



November 22, 2010

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

Ex Parte Notice

A National Broadband Plan for Our Future, GN Docket No. 09-51

Connect America Fund, WC Docket No. 10-90

High-Cost Universal Service Support, WC Docket No. 05-337

Developing a Unified Intercarrier Compensation Regime, CC Docket 01-92

Dear Ms. Dortch:

On Friday, November 19, 2010, the Board of Directors of the National Telecommunications Cooperative Association (“NTCA”), as listed on the attached sheet, together with Shirley Bloomfield, Chief Executive Officer of NTCA, James Bass, General Counsel of NTCA, Jennifer Sullivan, Executive Assistant to Ms. Bloomfield, and the undersigned (the “NTCA Representatives”), met with Zac Katz, Legal Advisor to Chairman Genachowski, Carol Matthey, Deputy Chief of the Wireline Competition Bureau, and Rebekah Goodheart, Associate Bureau Chief of the Wireline Competition Bureau at NTCA’s offices in Arlington, Virginia.

Mr. Katz identified the Chairman’s primary objectives with respect to universal service and intercarrier compensation reform, consistent with the Chairman’s recent remarks at the Annual Meeting of the National Association of Regulatory Utility Commissioners in Atlanta, Georgia. In particular, Mr. Katz explained that the Chairman desires to: (1) reform the universal service fund and intercarrier compensation system to provide for explicit support of broadband deployment (subject to a sensible transition path); (2) ensure that these support mechanisms are administered and used in a fiscally responsible manner that minimizes the burden on consumers; (3) hold recipients of support accountable for their use of the funds; and (4) create incentives for efficiency and identify mechanisms that could otherwise help constrain the growth of the fund.

The NTCA Representatives responded by discussing first rural consumers' increasing demands for higher-speed broadband access, including but not limited to the demands of wireless providers who ultimately rely on the wireline networks of NTCA members to sustain and expand their own broadband offerings in rural areas. The NTCA Representatives noted that while rural local exchange carriers have made substantial efforts to deploy broadband-capable networks to date, ongoing universal service support remains essential to sustain those networks and, in many instances, to ensure that they can be upgraded to meet broadband speeds such as those contemplated by the National Broadband Plan. The NTCA Representatives further advocated for a reasonable transition with respect to existing universal service mechanisms to allow recovery of the costs associated with prior network investments and repayment of obligations that enabled those investments. They also identified some of the economic benefits associated with sustaining and expanding broadband operations in rural areas, observing that network construction projects (both those occurring under stimulus programs and otherwise) are significant sources of job creation and that the availability of high-speed broadband has been critical to attract and retain manufacturers and other larger employers in rural America. The NTCA Representatives further suggested that contribution reform would help to ensure that sufficient funds are available to achieve the objectives set forth by the National Broadband Plan and to spread more broadly the burdens associated with universal service support.

The NTCA Representatives next addressed the need for accountability in universal service funding, noting that a key component of reform should be to compel each recipient to serve as a provider-of-last-resort ("POLR") in the area for which it receives funding. Specifically, the NTCA Representatives urged the Federal Communications Commission (the "Commission") to impose strict but reasonable POLR obligations on any recipient of universal service funds and to ensure that those funds are in fact used to deploy high-quality networks and deliver necessary services in the areas and to the specific customers for which those funds are intended.

The NTCA Representatives also discussed the need for efficient distribution and use of universal service funds. The NTCA Representatives observed that the amount of support received by small rural local exchange carriers has been relatively stable over the past several years. The NTCA Representatives further urged the Commission to consider sound engineering and network construction practices in determining what would constitute efficient network deployment and operation, and to avoid a short-term perspective that focuses too heavily on existing demand and constraint of expenditures. For example, the NTCA Representatives noted that while it might be less expensive to upgrade a network to support 4 Mbps downstream/1 Mbps upstream in the near term, if the National Broadband Plan is correct in stating that broadband bandwidth requirements change frequently and require reassessment at least every 3 to 5 years, it would likely be *more efficient* for that provider to deploy a network engineered for greater capacity now. By doing so, the provider could deploy a construction crew for only a single job and install sufficient network capacity to satisfy reasonably foreseeable demand, rather than being required to engage in repeated outside plant construction projects and install upgraded networks on a piecemeal basis (at a cost that is ultimately greater) every few years to address increasing customer demands.

Finally, the NTCA Representatives explained that, with access line losses and declining minutes of use subject to intercarrier compensation, NTCA members already face the need to streamline and seek out efficiencies within their operations. The NTCA Representatives provided examples of how NTCA members are partnering in states such as Iowa, South Dakota, and Nebraska to construct fiber rings that will reduce the costs of transport and promote higher-speed broadband services. They also explained how rural local exchange carriers are sharing other resources, such as switching platforms, construction equipment and/or billing systems, as well as operating in some cases under a joint management structure and/or sharing employees.

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 or mromano@ntca.org.

Sincerely,

/s/ Michael R. Romano
Michael R. Romano
Senior Vice President – Policy

MRR:rhb

Enclosure

cc: Zac Katz
Carol Matthey
Rebekah Goodheart

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