

COMMUNICATIONS ADVISORY COUNSEL LLC
2154 Wisconsin Avenue N.W.
Washington, D.C. 20007

Tel. 202-333-1770
Fax 202-333-5274

Stephen G. Kraskin
skraskin@Independent-Tel.com

June 28, 2010

Via Electronic Filing

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

Re: Notice of *Ex Parte* Presentation In the Matter of Connect America Fund WC Docket No. 10-90; A National Broadband Plan for Our Future GN Docket No. 09-51; and High-Cost Universal Service Support WC Docket No. 05-337

Dear Ms. Dortch:

On behalf of the Rural Independent Competitive Alliance (“RICA”), RICA Board members David Herron and Jim Simon, Eric Lee, Chairman of RICA’s Regulatory Committee, and I met yesterday, June 29, 2010, with Wireline Competition Bureau Chief Sharon Gillett and Jennifer Prime, acting Legal Advisor in the Office of the Wireline Competition Bureau Chief. We discussed the positions and proposals of RICA with respect to the Commission’s Notice of Proposed Rulemaking and Notice of Inquiry in the above-referenced proceeding.

The substance of our presentation is summarized by the attached document entitled “RICA USF Policy Principles.”

Sincerely,

s/Stephen G. Kraskin

cc: Sharon Gillett
Jennifer Prime

RICA USF Policy Principles

1. USF should support both fixed and mobile broadband: RICA support adoption of a universal service policy that provides for complimentary mobile and fixed broadband services.
2. Number of USF recipients: If the FCC adopts a policy that limits universal service support to a single carrier in an area determined by a market mechanism, as proposed in the FCC Broadband Plan:
 - A. RICA opposes the use of auctions which will produce a “race to the bottom” instead of fostering service to rural consumers.
 - B. Any qualitative market mechanism evaluation process used to designate the carrier eligible to receive USF should:
 1. Encourage funding of carriers that have demonstrated commitment to investing in the provision of advanced communications services in high cost to serve areas.
 2. Require USF recipients to provide universal service (including high-speed broadband access) as a common carrier with open access/network neutrality (access open to all application providers with rational network management).
3. Transition mechanism for Rural CLECs: All current CETCs and rural CLECs should have a transition mechanism that provides for recovery of investment they have incurred in reliance on existing USF and access charge revenues.
4. Cost-based determination of Funding: The amount of universal service funding distribution to a carrier should equal the residual costs that cannot be recovered from “comparable rates” charged to end-users for “comparable services” provided in the market areas of the nation that are not high cost to serve areas.
5. Designation of geographic areas qualifying for USF funding: The Broadband Plan proposes that high cost to serve areas where carriers are eligible to receive USF should be based on “neutral geographic units such as U.S. Census-based geographic areas, not the geographic units associated with any particular industry segment. RICA urges that this proposal should be implemented in a manner that encourages and enables carriers seeking USF to define the area in which they seek support in order to ensure that the designation of supported areas does not result in the designation of large area masses that would discourage small businesses and rural carriers from participation.
6. USF Contribution methodology: RICA urges adoption of a new methodology that assesses a portion of the high cost support program to all users. A “numbers” or basic connections based methodology alone, however, is not sufficient or equitable. A “fair share” methodology should reflect a fair and equitable allocation of the high cost network funding requirement that incorporates consideration of the size of the connection and the utilization of network transport facilities to the internet portal.
7. Middle-Mile Costs: In order to achieve the national broadband universal service objectives anticipated in the FCC’s Broadband Plan, the high cost support mechanism of the USF must support the inordinately high costs incurred by rural carriers to connect to Tier 1 internet portals. In rural high cost to serve areas, middle miles are “middle miles and miles.”
8. Expansion of Universal Service Definitions: Universal voice service should not be limited to basic dial-tone and local calling, but should be expanded to include nationwide 2-way voice connectivity.