



September 14, 2018

***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; ETC Annual Reports and Certifications, WC Docket No. 14-58; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92***

Dear Ms. Dortch:

On Wednesday, September 12, 2018, the undersigned, on behalf of NTCA–The Rural Broadband Association (“NTCA”), together with Denny Law, general manager and chief executive officer of Golden West Telecommunications, met separately with Jay Schwarz, wireline advisor to Chairman Ajit Pai; Jamie Susskind, chief of staff to Commissioner Brendan Carr; Travis Litman, chief of staff and senior legal advisor to Commissioner Jessica Rosenworcel; and Arielle Roth, wireline advisor to Commissioner Michael O’Rielly, to discuss matters in the above-referenced proceedings.

In the meetings, we discussed ongoing efforts by the Federal Communications Commission (the “Commission”) to address significant shortfalls in universal service fund (“USF”) support. *Connect America Fund*, WC Docket No. 10-90, et al., Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking (rel. March 23, 2018). Although the Commission took much-needed action with respect to these shortfalls in the prior order, the specific relief provided was interim and/or partial in nature – with the insufficiency of the USF budget cutting cost-based support by an average of more than 15 percent for companies receiving cost-based support again as of July 1, and model-electing carriers still being denied the full extent of their original offers of support. Mr. Law described the effects of the budget shortfall on Golden West’s ability to plan for and make investments in 2019 and beyond, and the ensuing project delays and cancellations that would deny broadband to rural consumers and businesses in need of such access.

NTCA noted the significant consensus among stakeholders on the record and policymakers as well regarding the need for the Commission to address such concerns on a long-term, sustainable basis by providing support that is both sufficient *and* predictable for both the cost-based *and* model-based USF mechanisms. In particular, NTCA observed general agreement with respect to the additional levels of support needed over a series of years, the importance of applying an inflationary factor to the high-cost USF budget in the same manner as other USF programs, the value of a carrier-specific threshold of support based upon a measure of actual costs in the event that future budget shortfalls should materialize, and the need to “fully fund” first the existing cost-based and model-based support mechanisms *prior to* extending thereafter any new, additional model offers (other than new offers to those that would elect to receive less in model-based support).

Given the significant negative impacts of an insufficient and uncertain USF budget upon consumers and providers’ ability to invest at a time when the federal government has made rural broadband a national priority, given the patent insufficiency of the USF programs despite a statutory mandate to the contrary and even in the wake of many years and multiple rounds of sweeping reforms that have made these USF programs more efficient and accountable, and in light of the substantial consensus among policymakers and other stakeholders with respect to what is needed to ensure sufficiency *and* predictability in the high-cost USF program, NTCA urged the Commission to act promptly before the end of the year to put these programs on a path for success for the next decade and beyond.

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

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President –

Industry Affairs & Business Development

cc: Jay Schwarz  
Jamie Susskind  
Travis Litman  
Arielle Roth