.

⁵ See CenturyLink Comments at 5.

⁶ See CenturyLink Reply Comments at 4.