



NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

The Voice of Rural Telecommunications

www.ntca.org

January 8, 2013

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th 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, January 7, 2013, the undersigned, on behalf of the National Telecommunications Cooperative Association (“NTCA”), met separately with Christine Kurth, Legal Advisor to Commissioner Robert McDowell; Angela Kronenberg, Legal Advisor to Commissioner Mignon Clyburn; and Priscilla Argeris, Legal Advisor to Commissioner Jessica Rosenworcel, to discuss certain matters in the above-referenced proceedings.

NTCA raised the need for the Federal Communications Commission (the “Commission”) to take both near-term and longer-term steps to address statistical and data-related shortcomings with respect to the regression analysis-based caps on universal service fund (“USF”) support. *See* Application for Review of NTCA, *et al.*, WC Docket No. 10-90 (filed May 25, 2012). Specifically, NTCA pressed for near-term resolution of certain concerns with respect to such caps consistent with prior presentations, *see, e.g., Ex Parte* Letter from Michael R. Romano, Sr. Vice President – Policy, NTCA, to Marlene H. Dortch, Secretary, WC Docket No. 10-90, *et al.* (filed Oct. 18, 2012), and also raised the need for review, testing, and resolution of broader concerns with respect to the persistent lack of transparency, accuracy, and predictability within the capping mechanisms.

Marlene H. Dortch

January 8, 2013

Page 2 of 2

As a more general matter, NTCA continues to assert that the Commission's broadband policy objectives and the statutory mandate of universal service can only be achieved through: (1) 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, as the case may be) through USF support prospectively; and (2) a careful data-driven process that takes true and thoughtful measure of – and then corrects concerns with respect to – those reforms just now being implemented (including, but not limited to, the caps) before racing forward with additional changes that exacerbate consumer rate increases, deter broadband investment, and encourage cutbacks in service quality and customer service. More specifically, NTCA asserts that it would put consumer protection and the national policy of universal service at serious risk if the Commission were to proceed with additional cuts, caps, and constraints upon USF support without first studying and taking meaningful and substantive account of the impacts of reforms adopted in 2011 and still being implemented on:

- a. end user rates for telecommunications and broadband Internet access services (including a quantitative evaluation of whether the Commission's rules are in fact continuing to ensure that end user rates for both services are reasonably comparable between urban and rural areas);
- b. the quality of such services (including a qualitative evaluation of whether the Commission's rules are in fact continuing to ensure that such services are reasonably comparable between urban and rural areas in the wake of prior reforms);
- c. the promotion and advancement of broadband-capable network deployment and sustainable ongoing operations by carriers-of-last-resort (including the effect of prior reforms on access to capital by such carriers);
- d. broadband adoption by consumers;
- e. state universal service funds; and
- f. the ultimate statutory requirement that universal service support mechanisms should be specific, predictable and sufficient.

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
Priscilla Argeris