



May 30, 2012

ERRATUM

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWA325
Washington, DC 20554

Re: ERRATUM: *Connect America Fund*, WC Docket No. 10-90; *High-Cost Universal Service Support*, WC Docket No. 05-337

Dear Ms. Dortch:

When originally filed, the ex parte letter submitted in the above proceedings by the United States Telecom Association on May 29, 2012, was incorrectly dated for March 29, 2012. Attached is the corrected ex parte letter.

Please do not hesitate to contact me with any questions,

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David Cohen".

David Cohen
Vice President, Policy

cc: Trent Harkrader
Amy Bender
James Eisner
Steven Rosenberg
Craig Stroup



May 29, 2012

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

Re: Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337

Dear Ms. Dortch:

On May 24, 2012, Allen Hoopes and Chad Turner of Silver Star Communications, Chris Schroeder and Stacey Brigham of TCA and the undersigned met with Trent Harkrader, Amy Bender, James Eisner, Steven Rosenberg and Craig Stroup, all of the Wireline Competition Bureau, to discuss concerns about the Bureau's Order¹ revising and implementing Quantile Regression Analysis (QRA) to limit reimbursable capital and operating costs for purposes of determining HCLS.

The industry representatives expressed concern about anomalous results for Silver Star Communications from the calculations implemented by the Order. In particular, the representatives discussed the correlations involving road miles, frost-free days and soil types. For example, they noted that it was counter-intuitive to have a positive correlation between lower cost and fewer frost-free days. And they noted that the assumption that aerial plant would be used in their area, which has bedrock, was incorrect in their case due to scenic byway restrictions and federal regulations. The representatives also noted that their boundary maps and exchanges for their Idaho study area were incorrect, wrongly excluding two of seven exchanges.

The industry representatives discussed other concerns about the regression analysis, particularly the chilling effect on investment that it seems to be having among rate-of-return cost companies because of the perceived lack of predictability of the QRA. They discussed the result of QRA not meeting the goal of the Commission as it only detects carriers with outlier costs, and does not detect inefficiencies. They also discussed the lack of comparison of study areas with similarly situated peer groups as well as the lack of transparency in the model. Advising carriers

¹ See Order, *In the Matter of Connect America Fund High-Cost Universal Service Support*, WC Docket No. 10-90 and WC Docket No. 05-337, released April 25, 2012.

Ms. Marlene Dortch
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to purchase very expensive and complex software in order to be able to perform the necessary analysis of the model's application to each study area is insufficient to address concerns about the transparency of the model.

Please do not hesitate to contact me with any questions,

Sincerely,

A handwritten signature in black ink, appearing to read "David B. Cohen", written in a cursive style.

David B. Cohen

cc: Trent Harkrader
Amy Bender
James Eisner
Steven Rosenberg
Craig Stroup