February 5, 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:

NTCA–The Rural Broadband Association ("NTCA") hereby submits its specific proposals with respect to a process for implementation of competitive overlap policies and specific disaggregation options for consideration by the Federal Communications Commission (the "Commission"). The process proposals herein are intended to be fully consistent with recent discussions and merely to suggest further detail on specific implementation of competitive overlap policies consistent with prior Commission processes and as an update to prior NTCA proposals in connection with review of such issues. *See, e.g.*, *Ex Parte* Letter from Michael R. Romano, Senior Vice President – Policy, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed July 16, 2015). The specific disaggregation proposals are now provided as the Commission considers for the first time possible implementation of competitive overlap policies below a study area level for rate-of-return-regulated local exchange carriers.

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 – Policy

NTCA–The Rural Broadband Association
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NTCA PROPOSALS

1. For any census block in which an unaffiliated, unsubsidized competitor(s) is believed by the FCC, based upon Form 477 census block availability data, to be able to provide quality voice and broadband (both as defined below) to a specified percentage or more of customer locations in the census block, the FCC shall publish a list of such potentially affected census block and identify the competitor(s) at issue in each such census block.

2. The competitor(s) identified by the FCC shall then have 45 days to file the following information (via officer certification and supporting documentary evidence) in the record of this proceeding and provide a copy of such filing to the affected RLEC for purposes of verifying the census blocks to which its submission applies and the ability to deliver the requisite levels of fixed terrestrial quality voice and broadband to a specified percentage or more of customer locations in each identified census block:
   a. Availability of fixed terrestrial facilities-based broadband at 10/1 speeds to the specified percentage or more of the customer locations in the relevant census block(s), including provision of information sufficient to demonstrate coverage such as street address, geocoded information, or a map with detailed coverage;
   b. Availability of fixed terrestrial facilities-based voice (including 911/CALEA) to the specified percentage or more of the customer locations in the relevant census block(s) (and not just elsewhere in the state), including: (i) interconnection; and (ii) compliance with local number portability requirements;
   c. The ability to deliver such voice and broadband service to the specified percentage or more of the customer locations in the census block(s) within 7 to 10 business days of service request without an extraordinary commitment of resources;
   d. Ownership (or lease from an entity other than the RLEC) of all facilities, including spectrum holdings, needed to serve the identified customer locations in the relevant census block(s);
   e. Verification of no receipt of other federal or State support (including, but not limited to, federal or State grants and USF support other than Lifeline support);
   f. Offering of fixed voice and broadband separately, without requiring consumers to purchase services in a “bundle”;
   g. Rates for fixed terrestrial facilities-based voice and broadband at or below established reasonable comparability benchmarks;
   h. Technical confirmation that broadband latency is suitable for real time applications, including Voice over Internet Protocol;
   i. Broadband usage capacity that is reasonably comparable to offerings in urban areas (*e.g.*, minimum 100GB per month);
   j. Technical confirmation that it can in fact provide the required level of service and minimum required broadband speed on a 24 hours per day, 365 days per year basis without interference to each location that it claims to serve (except during situations where severe weather and similar uncontrollable disasters cause service on substantial portions of a network to be interrupted); and
   k. No fee or charge is assessed by the competitor to prospective customers for location visits or other preparatory work to determine whether the competitor can deliver the required level of service and minimum required broadband speed to a given resident or business (even if all or a portion of the fee is credited to those that ultimately subscribe to the service).

3. If a would-be unaffiliated, unsubsidized competitor fails to make such a filing as to any given census block(s), the relevant census block(s) shall not be deemed competitively overlapped and the RLEC shall be eligible to continue to receive ICLS support with respect to the relevant census block(s).

4. If a would-be unaffiliated, unsubsidized competitor does make such a filing as to any given census block(s), the affected RLEC shall have 45 days to respond to the competitor's claim(s) with respect to the relevant census block(s).
   a. Failure of the RLEC to file in response shall result in the relevant census block(s) being deemed competitively served; or
   b. The FCC shall review the filings of the competitor and the RLEC, and shall resolve the extent to which the unsubsidized competitor can or cannot deliver voice and broadband to the specified percentage or more of the customer locations in the relevant census block(s).

5. Where it is confirmed via this process that the specified percentage or more of the customer locations in a given census block as identified by the unaffiliated, unsubsidized competitor are overlapped, then in the specific census block(s) where such overlap is confirmed to exist, disaggregation of ICLS support with respect to the study area based upon the "competitive" census block(s) shall be achieved based upon, at the affected RLEC's choosing: (a) a formula (as described in Exhibit A) that uses the ratios of average study area density (locations per square mile) to "competitive" and "non-competitive" areas' densities to estimate disaggregated study area revenue requirements; (b) a formula (as described in Exhibit B) that uses the ratio of the square miles in "competitive" areas and "non-competitive" areas' to estimate disaggregated study area support; (c) a model-based support ratio (as described in Exhibit C) for disaggregation of support; and (d) subject to FCC approval, a carrier-specific proposed alternative disaggregation mechanism.

6. Any loss of ICLS support attributable to implementation of this rule shall be phased in: (a) over two years if the loss represents less than 25% of the ICLS support the RLEC would have received in the absence of implementing such a rule; and (b) over five years if the loss represents 25% or more of the ICLS support the RLEC would have received in the absence of implementing such a rule.

7. This process shall be repeated no more than once every seven years.

Exhibit A

Density Based Disaggregation for Rate-of-Return High Cost Support

This approach uses the ratios of average study area density (locations per square mile) to competitive and non-competitive areas' densities to estimate disaggregated study area revenue requirements.

- Competitive and non-competitive costs per loop are calculated by scaling average study area cost per loop with the ratios of average study area density to competitive and non-competitive areas' densities respectively.
- Loops in the disaggregated areas are determined by using relative ratio of locations in competitive and non-competitive areas, with an adjustment applied to competitive locations to reflect the presence of competition. This ratio is applied to study area's actual loop count to ensure total loops are equal to the sum of the competitive and non-competitive areas' loops.
- Competitive and non-competitive revenue requirements are calculated by multiplying the respective costs per loop (CPL) and lines/loops.
- The cost ratio of the calculated competitive and non-competitive areas' revenue requirements is applied to study area's actual revenue requirements to ensure the total actual revenue requirement is equal to the sum of the competitive and non-competitive areas' revenue requirements.

These data for non-competitive areas are then used with rate-of-return high cost support mechanisms to calculate non-competitive area support.

NTCA PROPOSALS

Exhibit B

Density Based Geographical Disaggregation for Rate-of-Return High Cost Support

This approach uses the ratios of the square miles in competitive areas to non-competitive areas' within a study area to estimate disaggregated study area high cost support. After the challenge process has been completed, the square miles associated with all census blocks determined to be "competitive" will be divided by the total square miles in the applicable study area. The result will be the "competitive ratio." Square miles will be determined using US Census Bureau Data. Disaggregated support will be calculated as follows:

1. Study areas with a competitive ratio at or below 20% will incur no reduction in support.
2. Study areas with a competitive ratio above 20% will have their support reduced by a "reduction percentage" calculated as follows:
    a. two-thirds of a percentage point for each percentage point by which the competitive ratio exceeds 20%, up to a maximum of twenty percentage points in reduced support; ***plus***
    b. one percentage point for each percentage point by which the competitive ratio exceeds 50%, up to a maximum of thirty percentage points in reduced support; ***plus***
    c. two and one half percentage points for each percentage point by which the competitive ratio exceeds 80%, up to a maximum of fifty percentage points in reduced support.
3. The following exemplifies how the above support reductions will be calculated:

Competitive Ratio	Reduction Ratio
0%-20%	N/A
25%	3.3%
30%	6.7%
35%	10.0%
40%	13.3%
45%	16.7%
50%	20.0%
55%	25.0%
60%	30.0%
65%	35.0%
70%	40.0%
75%	45.0%
80%	50.0%
85%	62.5%
90%	75.0%
95%	87.5%
100%	100.0%

Exhibit C

Model-Based Support Ratio Disaggregation

Under this approach, a carrier could voluntarily elect to use the A-CAM model for the sole purposes of deriving a ratio of support for competitive and non-competitive census blocks to achieve disaggregation. An example of an acceptable calculation would be:

- Take the ratios of the total annual support (lines times support per line) in each competitive census block, excluding the threshold model support amount to determine support per line, to the total support for all census blocks. This ratio would yield a percentage which would change the ICLS support for that company.

Other voluntary use of A-CAM treatment may be appropriate, subject to FCC review and voluntary carrier election.