



February 18, 2010

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

Ex Parte Notice

In the Matter of A National Broadband Plan for Our Future, GN Docket Nos. 09-47, 09-51, 09-137

Dear Ms. Dortch:

On Wednesday, February 17, 2010, Carol Matthey, Rebekah Goodheart, and Thomas Koutsky with the Federal Communications Commission's (FCC's) National Broadband Task Force met with Wendy Fast, President, Consolidated Telephone Company, Cheryl Parrino, President, Parrino Strategic Consulting Group, and myself to discuss NTCA's National Broadband Plan filed with the FCC on June 8, 2009, as initial comments in the above referenced docket.

We discussed NTCA's proposals for accelerating and increasing broadband deployment and adoption in rural areas, transitioning and transforming future broadband universal service fund (USF) support, intercarrier compensation reform, stand-alone/naked digital subscriber line (DSL) issues, USF contribution reform, carrier of last resort obligations, and ensuring rural providers a fair and equitable allocation of the facility costs and operating overheads associated with providing broadband services to both competitive and market failure areas. The enclosed summary of NTCA's National Broadband Plan was handed out at the meeting. The discussions were consistent with NTCA's positions in previously filed comments and pleadings in the above-referenced dockets.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS with your office. If you have any questions, please do not hesitate to contact me at (703) 351-2016.

Sincerely,

/s/ Daniel Mitchell
Daniel Mitchell
Vice President, Legal & Industry

cc: Carol Matthey, Rebekah Goodheart, and Thomas Koutsky.

Summary of the NTCA National Broadband Plan

Goal: All Americans should have affordable access to robust and reliable broadband products and services. Regulatory policies must promote technological neutrality, competition, investment, and innovation to ensure that broadband service providers have sufficient incentive to develop and offer such products and services.

- **Distributes USF More Efficiently.**
 - Providers serving Market Failure Areas (MFAs) will receive future broadband (BB) universal service fund (USF) support.
 - MFAs are areas where broadband would not be deployed or maintained absent USF support.
 - Funding targeted to areas where costs exceed benchmarked revenues.
 - Funding will be provided to only one provider.
 - Funding provided to high-cost areas no matter the type of carrier (rural or non-rural) serving the area.
- **Bases funding on the cost of serving MFAs using state-of-the art technology.**
 - NTCA is gathering cost information.
 - Retail benchmarks imputed to determine future BB USF support.
 - Ongoing operations and maintenance expenses, in addition to construction costs, are among the costs used to calculate high-cost BB USF support.
 - Operating costs are significantly higher in MFAs and must be funded.
 - Middle-mile and second mile costs may be high even though an area is not otherwise high cost and may be eligible for high-cost BB USF support.
 - One-time grants alone will not provide the appropriate incentive to deploy in high-cost areas.
 - Providers must be allowed a fair and equitable allocation of the facility costs and operating overheads associated with both MFAs and competitive areas.
- **Requires accountability as a quid pro quo for funding.**
 - Carriers receiving BB USF funding would opt to have their retail BB services regulated under Title II and would be subject to audits.
 - Earnings would be limited to a reasonable level.
 - Carriers would be required to deliver broadband Internet services to all consumers during peak hours at rates, speeds, and quality levels generally available in a significant sample of service offerings in urban areas.
- **Transitions USF and Intercarrier Compensation (ICC) Simultaneously.**
 - Recognizes that ICC revenues, which are currently a critical cost recovery source for rural companies, will need to be transitioned and transformed into future BB USF support.
 - Broadband funding should be sufficient to replace both current USF support and ICC revenues.
 - Allows carriers to provide stand-alone/naked BB service with the same level of USF support as allocated to their bundled voice and broadband service during the transition period.
- **Reforms USF contribution methodology to require all broadband providers to contribute based on retail broadband revenues.**