



September 30, 2013

Ex Parte

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

Re: Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208

Dear Ms. Dortch:

On Thursday, September 26, 2013, Jeff Lanning (CenturyLink), Maggie McCreedy (Verizon), Joel Lubin and Cathy Carpino (AT&T), Malena Barzilai (Windstream), Mike Skrivan (FairPoint) and I met with Alex Minard, Amy Bender, Carol Matthey and Steve Rosenberg of the Wireline Competition Division to discuss issues surrounding the transition from legacy support to model-based support to be provided under the Connect America Fund (CAF) Phase II. We began by reviewing paragraph 180 of the *USF/ICC Transformation Order* and the guidance provided in that paragraph concerning the transition. In particular, we discussed the situation where a company accepts a state-level commitment in a state where CAF II support exceeds the amount of legacy support that that company received. In this situation, paragraph 180 specifies that, in year one, the company would receive 50% of the CAF II support amount and 50% of the legacy support amount. We discussed different ways to calculate the five-year CAF II funding period based on this example. We also discussed the specific case of how to treat companies that receive no legacy support but would receive CAF II support.

In addition, we discussed the case where a company elects to accept a state-level commitment in a state where its legacy support exceeds support calculated under the CAF II program. In this situation, we suggested that a five year transition to the CAF II support level best fits with paragraph 180's prescription of a multi-year transition. Finally, we discussed the relationship between obligations and support in the context of the transition from a legacy system of obligations and support to a new system of obligations and support under the CAF II program aimed at securing robust broadband and voice networks in very targeted geographic

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areas. As part of this transition, we discussed a process whereby the FCC would sunset legacy price cap company eligible telecommunications carrier (ETC) designations and create a new ETC designation under the CAF II program for companies electing to accept support under that program.

Pursuant to Commission rules, please include this ex parte letter in the above-identified proceedings.

Sincerely,

A handwritten signature in blue ink that reads "Jonathan Banks". The signature is fluid and cursive, with a long, sweeping tail on the letter "s".

Jonathan Banks
Senior Vice President, Law & Policy

c: Alex Minard
Amy Bender
Carol Matthey
Steve Rosenberg