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Filed Via ECFS
Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: WC Docket Nos. 10-90, 07-135, 05-337 and 03-109, GN Docket No. 09-51 and CC Docket Nos. 01-92 and 96-45

Dear Ms. Dortch:

On July 12, 2012, Robert DeBroux, Derrick Owens and Gerard Duffy representing the Western Telecommunications Alliance ("WTA") met with Priscilla Delgado Argeris, Legal Adviser to Commissioner Jessica Rosenworcel. The focus of the discussion was upon the unpredictability and other defects of the Wireline Bureau's Quantile Regression Analysis ("QRA") benchmarks and the adverse impacts they are having upon the infrastructure investment projects and plans of WTA's rural telephone company ("RLEC") members.

Specific topics of discussion included: (1) the inherent uncertainties and inequities of applying benchmarks that will be recalculated every year or every few years to capital investment projects having useful lives of 20 years or more; (2) the current lack of transparency of the QRA mechanism and its inputs and workings, such that RLECs and their consultants have been unable to estimate reliably the types and amounts of changes in capital expenditures and operating expenses that will adversely impact the support of particular RLECs; (3) the arbitrary nature of the 90th percentile dividing line, and its departure from the "two standard deviation" criterion used in other universal service matters; (4) the problems inherent in implementing the QRA mechanism with knowingly inaccurate study area boundary data, and the major uncertainties regarding changes in benchmarks when the QRA mechanism is recalculated with more accurate study area boundary data in 2014 or so; (5) questions whether the QRA mechanism has been tested using several different years of data, to determine its volatility; and (6) the specific purposes of the QRA mechanism, and whether such purposes are substantially met by existing target budgets, the High Cost Loop Support cap, and audit mechanisms.

The WTA representatives also discussed briefly some of their general observations and concerns regarding the Commission's recent Intercarrier Compensation changes. They recognized the need to address the patchwork of access and reciprocal compensation charges and the trend of declining access minutes of use. However, they expressed concern with the ultimate loss of the entire intercarrier compensation revenue stream, as well as with the fact that the Commission's designated "bill-and-keep" end point destroys the incentive for other carriers and service providers to negotiate alternative interconnection arrangements that would require them to pay something (such as port and link charges) for their use of "last mile" networks. This constitutes another disincentive for RLECs to invest in expensive "last mile" networks that other service providers will soon be able to use for free.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceedings.

Respectfully submitted,

Gerard J. Duffy

Gerard J. Duffy

cc: Priscilla Delgado Argeris