



NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

The Voice of Rural Telecommunications

www.ntca.org

August 12, 2011

Ex Parte Notice

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

Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109

Dear Ms. Dortch:

On Thursday, August 11, 2011, the undersigned from the National Telecommunications Cooperative Association (“NTCA”) met with Margaret McCarthy, the wireline policy advisor to Commissioner Michael Copps, to discuss matters related to the above-referenced proceedings.

NTCA explained that the universal service fund (“USF”) and intercarrier compensation (“ICC”) reform plan (the “RLEC Plan”) that it had previously submitted in cooperation with 35 other national, regional, and state rural telecom associations in these proceedings would serve the fundamental statutory principles of universal service, as well as the reform objectives previously identified by the Chairman. *See* Comments of NTCA, *et al.* (filed April 18, 2011), at 7-38 and Attachments A and C; *see also Ex Parte* filing of NTCA (filed May 26, 2011). NTCA further indicated that its recent determination to support modifications to the RLEC Plan as outlined in a joint letter announcing a broader industry “consensus framework” for USF and ICC reform was premised upon a delicate balance of interests and difficult trade-offs. *See Ex Parte* filing of US Telecom (filed July 29, 2011) (the “Joint Letter”).

NTCA explained that any material changes to the modified RLEC Plan, any attempts to blend or import any concepts from the separate and distinct “America’s Broadband Connectivity” proposal into the RLEC Plan, or the conversion of any budget targets for small rural carriers into caps imposed by rule would harm small rural providers who had already taken significant steps to enable the consensus framework and likely lead to the collapse of this carefully balanced compromise. NTCA also emphasized that, particularly in light of the types of markets its

members serve, ICC revenues and a corresponding, compensatory restructure mechanism are essential to fulfilling the concepts of universal service over both the near- and long-term. Any efforts to undermine these mechanisms as proposed in the RLEC Plan and Joint Letter, whether by some further suggested reduction or an arbitrary “phase-out” of such support altogether for small rural carriers, would also put at risk the compromises underpinning the consensus framework and harm rural consumers.

NTCA further detailed the substantial steps that the rural associations had suggested in the modified RLEC Plan to help achieve consensus and realize reasonable budget targets, including a proposed reduction of the interstate rate-of-return from 11.25% to 10% and certain modifications to their preferred path for access restructuring. NTCA also noted that, while it would have preferred to address reform of originating access as well, it had accepted that such issues might need to be resolved in a later stage of reform. In the interim, however, NTCA understood that those who supported the consensus framework would also support the adoption of a “rural transport rule” to ensure that, in addition to retaining the ability to continue assessing originating access charges, small rural carriers would be physically and financially responsible only to transport calls to existing meet-points.

Finally, NTCA discussed the proposal in the Joint Letter to establish an annual funding target for mobility and/or satellite objectives. NTCA observed that, to the extent funding beyond that recommended in the Joint Letter might be needed to promote availability of affordable mobile and/or satellite broadband services, the Commission could evaluate precisely what additional funding levels might be required through a further notice of proposed rulemaking that would take into account all facts, circumstances, and policy considerations relating to the need for such USF support.

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

cc: Margaret McCarthy