



April 2, 2019

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 Monday, April 1, 2019, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”) met with Arielle Roth, legal advisor to Commissioner Michael O’Rielly, to discuss the draft report and order released by the Federal Communications Commission (the “Commission”) regarding the rate floor policy. On Tuesday, April 2, 2019, the undersigned met with Evan Swarztrauber, policy advisor to Commissioner Brendan Carr, to discuss the same item.

NTCA expressed its support for elimination of the rate floor policy, consistent with both its prior advocacy and the proposed course of action in the draft report and order. *See, e.g.*, Comments of NTCA, WC Docket No. 10-90 (filed July 10, 2017). Above all else, NTCA observed that if the rate floor were to increase dramatically in coming months due to a stalled debate over how otherwise to proceed, this would cause significant harm to rural consumers in the form of: (1) voice telephony rates that could increase by nearly 50% per month; and/or (2) suppressed network investment (due to rate floor-driven reductions in universal service support) that would hinder delivery of advanced voice and broadband services – all without benefit to the universal service fund. The public interest therefore necessitates prompt action, and the draft report and order provides the best vehicle for such action.

NTCA further explained that the Commission should not only act in the context of the draft report and order, but that the Commission should ensure as well that timing concerns will not result in the impacts of the rate floor slamming rural consumers and operators notwithstanding any potential action on April 12. Specifically, NTCA noted that the Universal Service Administrative Company (“USAC”) will announce the next iteration of the budget control mechanism on universal service support as of May 1. If the Commission were to reach a decision with respect to the rate floor on April 12, the possibility exists that publication of a summary of that decision may not be published in the Federal Register before May 1 – meaning that USAC would be obligated to calculate and announce the budget control for the period of July 2019 through June 2020 premised upon the rate floor rising by \$8.98 per month as of July 1. In other words, notwithstanding potential Commission action to avoid the impacts of the rate floor on rural consumers and operators on April 12, timing considerations could result in the rate floor nonetheless being “locked in” and adversely affecting those consumers and the carriers that serve them for many months thereafter.

Marlene H. Dortch

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NTCA highlighted that similar timing concerns arose recently in the context of the “separations freeze.” In that proceeding, the Commission extended the separations freeze, but recognized that its extension order might not be published in the Federal Register and thus effective by the time the prior freeze was set to expire. Thus, the Commission, on its own motion, waived the separations rules to the extent they would require carriers to update their category relationships and cost allocation factors for only a brief period prior to the extension order becoming effective. *See Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-296, Report and Order and Waiver (rel. Dec. 17, 2018), at ¶¶ 51-52. NTCA recommends that a similar course of action be considered here to the extent that the Commission were to take favorable action at its April 12 meeting, so that the impacts of the rate floor would not adversely affect rural consumers and operators for many months thereafter despite efforts by the Commission on April 12 to ensure the rate floor would not cause any such further harm.

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: Arielle Roth
Evan Swarztrauber