



Rural Iowa Independent Telephone Association  
100 Court Avenue, Suite 218, Des Moines, Iowa 50309

January 26, 2012

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

**Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC  
Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No.  
03-109, WT Docket No. 10-208  
Notice of *Ex Parte* Presentation**

Dear Ms. Dortch:

On January 24, 2012, Curtis Eldred, of Clarence Telephone Company, Larry Springer of Colo Telephone Company, Bob Gannon of WesTel Systems (collectively, the “RIITA Representatives”) and John Kuykendall of John Staurulakis, Inc. met separately with Angela Kronenberg, Wireline Legal Advisor to Commissioner Mignon Clyburn and with Christine Kurth, Policy Director and Wireline Counsel to Commissioner Robert McDowell. On January 25, 2012, the RIITA Representatives and John Kuykendall met with Amy Bender, Gary Seigel, James Eisner, Randy Clarke, Daniel Ball and Paul Hartman of the Wireline Competition Bureau (“Bureau”). Michael Steffen, Legal Advisor to Chairman Genachowski also joined the January 25 meeting with Bureau staff. Discussions at the foregoing meetings focused on issues relevant to rural rate-of-return carriers in the USF-ICC Order and as addressed in petitions for reconsideration in the Universal Service Fund and Intercarrier Compensation reform proceeding.<sup>1</sup> Attached is a copy of the talking points provided to meeting participants.

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<sup>1</sup> *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 an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service – Mobility Fund*, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (“*USF-ICC Order and FNPRM*”).



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The RIITA Representatives explained the uncertainties the USF-ICC Order and FNPRM have created and addressed many of the concerns raised in the Petition and Comments filed by rural associations.<sup>2</sup> The RIITA Representatives demonstrated that the overall impact of these concerns is a chilling of investment in rate-of-return carriers and the rural areas they serve.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ Curtis Eldred  
Curtis Eldred  
Manager  
Clarence Telephone Company

On behalf of

Rural Iowa Independent Telephone Association

cc: Angela Kronenberg  
Christine Kurth  
Amy Bender  
Gary Seigel  
James Eisner  
Randy Clarke  
Daniel Ball  
Paul Hartman  
Michael Steffen

Attachment

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<sup>2</sup> See *Petition for Reconsideration and Clarification of the National Exchange Carrier Association, Inc.; Organization for the Promotion and Advancement of Small Telecommunications Companies, and Western Telecommunications Alliance* in Docket No. 10-90, et al. filed on December 29, 2011 (“Petition”); *Comments of National Exchange Carrier Association, Inc.; Organization for the Promotion and Advancement of Small Telecommunications Companies, and Western Telecommunications Alliance* in Docket No. 10-90, et al. filed on January 18, 2012 (“Comments”).



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### *FCC Ex Parte Meetings - January 24-25, 2012*

- The Rural Iowa Independent Telephone Association (RIITA) is a non-profit association of rural independent telephone companies, representing approximately one hundred and thirty Iowa incumbent local exchange carriers.
  - RIITA's membership is limited to companies that serve fewer than 20,000 access lines. In reality, most members actually serve far fewer lines; approximately one half of RIITA's members serve 1000 or fewer access lines. All members serve high-cost rural exchanges.
  - Many members are also internet service providers and many provide cable and video services to their communities; some also provide IPTV.
  - Like telephone services, the video and data services offered by RIITA members are unique. In most areas, no other providers exist and many areas served have very few customers per mile, driving up the marginal cost of service.
  
- RIITA supports the Petition for Reconsideration and Comments on the Further Notice of Proposed Rulemaking Filed by Rural Associations on the Future of Rate-of-Return Regulation.<sup>1</sup>
  - Rate of return regulation is critical to high-cost providers.
    - Rural high-cost companies must invest substantial amounts of capital to provide telecommunications services, particularly broadband services, to rural communities. Rate-of-return regulation has been the basis for compensating private companies that provide common-carrier utility services for over 100 years. In areas without competition, where the carrier must be able to provide carrier of last resort service, rate-of-return continues to be the best possible means of compensating a private utility. In addition, some sort of mechanism needs to remain in place to handle average schedule providers. These companies are small and it would be unnecessarily costly to require full cost studies.
  - The “cuts and caps” in the FCC’s USF-ICC Order’s near-term reforms and the failure of the Order to adopt a sufficient and predictable CAF mechanism for rate-of-return carriers has already led to a chilling of investment in rate-of-return carriers and the rural areas they serve.
  - The Commission should implement a sufficient, predictable, and specific “broadband future” for areas served by rate-of-return carriers; reconsider the sufficiency of its budget for high-cost USF; reconsider several aspects of its caps on capital and operating expenses; and reconsider or modify several aspects of other capping mechanisms in the Order.
  
- RIITA Urges the FCC to Revise its New Standard for Obtaining Waivers and its New Annual Reporting Requirements

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<sup>1</sup> The Petition for Reconsideration was filed jointly by NECA, OPASTCO and WTA on December 29, 2011. The Comments on the Further Notice of Proposed Rulemaking was filed jointly by NECA, NTCA, OPASTCO and WTA on January 18, 2012.