



November 20, 2012

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> 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:

This is to inform you that on Friday, November 16, 2012, Jon Banks, David Cohen and Robert Mayer with USTelecom, Peter Copeland (via bridge), Richard Rousselot (via bridge), and Jeff Lanning with CenturyLink, Michael Lieberman, Hank Hultquist and Kent Currie (via bridge) with AT&T, Maggie McCready with Verizon, Malena Barzilai, Eric Einhorn with Windstream, Scott Kitchen (via bridge) with Consolidated, Michael Skrivan (via bridge) with Fairpoint, and Michael Saperstein with Frontier (“ABC Coalition”) met with FCC staff members Dania Ayoubi, Amy Bender, Theodore Burmeister, Talmage Cox, Ian Forbes, Katie King, Heidi Lankau, Carol Matthey, Steven Rosenberg, and David Zesiger.

The ABC Coalition members discussed the need to maintain the essential link between the implementation of universal service reforms and the mandated reductions in intercarrier compensation rates that have already begun. We emphasized our support for the Commission’s goal of getting to realistic estimates of support necessary to deliver voice and broadband services to areas that are identified as high-cost and that do not have an unsupported competitor. The ABC Coalition pointed out that the fact that there are LEC facilities in these areas is attributable to current USF support, which is determined using a green-field model that takes into account all network costs including return on investment.

With respect to addressing claims made by American Cable Association (“ACA”) in its October 26 and October 23 ex parte filings in this docket, the ABC Coalition noted that although ACA appears to claim that it is adopting a “brownfield” modeling approach, its approach is an amalgamation of green-field, brown-field and incremental builds that has no clear policy rationale and is legally indefensible.

ACA's "brownfield" approach has a number of flaws. More particularly, in high cost areas with existing LEC broadband service, the ACA approach:

- Assumes, without discussion, that all existing LEC broadband plant can support 4Mbps downstream/1 Mbps upstream without any new investment;
- Removes all capital costs from a green-field model cost run as an estimation of brown-field capital costs, zeroing out all recovery for investment in all existing broadband plant;
- Provides support only for operations and maintenance (O&M) of existing LEC brown-field broadband based on a green-field model estimation of those costs; and
- Provides no support for upgrades necessary to meet 6Mbps downstream/1.5Mbps upstream requirements established in the *USF Transformation Order*.

In high-cost areas with no existing LEC broadband, the ACA approach:

- Provides for capital and O&M recovery for new fiber to DSLAMs as determined by a green-field model estimation;
- Assumes all LEC copper distribution plant will match to green-field modeled DSLAM locations and architectures;
- Assumes, without discussion, that all existing LEC broadband distribution facilities support 4/1 broadband service;
- Removes broadband distribution plant capital costs from a green-field model cost run as an estimation of the capital costs for brown-field distribution plant, zeroing out all recovery for LEC investment in existing broadband distribution facilities; and
- Provides no support for upgrades to meet 6 Mbps downstream/1.5Mbps upstream requirements established in the *USF Transformation Order*.

In addition, ACA does not discuss how the necessary data on existing plant capabilities and value could be collected to properly run a brown-field model at a census block level or how a brown-field model could be used to establish an appropriate reserve price for CAF support auctions.

Pursuant to Commission rules, please include a copy of this notice in each of the above-identified proceedings.

Sincerely,



Robert Mayer  
Vice President, Industry and State Affairs

Ms. Marlene Dortch  
November 20, 2012  
Page 3 of 3

cc: Dania Ayoubi  
Amy Bender  
Theodore Burmeister  
Talmage Cox  
Ian Forbes  
Katie King  
Heidi Lankau  
Carol Matthey  
Steven Rosenberg  
David Zesiger