



November 19, 2013

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; 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 NTCA 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 Monday, November 18, 2013, the undersigned, on behalf of NTCA–The Rural Broadband Association (“NTCA”) met with Daniel Alvarez, legal advisor to Chairman Thomas Wheeler, regarding matters in the above-referenced proceedings.

First, we discussed the need for refinement of universal service support in areas served by rate-of-return-regulated rural local exchange carriers (“RLECs”) to facilitate consumer choice and stimulate adoption of broadband. I noted that stakeholders had submitted detailed rules explaining how such updates could transition legacy support mechanisms to a Connect America Fund for RLECs. *See* Comments of NTCA, *et al.*, WC Docket No. 10-90 (filed June 17, 2013), at 1-10 and Attachment 1. Such changes are important for consumers in RLEC-served areas to participate meaningfully in an IP-enabled world while having a panoply of service options from which to choose on a supported network. NTCA also urged the Federal Communications Commission (the “Commission”) to consider more closely the need for sufficient support, including at a minimum the application of an inflationary factor to any budget for high-cost support similar to that applied to the budget for the Schools and Libraries program.

Next, we discussed the need for changes to the quantile regression analysis (“QRA”)-based caps to restore transparency, accuracy, and predictability to universal service distribution consistent with statutory mandates. I described a recent proposal to establish a Capital Budget Mechanism as an alternative to the current application of QRA caps. *See Ex Parte* Letter of Michael R. Romano, Senior Vice President-Policy, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90, *et al.* (filed Sept. 12, 2013), at 8. I explained that this Capital Budget Mechanism should satisfy the objective of fiscal responsibility within support mechanisms (including a new standalone broadband support program) while dispelling the substantial confusion caused by application of the QRA to past investments and allowing for clearer definition of what limits, if any, might apply to recovery of universal service support for future investments.

Marlene H. Dortch
November 19, 2013
Page 2 of 2

I also noted that pervasive uncertainty caused by certain proposals within the 2011 Further Notice of Proposed Rulemaking (“FNPRM”) included with the Transformation Order, together with the lingering impact of the QRA mechanism, continues to have a severe negative effect on access to capital and network deployment activity. Indeed, the few lenders for significant RLEC network construction projects have reported historic lows in new loan activity since 2011 – meaning that less broadband is now being deployed in the 40% of the United States landmass served by NTCA members and other RLECs. Particularly since there appears to be little, if any, detailed public data on the effects of the 2011 reforms in terms of broadband deployment, broadband adoption, consumer rates for voice and broadband, and other key metrics that would indicate the success or shortcomings of those changes, NTCA noted that it would be far more prudent to “let the dust settle” and gather data on the impacts of the reforms already enacted rather than continuing to pursue the further cuts, caps, and constraints suggested in the FNPRM.

Finally, consistent with prior *ex parte* communications, NTCA urged reconsideration of the elimination of Safety Net Additive support for companies that qualified based upon investments during 2010 and 2011. *See, e.g., Ex Parte* Letter of Michael R. Romano, Senior Vice President-Policy, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90, *et al.* (filed July 26, 2013), at 2.

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: Daniel Alvarez