



NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

*The Voice of Rural Telecommunications*

www.ntca.org

October 22, 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 Thursday, October 18, 2012, the undersigned, on behalf of the National Telecommunications Cooperative Association (“NTCA”), had separate telephone conversations with Christine Kurth, Legal Advisor to Commissioner Robert McDowell and Angela Kronenberg, Legal Advisor to Commissioner Mignon Clyburn. My presentation with respect to regression analysis issues was consistent with the discussions described in the *Ex Parte* letter filed Wednesday, October 17, 2012, by NTCA, the Organization for the Promotion and Advancement of Small Telecommunications Companies, the Western Telecommunications Alliance, and the National Exchange Carrier Association.

In particular, NTCA expressed support for the Federal Communications Commission (the “Commission”) to: (1) extend the phase-in associated with the regression analysis caps pending further review of concerns raised by various pleadings in these proceedings; (2) maintain the current 2012 model cost limits but add together the CAPEX and OPEX values for 2013 support calculations pending consideration of a single regression model; (3) adopt as a default rule that the caps will be held constant, as calculated on a total study area basis as of the model base period, for a period of several years starting in 2014 subject to further review and testing of the caps as described below; (4) ensure that any near-term steps taken with respect to the model are carefully coordinated and subject to reasonable transitions in connection with needed broader review and testing of the model; and (5) conduct further testing and analysis over the next twelve months to identify potential alternatives for improving predictability specifically and the accuracy and transparency of the model generally.

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Marlene H. Dortch  
October 22, 2012  
Page 2 of 2

NTCA also continues to assert that the Commission's broadband policy objectives can only be achieved through: (a) clear and well-tested "business rules" that provide sufficient support and enable company managers to understand with a reasonable degree of certainty what investments and operations will be recoverable (or unrecoverable) through USF support prospectively; and (b) a careful data-driven process that takes measure of – and then corrects concerns with respect to – reforms just now being implemented in lieu of racing forward with additional changes pursuant to a Further Notice of Proposed Rulemaking that undermine the core objectives of universal service by exacerbating consumer rate increases, deterring broadband investment, and encouraging cutbacks in service quality and customer service. In particular, it is important to study first the effects of reforms just now being implemented on matters such as consumer rates for voice and broadband, service quality, broadband deployment, broadband adoption, and state universal service funds.

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: Christine Kurth  
Angela Kronenberg