



NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

The Voice of Rural Telecommunications

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January 17, 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 Wednesday, January 16, 2013, the undersigned, on behalf of the National Telecommunications Cooperative Association (“NTCA”) held separate telephone conversations with Michael Steffen, Legal Advisor to Chairman Julius Genachowski, Priscilla Argeris, Legal Advisor to Commissioner Jessica Rosenworcel, and Nicholas Degani, Legal Advisor to Commissioner Ajit Pai, to discuss certain matters in the above-referenced proceedings.

In those conversations, 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, e.g.*, Application for Review of NTCA, *et al.*, WC Docket No. 10-90 (filed May 25, 2012); *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). NTCA further argued that the very notion of extending the caps to other components of USF support or applying them in full effect would be both ill-advised and premature in light of the many obvious and significant issues that remain to be worked through in the development and application of the caps to High-Cost Loop Support. NTCA submits that the Commission – and not the Bureau – should be reviewing any potential extension or further use of the caps only after the many concerns identified thus far have been examined and resolved; put another way, Commission-level oversight is essential in light of the many concerns that have been identified in the caps’ development and implementation to date.

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.

In short, in the context of reforms that were intended to "harness the benefits of broadband Internet for every American," NTCA believes it would strike a discordant tone indeed and represent a notable omission if the Commission does not commit explicitly to take careful measure and stock of the effects of its reforms thus far on consumers and broadband deployment and adoption as it evaluates the progress of reforms to date and the degree to which it should take any potential next steps.

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: Michael Steffen
Priscilla Argeris
Nicholas Degani