



N A R U C  
National Association of Regulatory Utility Commissioners

*EX PARTE NOTICE VIA ELECTRONIC FILING*

*November 9, 2010*

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

***RE: Notice of Oral Ex Parte Contacts filed in the proceedings captioned:***

***In the Matter of Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135, Developing a Unified Inter-Carrier Compensation Regime, CC Docket No. 01-92***

***In the Matter of Federal-State Joint Board on Universal Service, Docket No. 96-45***

On Monday afternoon, November 8, 2010, several members of NARUC's Telecommunications Committee leadership had a conference call with Wireline Competition Bureau Chief Sharon Gillett and Deputy Bureau Chief Carol Matthey to discuss the upcoming NARUC meeting in Atlanta. Present on the call were Washington UTC Commissioner Phil Jones, a member of NARUC's Executive Committee and a Chair of NARUC's Washington Action Program; Oregon PUC Commissioner Ray Baum, Chair of NARUC's Telecommunications Committee and the State Chair of the Federal-State Joint Board on Universal Service; New York PSC Commissioner Maureen Harris, Co-Vice Chair of NARUC's Telecommunications Committee and Co-Chair of NARUC's Smart Grid Working Group; South Dakota PUC Commissioner Steve Kolbeck, State Chair of the Federal-State Joint Board on Separations; Indiana URC Commissioner Larry Landis, State Chair of the Federal-State Joint Conference on Advanced Services and a member of the Federal-State Joint Board on Universal Service; Pennsylvania PUC Commissioner Jim Cawley, a member of the Federal-State Joint Board on Universal Service; and NARUC General Counsel Brad Ramsay.

The discussion was fairly general and much of the discussion was not focused on advocacy, but rather on the FCC Commissioner (Chairman Genachowski and Commissioner Copps) and FCC Staff participation at the upcoming NARUC meeting in Atlanta and as well as – in the abstract – general mechanisms for FCC-State collaboration. There were, however, a few statements from individual State commissioners that required the filing of this ex parte. One or more State commissioners, in their individual capacities – *not as representatives of NARUC* – suggested or endorsed the following ideas and/or asked the following questions:

- The FCC could use money as a carrot to provide an incentive for States to take actions to rebalance rates and/or create their own State universal service programs.
- The FCC should carefully assess what it takes to get carriers to address targeted issues.
- If a carrier operating in a high cost area can demonstrate they have used current USF subsidies to roll out broadband in a cost effective manner, the FCC might not want to hold a reverse auction in that study area.
- Is there a reason to accept current study area boundaries?
- Although the data is four years old and the Missoula plan was focused on a “wireline centric” world, it still provides a lot of potentially useful data and ideas, e.g., though it was “dollar rich” for companies, it did have a cash-based “early adopter” fund.
- You will need some additional funds to make this work – perhaps as much as a half a billion and there are only a few options to make it up, including increasing the federal SLC, assuring additional State-mandated subsidies, and imposing rate benchmarks.
- Sizing of the various potential solutions suggests how much can or will be absorbed by companies.
- Sizing – how much goes to USF determines how much absorbed by companies. One commissioner drew an analogy for some State programs, suggesting if carrier rates are not charged at a certain level, perhaps USF funds should not be available.

If you have any questions about this filing, please do not hesitate to contact the undersigned at [jramsay@naruc.org](mailto:jramsay@naruc.org) or 202.898.2207.

Respectfully submitted,

/s/

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CC: Sharon Gillett, Wireline Competition Bureau Chief  
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