



November 9, 2015

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 Thursday, November 5, 2015, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”), held separate telephone conversations with Stephanie Weiner, legal advisor to Chairman Tom Wheeler, and Carol Matthey, Deputy Chief of the Wireline Competition Bureau, to discuss matters in the above-referenced proceeding.

In the conversations, NTCA reiterated its commitment to continuing dialogue with the Federal Communications Commission (the “Commission”) and other stakeholders to discuss, develop, test, review, and refine various potential universal service fund (“USF”) reform paths, including but not limited to the “bifurcated approach” currently being considered and possible model-based voluntary options. NTCA expressed specific concern, however, about the need for a reasonable process to further consider certain aspects of contemplated reforms by year-end given the current state of the record, the complexity (and, in some cases, continuing ambiguity) with respect to the current proposals, and the need for further understanding, development, review, and analysis of those proposals by all involved. NTCA notes a rush to implement the bifurcated approach in particular would be problematic given that aggregated results to estimate the effects of this approach as preferred by certain offices in the Commission were only filed on November 6, 2015. Reasonable time is needed for the Commission, NTCA, and other stakeholders to process this information and to confirm whether the “price-outs” even accurately capture what stakeholders believe to be – but are not certain are – the specifics of the current proposals. Moreover, it is essential that individual companies possibly affected by such reforms be allowed time to review the aggregate “price-outs” and to determine whether and to what degree they have the capability to ascertain the effects of those potential reforms on their respective operations. Then, once those reviews are complete, further discussions must still be had among stakeholders and the Commission about what the results show and what concerns, if any, remain to be addressed based upon them. Given again the complexity of the proposals at issue and the currently fluctuating and unclear state of the record on them, these are processes that necessarily require more time than permitted before a year-end Commission vote.

NTCA therefore suggests by this letter that there are effectively two reasonable process options that could be pursued from this point forward to enable completion of work on reform:

1. All parties could continue productive discussions for a brief period to discuss, develop, test, review, and refine various potential USF reform paths, including but not limited to the “bifurcated approach” and model-based voluntary options. Important questions to examine and discuss include, but are not limited to, the duration of the transition contemplated by bifurcation, the implications of bifurcation on recovery of prior investment and incentives for new investment, the precise extent of model buildout obligations, and competitive overlap issues. There would of course be no guarantee of agreement or consensus at the end of this brief period, but the hope would be that this good faith, ongoing collaborative process would enable further testing and definition of the concepts, a more complete development of the record, a better understanding of the proposals by all involved, and resolution of, or at least some narrowing of, the issues presented; **or**
2. The Commission could move to address the issue for which Congress specifically sought resolution by year-end – a straightforward “fix” to the standalone broadband problem. This being said, this is not the only aspect of reform that the Commission could reasonably enact by year-end. The record is also already well-developed with respect to existing proposals for: (a) the establishment of proposed limits on operating expenses; (b) prospective limits on capital investments, and (c) the potential for controls to ensure USF distributions remain within defined budget parameters. Finally, the Commission could approve at the same time too the parameters of a voluntary model election, identifying when offers pursuant to that option would be made available (subject to final review and adjustment to produce accurate offers of support) and the associated terms of that option (*e.g.*, build-out obligations, reserve allocations, term of support). If the Commission desires to take action by year-end, these are the specific issues – a fix for standalone broadband, new expense limits and budget controls, and initial approval of a voluntary model option – upon which transformative action can reasonably be taken within that period based upon the current record. To the extent that the Commission desires to continue to explore a bifurcated approach and certain other aspects of reform (such as extending the current “competitive overlap” rule) as well, those are items that could be considered through a Public Notice or Further Notice of Proposed Rulemaking to enable further testing of the concepts, a more complete development of the record on them, better understanding of the proposals by all involved, and resolution of, or at least some narrowing of, the issues presented.

In either process case, NTCA remains fully committed to working with the Commission and other stakeholders both to develop more clarity around and a more meaningful record on the various proposals and also to analyze, test, discuss, and refine those proposals. NTCA stands ready to continue to meet with the Commission and Wireline Competition Bureau staff as often as necessary to discuss these concepts and narrow the open issues. A fair and reasonable process of this kind, with clearly defined and commonly understood proposals, is essential to ensure that any reforms ultimately enacted will achieve the Commission’s articulated objectives for reform and the statutory mandates for universal service both now and into the future.

Marlene H. Dortch

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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 – Policy

cc: Stephanie Weiner
Carol Matthey