



October 6, 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 Tuesday, October 4, 2011, the undersigned from the National Telecommunications Cooperative Association (“NTCA”), together with Richard Coit, Executive Director of the South Dakota Telecommunications Association (“SDTA”) and Chairman of NTCA’s Industry Committee, Denny Law, General Manager of Golden West Telecommunications, and Randy Houdek, General Manager of Venture Communications Cooperative (collectively, the “Rural Representatives”), met with Christine Kurth, policy director and wireline counsel to Commissioner Robert McDowell, to discuss matters related to the above-referenced proceedings.

As a follow-up to a prior meeting in late August between SDTA and the South Dakota companies with Commissioner McDowell and Ms. Kurth, the Rural Representatives highlighted that small rate-of-return regulated companies serve over 80% of the landmass of South Dakota and explained that, for the vast majority of South Dakota, competitors have made little effort to reach consumers in rural areas. The Rural Representatives also discussed how South Dakota companies have come together to seek and obtain efficiencies in the form of a statewide fiber network, and they explained how this fiber network enables the delivery of high-quality broadband services to community anchor institutions, cell towers, and end-user consumers across the state. The Rural Representatives also discussed how South Dakota providers operate under carrier-of-last-resort obligations in the state, and the importance of ensuring continued accountability through updated mechanisms that reflect the needs and demands of consumers in a broadband-based environment.

The Rural Representatives further noted that their progress in deploying and operating advanced networks depends in substantial part upon the availability of sustainable and predictable universal service support and intercarrier compensation mechanisms. To this end, they urged the Federal

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Communications Commission (the “Commission”) to take prompt action to adopt the universal service fund and intercarrier compensation reform plan (the “RLEC Plan”) that NTCA had previously submitted in cooperation with 35 other national, regional, and state rural telecom associations (including the SDTA) in these proceedings. *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). The South Dakota companies explained their belief that the RLEC Plan presented a workable path forward that would enable greater certainty and allow them to shift greater focus once again to serving consumers and investing in broadband-capable networks.

The Rural Representatives also emphasized, however, the delicate balance upon which these proposed reforms hang, emphasized the substantial compromises already made to accommodate the RLEC Plan within the “Consensus Framework,” and indicated that modifications made to the RLEC Plan – such as firm caps on funding adopted by rule, modified local service benchmarks or changes to the subscriber line charge elements included within the proposed access restructuring, and/or additional, untested constraints on investment or cost recovery beyond those already identified in the plan and the associated Consensus Framework – would place small carriers, the customers they serve, the lenders who enable such network deployment, and the very concept of universal service all at risk. They explained in particular the need to balance between more explicit cost recovery mechanisms that may include some additional means for recovering costs from end users (such as in the form of paced subscriber line charge increases) while also avoiding the placement of too great a burden too quickly on end users as part of any transition. The positions on these points were consistent with those expressed by NTCA in support of the RLEC Plan in its April 18, 2011 comments in the above-referenced proceedings, as well as those positions stated in the comments and reply comments filed in response to the Commission’s August 3, 2011 Public Notice. *See* Comments of NTCA, *et al.* (filed April 18, 2011), at 7-36, 61-74, and Appendices A and C; Comments of NTCA, *et al.* (filed August 24, 2011), at 21-32; Reply Comments of NTCA, *et al.* (filed Sept. 6, 2011), at 10-29.

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: Christine Kurth