



NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

*The Voice of Rural Telecommunications*

www.ntca.org

September 12, 2012

***Ex Parte Notice***

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> 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 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 Reform – Mobility Fund, WT Docket No. 10-208***

Dear Ms. Dortch:

On Monday, September 10, 2012, Shirley Bloomfield and the undersigned on behalf of the National Telecommunications Cooperative Association (“NTCA”), met with Commissioner Robert McDowell and his Policy Director and Wireline Counsel, Christine Kurth, to discuss certain matters in the above-referenced proceedings.

NTCA discussed ongoing concerns relating to the transparency, accuracy, and predictability of regression analysis-based caps on universal service fund (“USF”) support. NTCA raised the need to address these issues consistent with the Applications for Review filed by NTCA and many others. *See* Application for Review of NTCA, *et al.*, WC Docket No. 10-90 (filed May 25, 2012). NTCA further asserted that the broadband policy objectives of the Federal Communications Commission (the “Commission”) can only be achieved through clear and well-tested “business rules” that provide sufficient support and enable company managers to predict with a reasonable degree of certainty what investments and operations will be recoverable (or unrecoverable) through USF support prospectively. NTCA explained that necessary and appropriate changes can be achieved in short order without affecting USF “budgetary” objectives or creating any technical or administrative concerns.

NTCA also expressed concern with the adoption of any further caps, cuts, and constraints on USF support and intercarrier compensation in the wake of the Commission's November 2011 reform Order. The Commission has described its own actions in that Order as "sweeping reforms" and an "overhaul [that] transforms the FCC's outdated universal service and intercarrier compensations systems into a new Connect America Fund, or CAF, representing the most significant policy step ever taken to connect all Americans to broadband." *FCC Releases 'Connect America Fund' Order to Help Expand Broadband, Create Jobs, Benefit Consumers*, Commission Press Release (rel. Nov. 18, 2011). NTCA notes that the "dust has not even started to settle" on these "sweeping reforms," and that end users face the prospect of significant rate increases as a result of the actions just taken. NTCA also observes that numerous questions and substantial confusion persist with respect to implementation of the November 2011 Order – including numerous intercarrier compensation tariffing issues and the aforementioned inability to operate and identify what might be a "prudent" investment in the face of the unclear regression analysis caps. NTCA therefore maintains the Commission can only restore regulatory certainty by gathering data and evaluating the effects of reform on consumers and the broadband marketplace before deciding upon what next steps, if any, might be necessary.

Finally, NTCA discussed the significant efforts of its members to date with respect to – and their strong desire to continue and complete – the evolution of networks from TDM-based to IP-based operations. NTCA notes that an evolution of the underlying technology by which services may be provided does not change the needs or expectations of consumers, nor does it obviate the need for clear "ground rules" for service providers and network operators. Indeed, the benefits of a widespread IP evolution can only be promoted and achieved to the extent that interconnection for the exchange of data between network operators is available on fair, reasonable, and transparent terms, and once sustainable and predictable universal service support enables the offering of services such as standalone broadband to all consumers.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS. If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

/s/ Michael R. Romano  
Michael R. Romano  
Senior Vice President – Policy

cc: Commissioner Robert McDowell  
Christine Kurth