



February 27, 2013

**Ex Parte**

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Re: ***Connect America Fund, WC Docket No. 10-90; Developing a Unified  
Intercarrier Compensation Regime, CC Docket No. 01-92***

Dear Ms. Dortch:

On February 25, 2013, the undersigned representing USTelecom, Maggie McCready and Alan Buzacott (Verizon), Cathy Carpino (AT&T), Michael Skrivan (FairPoint), and Richard Cameron (ACS) met with Deena Shetler, Randy Clarke, Victoria Goldberg, Doug Slotten, and Lynne Engledow of the Wireline Competition Bureau (Bureau) to discuss the role that certain legacy high-cost support plays in the process of calculating and reducing interstate rates including the subscriber line charge (SLC). Also participating in the meeting via phone were Jeff Lanning (CenturyLink), Malena Barzilai and Bill Kreutz (Windstream), and Karen Brinkmann (representing FairPoint).

In prior meetings with Bureau staff, the industry representatives have explained the tension between language in the *USF/ICC Transformation Order* and rules that, on one hand, appears to direct companies to allocate certain legacy high-cost support (IAS, ICLS and LSS) to the calculation of interstate access charges<sup>1</sup> but, on the other hand, also appears to direct companies to spend increasingly larger amounts of this same legacy high-cost support on building and operating broadband networks in certain areas.<sup>2</sup> We also have explained how the Commission cannot compel carriers to spend this support twice and why it is important for the Bureau to act quickly to identify which of the conflicting rules/language should apply, granting a waiver or other relief if necessary.<sup>3</sup> We have explained that it is essential that the Commission provide companies the flexibility to invest the frozen support at the holding company level.

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<sup>1</sup> Connect America Fund, et al., WC Docket No. 10-90, et al., 26 FCC Rcd 17663, ¶ 152 (2011) (USF/ICC Transformation Order); 47 C.F.R. § 54.312(a)(3).

<sup>2</sup> 47 C.F.R. § 54.313(c)(2)-(4).

<sup>3</sup> See, e.g., Letter from David Cohen, USTelecom, to Marlene Dortch, FCC, WC Docket No. 10-90 (filed Jan. 31, 2012); Letter from Jonathan Banks, USTelecom, to Marlene Dortch, FCC, WC Docket No. 10-90 (filed Dec. 20, 2012).

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During the meeting, individual industry members explained the effect on subscriber line charges if carriers are directed to apply one-third of certain of their legacy high-cost support to build and operate broadband networks. Several of the industry members previously filed this information with the Commission.<sup>4</sup> Additionally, a number of members explained that if the Bureau directed carriers to comply with the requirements in section 54.313(c)(2) and not section 54.312(a)(3), they would be unable to recover from customers the entire amount of frozen support that was redirected to broadband. To the extent that the amount cannot be recovered, the carriers expressed concern that they may not be able to satisfy the broadband requirements under Section 54.313(c) absent a waiver with respect to IAS, ICLS and LSS. Finally, FairPoint discussed its petition for waiver of section 54.313(c).<sup>5</sup>

Please contact me if you have any questions.

Sincerely,



Jonathan Banks  
Senior Vice President  
Law & Policy

cc: Deena Shetler  
Victoria Goldberg  
Randy Clarke  
Doug Slotten  
Lynne Engledow

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<sup>4</sup> See, e.g., Letter from Maggie McCready, Verizon, to Marlene Dortch, FCC, WC Docket No. 10-90, CC Docket No. 01-92 (filed Feb. 1, 2013); Letter from Mary Henze, AT&T, to Marlene Dortch, FCC, WC Docket No. 10-90, CC Docket No. 01-92 (filed Feb. 4, 2013).

<sup>5</sup> *Petition for Waiver to Exclude IAS, ICLS and LSS from the Requirement to Repurpose Frozen High-Cost Support toward Broadband Deployment in 2013 and Beyond*, WC Docket Nos. 10-90, 05-337 (filed Feb. 8, 2013).