



September 19, 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 17, 2012, the undersigned on behalf of the National Telecommunications Cooperative Association (“NTCA”), together with those NTCA members and representatives identified in the attachment hereto, met with Commissioner Ajit Pai and his Legal Advisor, Nicholas Degani, to discuss certain matters in the above-referenced proceedings.

NTCA members discussed the serious problems created by the lack of transparency and predictability in the regression analysis-based caps on universal service fund (“USF”) support. These company managers expressed concern and frustration with respect to their inability to plan investments and operations because of the potential volatility and indecipherable nature of these caps. They urged the Federal Communications Commission (the “Commission”) to provide much clearer and more transparent “business rules” that will enable those present and other managers to understand with a reasonable degree of certainty what investments and operations will indeed be recoverable (or unrecoverable) through USF support prospectively. They noted that these continuing problems with the caps are having the unintended effect of hindering broadband investment across rural America, contrary to the stated goals of the Commission in undertaking and adopting its reforms. They also explained that, in the long run, a mechanism of such unpredictable and insufficient nature is likely to lead to limited investments in only the most densely populated portions of given serving areas, thus threatening to leave behind wide swaths of rural America.

NTCA members also explained that the potential for yet more caps, cuts, and constraints on USF support and intercarrier compensation (“ICC”) is only exacerbating uncertainty in the marketplace and further stifling broadband investment and operations. They noted that both carriers and the Commission itself continue to work through the complicated process of implementing the reforms adopted late last year, and that consumers face rate increases and/or the prospect of reduced services as a result of such reforms. Moreover, it remains entirely unclear how granting unconditional ICC rate reductions and long distance cost savings to larger carriers focused predominantly upon operations in more densely populated markets bears any logical relationship to the objective of promoting broadband investment and adoption in high-cost areas. NTCA members urged the Commission to evaluate and assess the successes and shortcomings of its reforms thus far in terms of promoting the availability and affordability of rural broadband before considering what next steps, if any, might be warranted.

NTCA members also continued to urge the Commission to reconsider the elimination of Safety Net Additive (“SNA”). Despite the Commission’s repeated and professed commitment to “no flash cuts” in the context of reform, a number of companies that have invested in broadband-capable plant during the past few years experience an immediate loss of access to SNA support under the Commission’s reforms. These companies were relying on the availability of such support to help complete multi-year network builds and as they begin to attract more customers onto their networks. The Commission should permit those carriers who would have qualified for SNA specifically based upon investments in 2010 and 2011 to obtain such support as part of the phase-out of that program, rather than precluding such support in a “flash cut” manner.

Finally, NTCA members expressed concern about the potential burdens and lack of clear and properly adopted requirements surrounding the process of “tribal engagement” under the Commission’s new rules. NTCA members explained that, as small community-based providers focused on rural areas, they already endeavor to provide high-quality and affordable service to every customer – tribal or otherwise – within their serving areas. But they noted that the lack of proper process and definition surrounding the new rule imposes burdens on small service providers and runs the risk of hindering, rather than promoting, the timely and cost-effective delivery of broadband services in tribal and other high-cost areas.

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 Ajit Pai  
Nicholas Degani

**LIST OF ATTENDEES**  
**September 17, 2012 Meeting**

Randy Houdek, Venture Communications Cooperative (SD)  
Denny Law, Golden West Telecommunications Cooperative (SD)  
Jeff Leslie, ITS Telecommunications Systems (FL)  
Catherine Moyer, Pioneer Communications (KS)  
Ralph Cunha, Endeavor Communications (IN)  
Jim Broemmer, Adams Telephone Co-operative (IL)  
Justyn Miller, South Slope Cooperative Communications (IA)  
Nancy White, North Central Telephone Cooperative (TN)  
Larry Sevier, Rural Telephone Service (KS)  
Derrick Bulawa, BEK Communications Cooperative (ND)  
Scott Sherman, Hardy Telecommunications (WV)  
Brock Johansen, Emery Telcom (UT)  
Bonnie Krause, West River Telecommunications Cooperative (ND)  
Bruce Holdridge, Gila River Telecommunications (AZ)  
Keith Larson, Dakota Central Telecommunications (ND)  
Kevin Beyer, Federated Telephone Cooperative/Farmers Mutual Telephone Company (MN)  
Jeff Wilson, Dickey Rural Communications/Dickey Rural Telephone Cooperative (ND)  
Shirley Bloomfield, NTCA  
Michael Romano, NTCA  
Laura Withers, NTCA  
Jonah Arellano, NTCA  
Anita Wallgren, Wallgren Consulting