

January 30, 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; High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

On Tuesday, January 29, 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; Christine Kurth, Legal Advisor to Commissioner Robert McDowell; 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, I 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 support. *See, e.g.,* Application for Review of NTCA, *et al.*, WC Docket No. 10-90 (filed May 25, 2012). Specifically, I 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 in coming weeks and months of broader concerns with respect to the persistent lack of transparency, accuracy, and predictability within the capping mechanisms.

Near-term action to address concerns regarding the caps is all the more urgent in the face of significant and troubling shifts in the caps pursuant to a Public Notice released just yesterday by the Wireline Competition Bureau. Indeed, the new caps for 2013 only reinforce concerns about ongoing use of the model and highlight the need for swift action, paired with further and more detailed review, to address the severe impacts of the resulting caps. Indeed, the Public Notice indicates that ***the number of capped companies has increased by 60% “overnight” – going from approximately 100 in 2012 to approximately 160 companies now capped in 2013.*** Moreover, it appears that over 70 companies have been “swept under” by the caps in 2013 after being unaffected by them in 2012. Near-term relief of the kind contemplated in NTCA’s *ex parte* presentation of October 18, 2012 – specifically, adding together the CAPEX and OPEX values for 2013 support calculations and extending the phase-in of the caps – is therefore urgently needed to mitigate serious harms arising out of the flawed caps and to provide more time for review, testing, and resolution of the many concerns that still reside within them.

Marlene H. Dortch
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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
Christine Kurth
Priscilla Argeris
Nicholas Degani