

Malena F. Barzilai
Regulatory Counsel & Director - Federal Regulatory Affairs
Windstream Communications, Inc.
1101 17th Street, N.W., Suite 802
Washington, DC 20036

(202) 223-4276
malena.barzilai@windstream.com



September 16, 2010

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Connect America Fund*, WC Docket No. 10-90; *A National Broadband Plan for Our Future*, GN Docket No. 09-51; *High-Cost Universal Service Support*, WC Docket No. 05-337

Dear Ms. Dortch:

On September 15, 2010, William Kreutz, Cesar Caballero, Jennie Chandra, Eric Einhorn and I, from Windstream Communications, Inc. (“Windstream”), met with the following members of the Wireline Competition Bureau: Amy Bender, Ted Burmeister, Randy Clarke, Patrick Halley, Elise Kohn, Carol Matthey, Alex Minard, and Steve Rosenberg.

Consistent with its filings in the above-referenced dockets, Windstream addressed the need for comprehensive reform of the high-cost universal service support program, and expressed its continued support for the general framework set out in the National Broadband Plan. Windstream discussed how the current system creates a “rural-rural divide” in which a very small number of rural Americans have access to very robust broadband, while many others similarly situated have no access to broadband at all. Windstream reiterated its stance that universal service funding should respond directly to the cost of deploying and sustaining voice and broadband networks in high-cost areas, rather than the size of the companies serving those areas. The attached handout was distributed at the meeting.

Please feel free to contact me if you require additional information.

Sincerely,

/s/

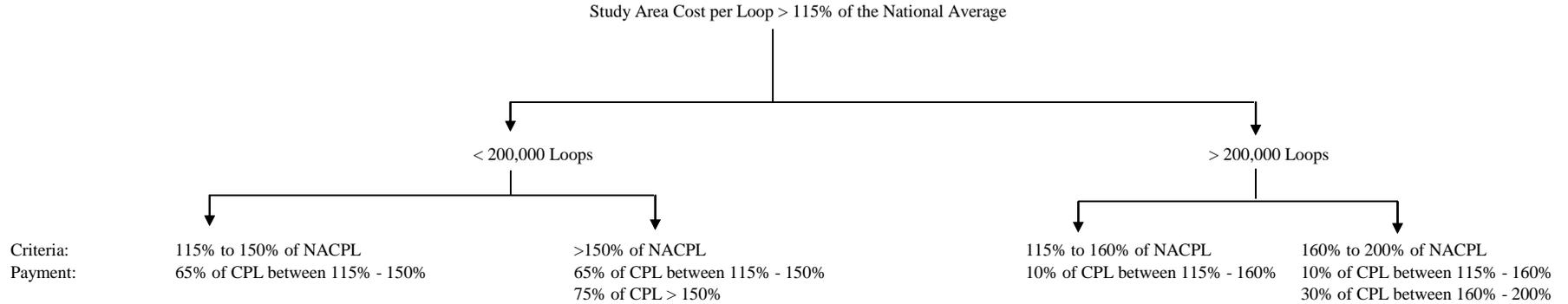
Malena F. Barzilai

cc: Amy Bender
Ted Burmeister
Randy Clarke
Patrick Halley
Elise Kohn
Carol Matthey
Alex Minard
Steve Rosenberg

RURAL/RATE OF RETURN USE ANALYSIS

RURAL STUDY AREA HIGH COST LOOP USE ELIGIBILITY REQUIREMENTS

Eligibility Based on 2009 NACPL = \$412.54
Receipts based on Revenue Requirement Not Based on Lines Served



RATE OF RETURN STUDY AREA INTERSTATE COMMON LINE USE ELIGIBILITY REQUIREMENTS

25% Common Line (Loop) Revenue Requirement Recovered from SLC and ICLS
Receipts based on Revenue Requirement Not Based on Lines Served

EXAMPLE RURAL/RATE OF RETURN STUDY AREA USE RECEIPTS CALCULATION - assume < 200,000 Loops

NACPL = \$ 412.54

	Study Area A		Study Area B		Study Area C		Study Area D	
	Formula	Support	Formula	Support	Formula	Support	Formula	Support
	Thresholds	Calculation	Thresholds	Calculation	Thresholds	Calculation	Thresholds	Calculation
	A	B	A	B	A	B	A	B
1 Study Area Cost per Loop		\$ 400.00		\$ 500.00		\$ 618.80		\$ 1,000.00
2 Interstate Common Line Support								
3 -25% Interstate Assignment (B1*.25)	\$ 100.00		\$ 125.00		\$ 154.70		\$ 250.00	
4 -Less: SLC recovery (\$6.50 x 12)		\$ 78.00		\$ 78.00		\$ 78.00		\$ 78.00
5 -Residual ICLS (B1-B4)		\$ 22.00		\$ 47.00		\$ 76.70		\$ 172.00
6 High Cost Loop Support								
7 -115% Threshold (NACPL \$412.54*1.15)	\$ 474.42		\$ 474.42		\$ 474.42		\$ 474.42	
8 -Amount >115% but <150% ((B1 or A10)-A7)	\$ -		\$ 25.58		\$ 144.38		\$ 144.39	
9 -Payment at 65% (A8*.65)		\$ -		\$ 16.63		\$ 93.85		\$ 93.85
10 -150% Threshold (B1*1.50)	\$ 618.81		\$ 618.81		\$ 618.81		\$ 618.81	
11 -Amount >150% (B1-A10)	\$ -		\$ -		\$ -		\$ 381.19	
12 -Payment at 75% (A11*.75)		\$ -		\$ -		\$ -		\$ 285.89
13 -Total High Cost Loop (B9+B12)		\$ -		\$ 16.63		\$ 93.85		\$ 379.75
14 Loop Cost Not Recovered from SLC, ICLS and HCL (B1-B4-B5-B13)		\$ 300.00		\$ 358.37		\$ 370.25		\$ 370.25
15 Per Month State Loop Revenue Reqmt (B14/12)		\$ 25.00		\$ 29.86		\$ 30.85		\$ 30.85

OBSERVATION: All Revenue Requirement over 150% of NACPL is recovered through interstate High Cost Loop and ICLS recovery mechanisms.
90% of Revenue Requirement over 115% of NACPL is recovered through High Cost Loop and ICLS recovery mechanisms.
Thus, there is actually an incentive to maintain study area loop cost above 150% and 115% thresholds.