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March 29, 2012

***Ex Parte Notice***

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

Re: ***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; Universal Service Reform – Mobility Fund, WT Docket No. 10-208***

Dear Ms. Dortch:

On March 27, 2012, NECA representatives, Jim Frame, Pat Chirico, Victor Glass, Jennifer Leonard and the undersigned, met with Victoria Goldberg, Travis Litman, Dan Ball, Randy Clarke, Pam Arluk, Doug Slotten, Dick Kwiatkowski and Paula Cech of the Wireline Competition Bureau regarding the above-referenced matter. Ms. Goldberg and Ms. Chirico participated via telephone.

In the meeting we discussed a number of implementation details related to the Commission's November 18, 2011 Order (Order) in the above-referenced proceeding. First, we raised concerns related to determining the \$30 residential rate ceiling in the Access Recovery Charge (ARC) calculation at aggregation levels below study area. From an administrative perspective, calculating the residential rate ceiling at the aggregate study area level reflecting a typical residential customer is the most practical approach given issues such as some customers subscribing to local measured service and some state fees vary across exchanges and counties within a study area.

In the computation of eligible recovery for rate-of-return carriers, we questioned whether FY2011 intrastate terminating switched access revenues received by March 31, 2012 should be calculated using booked revenues rather than collected revenues. We pointed out booked revenues are easier for companies to provide from their accounting and billing systems, are more auditable, and are simpler for companies to calculate for subsequent true-ups. We also expressed our position that Connect America Fund Intercarrier Compensation Support (CAF ICC) should be excluded from the support subject to phase out in study areas where an unsubsidized competitor offers voice and broadband service throughout 100 percent of the rate-of-return carrier's study area.

We discussed the following interpretations: ARC charges apply in a manner consistent with the application of subscriber line charges; individual rate-of-return study areas within a holding company can elect to not receive CAF ICC at the study area level; composite rates are acceptable for the inter- and intrastate rate comparisons used in the ICC rate transition; and state universal service support funds

Ms. Marlene H. Dortch

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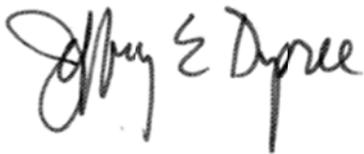
Page 2 of 2

are excluded from the base period revenues in the Eligible Recovery computation in the CAF ICC calculation. We also noted the need for FCC clarification on the treatment of MAG-related adjustments to line port and transport interconnection charge costs in sections 69.306 and 69.415 of the Commission's rules, respectively, resulting from the elimination of local switching support beginning July 1, 2012.

Finally, NECA staff raised for discussion the ability for rate-of-return companies, both in and out of NECA's tariffs, to reduce their capped interstate switched access rates beyond the required rate transitions. Interstate switched access rates were capped as of December 29, 2011, and while lowering switched access rates below capped levels is permitted, the Order does not obligate companies to do so. However, lowering rates beyond the required reductions as specified in the Commission's rules cannot be used to create additional Eligible Recovery.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS with your office.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey E. Dupree". The signature is written in a cursive style and is contained within a thin black rectangular border.

cc: Victoria Goldberg  
Travis Litman  
Dan Ball  
Randy Clarke  
Pam Arluk  
Doug Slotten  
Dick Kwiatkowski  
Paula Cech