



October 21, 2016

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: *Federal-State Joint Board on Universal Service: Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42; Telecommunications Carriers Eligible for Universal Service Support, WC Docket No. 09-197; Connect America Fund, WC Docket No. 10-90*

Dear Ms. Dortch:

On Wednesday, October 19, 2016, and Friday, October 21, 2016, the undersigned on behalf of NTCA—The Rural Broadband Association (“NTCA”), held separate telephone conversations with Carol Matthey, Deputy Chief of the Wireline Competition Bureau, and Trent Harkrader, Associate Bureau Chief, respectively, to discuss matters in the above-referenced proceedings.

In these conversations, NTCA observed that, while recent changes to the low-income universal service fund program appear to contemplate the offering of standalone broadband services to consumers at a discounted rate, a lack of sufficient high-cost support for standalone broadband in rural areas may unfortunately frustrate, if not preclude, the effectiveness of any such reform. Specifically, as NTCA highlighted in a Petition for Reconsideration and/or Clarification filed earlier this year in the high-cost proceeding, the available evidence points to rural retail standalone broadband rates that, based upon the current structure of high-cost support, will still likely be well in excess of what urban consumers pay for comparable services. *See* Petition for Reconsideration and/or Clarification of NTCA, WC Docket No. 10-90, *et al.* (filed May 25, 2016), at 2-9.

Indeed, as shown in NTCA’s petition, the evidence in the high-cost proceeding is that, even in the wake of high-cost program reforms, consumers in the relatively *lowest-cost* areas served by rural local exchange carriers will likely face retail standalone broadband rates of almost \$90 per month on average -- \$15 per month higher than the current “reasonable comparability” benchmark and \$30 per month higher than the average urban consumer rate for comparable broadband service. NTCA noted that applying a Lifeline discount to “baseline rates” that are so much higher to start than those available in urban areas will likely do little, if anything, to encourage and sustain adoption by rural low-income consumers. NTCA therefore suggested that additional steps should be considered, consistent with its petition, to serve the goals *both* of high-cost program reform *and* low-income program reform.

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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: Carol Matthey
Trent Harkrader