April 14, 2014

***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 Thursday, April 10, 2014, the undersigned and Joshua Seidemann, on behalf of NTCA–The Rural Broadband Association ("NTCA"), met with Carol Mattey and Suzanne Yelen (via telephone) of the Wireline Competition Bureau to discuss matters in the above-referenced proceedings.

NTCA encouraged the Federal Communications Commission (the "Commission") to implement as soon as possible updates to the existing high-cost rules for areas served by rural, rate-of-return-regulated local exchange carriers ("RLECs"). We discussed how any such updates must achieve an essential balance by at once preserving and also advancing universal service. In particular, any changes must ensure that predictable and sufficient support – tailored for the challenges faced by smaller carriers serving exclusively rural areas – is available both for recovery of prior investments consistent with rules in place at the time those investments were made, and also for the additional future investments that are critical to ensuring access by rural consumers to reasonably comparable services at reasonably comparable rates going forward. NTCA expressed its eagerness to engage in a more in-depth conversation with the Commission and its staff regarding how the proposal that NTCA and other rural telecom stakeholders have submitted to update legacy universal service rules in response to consumer demands for broadband could help achieve the essential balance described above and work in concert with the Commission's reform objectives. *See, e.g.*, *Ex Parte* Letter from Michael R. Romano, Sr. Vice President-Policy, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90, *et al.*, (filed March 31, 2014).

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NTCA further urged the Commission to proceed with substantial caution with respect to consideration of any policies that might be based upon or affected by the purported presence of an "unsubsidized competitor." NTCA notes that the Commission and industry continue to grapple with many questions as to the accuracy and implementation of such policies even in price cap-regulated areas. Moreover, with respect to potential adoption and application of any such policies in RLEC areas, numerous further questions raised over the past several years remain outstanding, including: (1) the need for better definition of such a proposal (including a more surgical and thoughtful analysis of what constitutes an "unsubsidized competitor"); and (2) the ultimate effect of such a policy on consumers and carrier of last resort obligations across vast rural areas. *See, e.g.*, Opposition of NTCA to Petition for Partial Reconsideration, WC Docket No. 10-90 (filed Aug. 7, 2013).

NTCA also raised questions with respect to potential further changes to universal support for competitive eligible telecommunications carriers (both wireline and wireless), specifically where those entities may be the only carriers in a given area that actually offer both voice and broadband services at rates and performance levels that the Commission has deemed to constitute universal service. NTCA encouraged examination of the impact of any possible rule changes on those smaller rural carriers that have leveraged universal service support to "edge out" from RLEC incumbent study areas into other areas as competitors and as a result now serve, in effect, as the "incumbent" by offering a full suite of quality and affordable voice and broadband services to such locations.

Furthermore, NTCA urged the Commission to ensure that, regardless of the type of consumer to be served, any request for service from a consumer would be deemed reasonable for purposes of giving rise to any performance obligation on the part of a carrier to the extent that the carrier determines that predictable and sufficient cost recovery can be obtained with respect to that location. In making an assessment of the prospect of such cost recovery, a carrier should be permitted to include both what support may be currently available under current universal service and intercarrier compensation ("ICC") rules, as well as taking into account the potential effect of reforms still pending that could in the future reduce universal service support or ICC revenues.

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: Carol Mattey
Suzanne Yelen