



November 10, 2016

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, November 9, 2016, the undersigned, on behalf of NTCA–The Rural Broadband Association (“NTCA”), held separate telephone conversations with Stephanie Weiner, legal advisor to Chairman Tom Wheeler, and Nicholas Degani, legal advisor to Commissioner Ajit Pai, respectively.

In these conversations, NTCA discussed resolution of universal service fund (“USF”) budget concerns in connection with reforms adopted by the Federal Communications Commission (the “Commission”) earlier this year. *See Ex Parte* Letter from Michael R. Romano, Senior Vice President, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed July 28, 2016); Petition for Reconsideration and/or Clarification of NTCA, WC Docket No. 10-90, *et al.* (filed May 25, 2016) (“NTCA Petition”), at 12-14. NTCA believes the reforms offer substantial promise if implemented properly, but recent Commission releases reporting specifically on model oversubscription and the application of a significantly increased “budget control” for nonmodel support reinforce concerns that the reformed programs are underfunded. NTCA’s preliminary calculation is that, between the model and nonmodel programs, the deficit in USF support amounts to approximately \$260 million per year, and NTCA therefore urged the Commission to provide sufficient funding to overcome this shortfall for *both* the model option *and* the nonmodel mechanisms as part of final implementation steps.

NTCA observes that failure to address such budget concerns comprehensively could both undermine the success of model election efforts and have a significant adverse impact on the consumer rates for standalone broadband that were a substantial driver of reform. *See* NTCA Petition, at 2-9; *see also Ex Parte* Letter from Michael R. Romano, Senior Vice President, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed May 12, 2016) (identifying several options for addressing budget implications of model elections). NTCA also continues to emphasize that, in finalizing the implementation of model-based support, the Commission should: (1) ensure appropriate recalibration of buildout obligations in light of any USF support shortfalls; and (2) avoid any adverse impact of any kind now or in the future upon the hundreds of companies that did not elect model-based support but yet already face significant USF support reductions in 2017 due to the “budget controls” that will hinder their ability to keep investing, to repay loans for investments already made, and to offer affordable, quality broadband services to consumers.

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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 –

Industry Affairs & Business Development

cc: Stephanie Weiner
Nicholas Degani