



December 15, 2015

Ex Parte Notice

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

RE: *Connect America Fund, WC Docket No. 10-90*

Dear Ms. Dortch:

On Wednesday, December 9, 2015, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”), met separately with: (1) Nicholas Degani, legal advisor to Commissioner Ajit Pai; (2) Amy Bender, legal advisor to Commissioner Michael O’Rielly, and Rebekah Goodheart, legal advisor to Commissioner Mignon Clyburn; (3) Travis Litman, legal advisor to Commissioner Jessica Rosenworcel; and (4) Stephanie Weiner, legal advisor to Chairman Tom Wheeler, Carol Matthey, Deputy Chief of the Wireline Competition Bureau, and Claude Aiken from the Office of General Counsel, respectively, to discuss matters in the above-referenced proceeding. Due to an internal systems error, this filing is delayed from its original intended filing date of December 11, 2015.

During each conversation, NTCA discussed the need to ensure that any attempts at identifying would-be “unsubsidized competitors” in rural rate-of-return-regulated local exchange carrier (“RLEC”) study areas not only rely upon accurate coverage data, but also take accurate account of the costs associated with serving throughout a wider study area – and that careful thought be given to how costs can and should be identified and allocated to reflect service in distinct areas. *See, e.g., Ex Parte* Letters from Michael R. Romano, Senior Vice President, NTCA, to Marlene H. Dortch, Secretary, Federal Communications Commission (the “Commission”), WC Docket No. 10-90 (filed Oct. 29, 2015, Oct. 26, 2015, and July 16, 2015); Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed Aug. 8, 2014), at 34-60; *see also Ex Parte* Letter from Larry Thompson, Chief Executive Officer, Vantage Point Solutions, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed July 13, 2015) (examining and identifying disparities between model-estimated costs and actual engineering costs when viewed at a granular wire center level). NTCA also continues to assert, as it has from the start of any discussions about a possible “bifurcated approach” to reform, that the very value proposition of such an approach is undermined, if not eviscerated, to the extent that any new cost recovery rules, including but not limited to competitive overlap rules, are adopted and are applied in ways that substantially and retroactively change recovery of sunk investments and associated costs.

NTCA further addressed and suggested possible options for universal service fund reform in light of the data made available thus far related to a “bifurcated approach” to reform and the complexities presented by such a reform option. *See Ex Parte* Letters from Michael R. Romano, Senior Vice President-Policy, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90, *et al.* (filed Oct. 26, 2015; Nov. 6, 2015; Nov. 9, 2015; and Nov. 24, 2015); *see also Ex Parte* Letters from Regina McNeil, General Counsel, NECA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed Nov. 6, Nov. 17, and Nov. 19, 2015) (“FCC Bifurcated Price-out Letters”) (identifying potential impacts of certain reforms and “budget controls” on carrier support and consumer rates); *Ex Parte* Letter from B. Lynn Follansbee, Vice President, Law & Policy, USTelecom, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed Dec. 7, 2015) (noting the “complications of tracking cost recovery” if assets are allocated a certain way under a “bifurcated approach” and explaining that resolution of such issues is essential to enable “any individual company to understand and ‘price out’ the impacts of the bifurcated approach on its specific operations and future investments”).

Finally, we discussed possible means of ensuring more sufficient support could be made available to address concerns about reasonable comparability in the delivery of voice and broadband services to consumers by RLECs under a “bifurcated approach” to reform and to minimize potential adverse impacts of such a reform on certain types of RLECs (including, but not limited to average schedule firms and other relatively lower-cost operators) as shown thus far in the FCC Bifurcated Price-out Letters. As one example, NTCA noted that any “budget savings” generated by transitions for those RLECs electing to receive lesser amounts in model-based support could and should be used to help with other transitions and lessen the potential adverse impacts of reforms on RLECs and their consumers continuing to receive cost-based support under a “bifurcated approach.”

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS.

Sincerely,

/s/ Michael R. Romano
Michael R. Romano
Senior Vice President – Policy

cc: Stephanie Weiner
Rebekah Goodheart
Nicholas Degani
Travis Litman
Amy Bender
Carol Matthey
Claude Aiken