



July 29th, 2014

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

Re: *Connect America Fund*, WC Docket No. 10-90; *High-Cost Universal Service Support*, WC Docket No. 05-337; Meeting with the Wireline Competition Bureau

Ex Parte Filing

Dear Ms. Dortch:

On July 29th, 2014, the Small Company Coalition (SCC) and the following parties met to discuss the SCC's proposal for comprehensive universal service reform: Randy Tyree, GRTyree Consulting; Jim Kail, SCC Executive Committee; Luke Kail, SCC; Godfrey Enjady, SCC Executive Committee; Doug Kitch, Alexicon; Suzanne Yelen, FCC; Joe Lorresso, FCC; Christopher Cook, FCC; Ted Burmeister, FCC; Alexander Minard, FCC; Gary Seigel, FCC; Katie King, FCC; Ryan Yates, FCC; Heidi Lankav, FCC; Mark Walker, FCC; Carol Matthey, FCC.

During the meeting, the participants discussed the SCC's proposal for long term universal service fund (USF) reform related solely to rate of return (RoR) carriers, per the attached presentation. The SCC believes its model represents a forward looking solution, via modernizing the legacy high cost loop algorithm to include CFR Part 36 Separations wideband categories in the derivation of USF/CAF funding, as the basis for equitable development and distribution of USF monies, all within the \$2B budget as noted by the Commission. It was discussed that the SCC model, being based off of rate of return history and regulations and using embedded costs with specific high cost criteria for deploying and qualifying broadband networks, may not meet the definition of "forward looking costs", even though the SCC argues its plan will stimulate broadband investment in rural America and includes a vision for deploying broadband networks under a sustainable and predictable mechanism. Furthermore, the SCC believes Tribal incumbent local exchange carriers will benefit from its proposal via the SCC's recommendation by not only increasing the maximum "\$250/line/month" rule in the same proportion as the additional allowance included in the FCC's previous quantile regression analysis (QRA) for the tribal coefficient, but also to increase the Lifeline eligibility criteria from 135% to 150% as it relates to Federal Poverty Guidelines.



This ex parte communication is being submitted pursuant to Section 1.1206(b) of the Commission's rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas K. Kitch". The signature is fluid and cursive, with a prominent initial "D" and "K".

Douglas K. Kitch, Principal, CPA