



February 24, 2020

VIA ECFS

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; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; 8YY Access Charge Reform, WC Docket No. 18-156***

Dear Ms. Dortch:

This letter is submitted by NTCA–The Rural Broadband Association (“NTCA”) to address questions raised in a meeting held with Nirali Patel, wireline legal advisor to Chairman Ajit Pai, and Lisa Hone, deputy chief of the Wireline Competition Bureau, on February 12, 2020 to discuss matters in the above-referenced proceedings. In that meeting, NTCA highlighted issues that would be faced by smaller incumbent rural local exchange carriers (“RLECs”) arising out of any potential transition of access charges for 8YY traffic to bill-and-keep, including revenue reductions and transport cost impacts. *Ex Parte* Letter from Michael R. Romano, Sr. Vice President, NTCA, to Marlene H. Dortch, Secretary, Federal Communications Commission (the “Commission”), WC Docket No. 10-90, *et al.* (filed Feb. 13, 2020).

During the February 12 meeting, NTCA emphasized that its concerns with respect to regulatorily mandated revenue reductions were both immediate and precedential. To provide data now to explain further such concerns, NTCA submits estimated intercarrier compensation revenues for the RLEC community, including but not limited to those operators within the association’s membership. Specifically, based upon projections of annual access revenues utilized in development of the National Exchange Carrier Association (“NECA”) 2019 Annual Access Tariff Filing, a review of billing factors applied by over 150 companies in the fourth quarter of 2019, and an attempt to approximate the amount of revenues realized by those RLECs that do not participate in the NECA pool, NTCA estimates that for the period of July 2019 through June 2020:

- RLECs’ total originating 8YY access revenues will be approximately \$30.3 million;
- Of this twelve-month total for originating 8YY traffic, approximately \$23.8 million will be interstate, while the remaining \$6.5 million will be intrastate; and
- Originating 8YY revenues will represent approximately 18% of total access revenues.

NTCA reiterates that, when the Commission has previously eliminated the ability to collect such compensation, it has provided reasonable rate transitions along with explicit alternative cost recovery mechanisms for incumbents that depend upon such revenues in delivering universal service. *See, e.g., Connect America Fund*, WC Docket No. 10-90, *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17965 (2011). As matter of law and universal service policy, there is no basis for the Commission to depart from this precedent. Indeed, doing so would put at risk not only originating intrastate 8YY revenues as described above (given the existence already of a recovery mechanism for originating interstate 8YY revenues), but it could signal substantial risk for the nearly 82% of access revenues that are not 8YY-related – especially an estimated \$50 million in annual non-8YY originating intrastate revenues for which no recovery mechanism exists today. Finally, NTCA highlights once again that the negative implications for universal service arising out of such reforms would only be exacerbated to the extent that “network edges” are permitted to change as well (other than by mutual agreement of interconnecting parties), foisting substantial new transport and interconnection costs upon RLECs that compound the financial impacts of the revenue losses described herein.

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  
NTCA–The Rural Broadband Association

cc: Nirali Patel  
Lisa Hone