



August 16, 2011

**EX PARTE**

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

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

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Dear Ms. Dortch:

On Friday, August 12, 2011, Eric Einhorn (Windstream), Jeff Lanning and Melissa Newman (CenturyLink), Hank Hultquist and Joel Lubin (AT&T), Alan Buzacott and Chris Miller (Verizon), Michael Saperstein (Frontier) and I met with Sharon Gillett, Patrick Halley, Katie King, Steve Rosenberg, Jennifer Prime, Rebekah Goodheart and Brad Gillen (Wireline Competition Bureau) and Michael Steffen (Office of the General Counsel). We discussed a number of issues concerning the America's Broadband Connectivity (ABC) plan as set out below.<sup>1</sup>

We discussed whether the intercarrier compensation reform proposals in the ABC plan and the Joint Rural Association filing would potentially cause universal service support funding to exceed the budget discussed in the Consensus Framework filed on July 29, 2011.<sup>2</sup> The ABC plan group believes that intercarrier compensation recovery funding for price cap carriers will be relatively small and will fit easily within the overall budget set out in the Consensus Framework

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<sup>1</sup> Letter from Robert W. Quinn, Jr., AT&T, Steve Davis, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, and Michael D. Rhoda, Windstream, to Marlene H. Dortch, FCC, WC Docket No. 10-90, et al. (filed July 29, 2011) (ABC Plan).

<sup>2</sup> Letter from Walter B. McCormick, Jr., United States Telecom Association, Robert W. Quinn, Jr., AT&T, Melissa Newman, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, Michael D. Rhoda, Windstream, Shirley Bloomfield, NTCA, John Rose, OPASTCO, and Kelly Worthington, WTA, to Chairman Julius Genachowski, Commissioner Michael J. Copps, Commissioner Robert M. McDowell, Commissioner Mignon Clyburn, FCC, WC Docket No. 10-90, et al. (filed July 29, 2011) (Consensus Framework).

filing. The ABC plan group committed to file information showing year-by-year modeling of the transition from current USF to a reformed system focused on supporting broadband. That modeling will include both the ABC plan and Joint Rural Association filing as modified by the Consensus Framework.

We discussed the operation of the alternate technology provisions of the ABC plan. Under the ABC plan, the modeled costs of serving certain census blocks will exceed a very high-cost threshold. Support will not be awarded for these census blocks and the number of households in these census blocks will be treated as best served through satellite or other alternative broadband technologies within any of the high-cost census blocks served by the provider with responsibility for these census blocks.

We also discussed the likelihood that there are a significant number of locations without broadband service that are in areas that are not modeled as high-cost, and what solution the ABC plan would provide for those locations. The ABC plan is focused on supporting the delivery of broadband in high-cost areas and does not directly address unserved locations in areas that are not high-cost.

In addition, we discussed how the ABC plan would account for new service locations in areas that receive broadband support. Under the plan, new service locations within supported areas would be included in the support recipient's broadband network obligations or through operation of the alternate technology provisions of the plan.

We discussed how to identify unsupported broadband providers for purposes of excluding census blocks served by these broadband providers from areas eligible for support. Data on the presence of cable broadband providers is available from broadband mapping surveys, from Warren Media, Nielsen and other sources. Similarly, other data sources exist if the Commission were to identify additional services that meet the definition of broadband. We also noted that the ABC plan would only count unsupported providers delivering service meeting the broadband definition in the relevant area as of January 1, 2012.

Further, we discussed justifications for the proposal in the ABC plan to use \$80 per service location as the eligibility benchmark. Only census blocks where average monthly modeled costs exceed \$80 per service location would be eligible for support. The ABC plan group believes that \$80 sets an appropriate threshold given budgetary constraints, delivers an appropriate allocation of support among census blocks and adequately reflects current network builds.

Additionally, we discussed the fact that the model proposed by the ABC plan group does not include costs for the delivery of voice services. Those services are not included in modeled costs because competing services, including mobile voice services, are already widely available and highly competitive. In any case, voice service will be available to customers of supported broadband services from multiple third party "over-the-top" VoIP providers.

We discussed the choice of using a greenfield approach to modeling broadband costs and the use of a fiber-fed DSLAM architecture. The ABC plan group believes that the greenfield approach it adopted is appropriate as set out at paragraphs 432-438 in the Commission's February NPRM in this proceeding.<sup>3</sup> The group believes that the model's technology choice properly reflects the balance between delivering the broadband service levels likely to be required and budget limitations on the amount of support likely to be available.

Finally, we discussed whether bidders would be likely to emerge in the census blocks that would be subject to competitive bidding for support as well as in additional areas where an incumbent LEC that has made sufficient investments in delivering broadband service to consumers turns down an offered right of first refusal. The group believes that the level of interest that mobile and fixed wireless, and cable and satellite providers have demonstrated, and the Commission's ability to design a process that could aggregate census blocks for the purposes of competitive bidding, demonstrate that sufficient broadband providers will emerge in these areas.

Pursuant to Commission rules, please include a copy of this filing in each of the above-referenced dockets.

Sincerely,



Jonathan Banks

c: Sharon Gillett  
Patrick Halley  
Katie King  
Steve Rosenberg  
Jennifer Prime  
Rebekah Goodheart  
Brad Gillen  
Michael Steffen

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<sup>3</sup> *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 26 FCC Rcd 4554 (2011).