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June 23, 2011

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

By Electronic Filing

Re: Connect America Fund, WC Doc. No. 10-90; A National Broadband Plan for our Future, GN Doc. No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Doc. No. 07-135; High-Cost Universal Service Support, WC Doc. No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Doc. No. 01-92

Ex Parte Notice

Dear Ms. Dortch:

On June 22, 2011, James Simon, William Wade, Terry Wegener, Ron Strecker, James Groft, Eric Lee, Ryan Johnson, Keith Oliver, Charlie Fail, Rick Bennett, Wes Ellis, Diane Smith, Stephen Kraskin and myself, representing the Rural Independent Competitive Alliance (“RICA”), met with Sharon Gillett, Carol Matthey, Rebekah Goodheart, Patrick Halley and Amy Bender of the Wireline Competition Bureau to discuss issues in the above referenced proceedings that affect rural competitive local exchange carriers (“Rural CLECS”).

The RICA representatives provided several specific examples of how their companies responded to the demands for improved and advanced services from rural residential and small business subscribers of neighboring incumbent carriers, The Rural CLECs constructed new facilities based competitive systems that provide reliable and modern communications including voice, Broadband, video and mobile services that

were not available to the residents and small business in the area from the incumbent. In several cases the Rural CLECS overbuilt the incumbent after making a good faith effort to purchase the exchanges. RICA is concerned that the proposals in the current NPRM would, if adopted, make it difficult or impossible for its members to continue providing these services, much less meet the demands of other adjacent unserved and underserved areas.

RICA identified three critical concerns as: opportunity to recover the substantial investments that have been made under the current rules; clarity as to the future rules so that they may know what investments may be prudently made; and reform of the Universal Service Fund to resolve, *inter alia*, the anomalous mismatch of a fund being transitioned to support Broadband based on a contribution system reliant on the declining base of the voice telephone model.

The RICA representative discussed the association's long held position that the Identical Support rule should be promptly replaced with rules setting the support levels of all ETCs based upon their individual costs. For wireline CLECs cost would be determined under the same rules as a rural ILEC. For mobile service ETCs, the Commission has had a proposed system of accounts before it for several years. The RICA representatives did not agree that cost-based support leads to over-investment and pointed out that the areas where Broadband is unavailable are predominantly those served by ILECs under incentive regulation. RICA agreed that a cost model could be used to determine individual carrier costs, provided an efficient mechanism was established to recognize those inevitable instances where the model does not accurately predict the carrier's costs.

Please contact me if there are any questions on this matter.

Sincerely yours,

David Cosson  
Counsel to Rural Independent Competitive Alliance

cc: Sharon Gillett  
Carol Matthey  
Rebekah Goodheart  
Patrick Halley  
Amy Bender

