

June 15, 2004

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, D.C. 20554

Re: Ex Parte Notice

**In the Matter of Developing a Unified Inter-carrier Compensation Regime
CC Docket No. 01-92**

Dear Ms. Dortch:

Yesterday, members of the NTCA Industry Committee, NTCA staff and NTCA members met with Jane Jackson, Associate Bureau Chief, Wireline Competition Bureau. The group discussed the status of issues being considered in the above proceeding, concerns presented in NTCA comments, NTCA findings in a NTCA's white paper "Bill and Keep: Is it Right for Rural America?," and NTCA data outlining the impact of adopting a pure bill and keep regime for intercarrier compensation. The following persons and the undersigned were present at the meeting:

NTCA Industry Committee and Members:

Gerry Anderson, General Manager
Mid-Rivers Telephone Cooperative (MT)

Darren Moser, General Manager
3-Rivers Telephone Cooperative (MT)

Richard Coit, Executive Director
South Independent Telephone Coalition (SD)

Tom Mullins, Manager
Lost Nation-Elwood Telephone (IA)

Wendy Fast, President
Consolidated Telephone Company (NE)

Lonnie Pedersen, Pres. & Gen. Manager
Telephone Service Company (OH)

David Fox, V.P. & General Manager
Westphalia Telephone Company (MI)

Richard Snopkowski, Vice President
NECA (NJ)

Emory Graffis, General Manager
Northeast Nebraska Telephone Company (NE)

Darrell Dennis, Assistant Manager
XIT Rural Telephone Cooperative (TX)

Levoy Knowles, General Manager
Ben Lomand Rural Tel. Cooperative (TN)

Glenn Brown, Esq.
McLean & Brown (AZ)

Don Miller, Manager
Northwest Telephone Cooperative (IA)

Robert Schoonmaker, President/CEO
GVNW Consulting (CO)

Ms. Marlene H. Dortch, Secretary
June 16, 2004
Page Two

Rhonda Goddard, Chief Operating Officer
Rural Telephone Service (KS)

NTCA Staff:

L. Marie Guillory
Vice President

Scott Reiter
Senior Telecom Specialist

Daniel Mitchell
Senior Regulatory Counsel

Richard Schadelbauer
Economist

Jill Canfield
Senior Regulatory Counsel

In accordance with the Commission's rules, an original and two copies of this letter are being filed with the Secretary's Office. If you have any questions, please do not hesitate to contact me at 703-351-2016.

Sincerely,

/s/ L. Marie Guillory
L. Marie Guillory
Vice President
Legal and Industry

Attachment

cc: Jane Jackson

Intercarrier Compensation Talking Points

FORTHCOMING PUBLIC NOTICE ON INTERCARRIER COMPENSATION

- The notice should address the data and the white paper NTCA has placed on the record.
- The notice should include an explicit examination of bill-and-keep in rural America.
- The notice should consider alternatives to bill-and-keep.
- The notice should weigh the benefits and burdens that different options impose on small rural telephone companies.
- The notice should examine the impact of bill-and-keep on the deployment of advanced services in rural areas.

NTCA DATA which should be referenced in the NPRM:

- Ex Parte on January 6, 2004 presented finding from NTCA intercarrier compensation survey. NTCA estimates the adoption of COBAK would reduce existing revenues for rural ILECs study areas under 100,000 lines by more than \$ 2 Billion.
- The smallest companies would be hit the hardest with per line impacts exceeding \$50 per line.
- The impact is uneven across companies and across states.

NTCA WHITE PAPER: "Bill And Keep: Is It Right For Rural America?"

This paper provides an overview of the bill-and-keep issue from a rural perspective. The notice should seek comment on these issues. Key conclusions reached in the paper are:

- 1) Universal service remains essential for end-user customers served by rural ILECs.
- 2) Bill-and-keep will cause a disparate and precipitous increase in rural end user charges.
- 3) Universal service and intercarrier compensation are closely intertwined.
- 4) Bill-and-keep will shift costs between jurisdictions.
- 5) Rural areas may require a different solution.
- 6) Regulatory arbitrage can be addressed in many ways.

June 8, 2004