



July 22, 2013

***Ex Parte Notice***

Ms. Marlene H. 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; AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition; Petition of the National Telecommunications Cooperative Association for a Rulemaking to Promote and Sustain the Ongoing TDM-to-IP Evolution, GN Docket No. 12-353; Technology Transitions Policy Task Force, GN Docket No. 13-5***

Dear Ms. Dortch:

On Friday, July 19, 2013, the undersigned, on behalf of NTCA–The Rural Broadband Association (“NTCA”), met with Priscilla Delgado Argeris, Legal Advisor to Commissioner Jessica Rosenworcel, to discuss matters in the above-referenced dockets.

**Revisions to Regression Analysis Caps.** NTCA discussed how it and other stakeholders have been working diligently with the Wireline Competition Bureau (the “Bureau”) to assess possible changes to the quantile regression analysis (“QRA”)-based caps as contemplated by the Sixth Order on Reconsideration released by the Federal Communications Commission (the “Commission”) earlier this year. We discussed, however, the fact that a number of significant steps must still be taken – including incorporation of high-cost data updates and updating and correction of study area boundaries – as part of any meaningful and informed development and testing process with respect to potentially revised QRA models. NTCA noted that in light of such persistent challenges, a lack of clarity as to what happens next in terms of modifying the caps, and the need for the Commission and the Bureau to provide reasonable advance guidance to network operators for capital and operational planning for 2014 (and beyond), there is a compelling need to consider alternative approaches to full application of the caps even as the discussion regarding substantive changes to such caps continues. Such alternatives for 2014 (and beyond) could include potential use of the caps only as a trigger for review of carrier operations and/or extensions of the “phase-in” and “backstop” that currently apply to the caps.

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**Uncertainty Resulting from Threats of Additional Cuts, Caps, and Constraints.** NTCA also highlighted how lingering proposals to reduce even further universal service fund support and intercarrier compensation revenues are exacerbating current uncertainty and hindering already-limited access to capital for broadband deployment. For example, NTCA observed that any potential rate-of-return represetation would be at odds with the Commission's stated desire to promote broadband deployment as well as its professed commitment to data-driven processes. Instead, NTCA renewed its call for the Commission to gather and evaluate first data regarding the effects of reforms already made on consumers and broadband deployment, and to ask then *why* such additional changes would still be considered based upon that data – *i.e.*, how would represeting the rate of return affect broadband investment and consumer access to affordable services in hard-to-serve areas?

**Safety Net Additive Flash-Cut.** NTCA further discussed the long-standing need for reconsideration of the elimination of Safety Net Additive (“SNA”) support. The loss of SNA support for companies that qualified based upon actual investments during 2010 and 2011 is inconsistent with the Commission's stated commitment to “no flash cuts,” and inconsistent even with the manner in which a “phase-out” was provided for companies that qualified for SNA support based upon line losses. At least one waiver petition has been filed demonstrating the clear merits of providing relief on this issue, and NTCA urges the Commission to take prompt action to recalibrate its approach to SNA elimination generally by providing instead a reasonable phase-out of SNA support for otherwise qualifying investments made during 2010 and 2011.

**Improvement of Waiver Mechanisms.** NTCA also raised the need for a more productive, effective, and efficient waiver mechanism to address situations in which universal service reforms undermine the fundamental objectives of universal service. We discussed examples in which waiver petitions have lingered while carriers went without much-needed support, and other cases in which carriers were referred after months to state commissions for potential recovery of lost federal universal service support. NTCA continues to recommend that it would provide better incentives to complete Bureau review of waiver petitions in a timely and effective manner if carriers seeking waivers retained support pending the disposition of such waivers.

**Facilitating Rural Consumer Participation in the IP Evolution.** Finally, NTCA urged the Commission to consider as promptly as possible targeted programs to refine universal service support mechanisms in areas served by rate-of-return-regulated rural local exchange carriers (“RLECs”) to facilitate consumer choice and adoption of broadband. NTCA expressed its interest in continued conversations regarding such matters and in finding paths forward to ensure that consumers in RLEC-served areas can participate meaningfully in an IP-enabled, broadband-capable world.

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: Priscilla Delgado Argeris