



March 19, 2015

***Ex Parte Notice***

The Honorable Tom Wheeler, Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**RE: *Connect America Fund, WC Docket No. 10-90***

Dear Chairman Wheeler:

This correspondence is sent on behalf of NTCA–The Rural Broadband Association (“NTCA”) to clarify the state of the record with respect to a proposal for a targeted update to existing universal service fund (“USF”) mechanisms that support investment and operations in areas served by rural rate-of-return-regulated local exchange carriers (“RLECs”).

At several points during yesterday’s Senate Commerce Committee hearing and today’s House Energy & Commerce Committee hearing, comments were made to the effect that there is a perceived lack of consensus among RLEC stakeholders with respect to a path forward for reform. A careful review of the record of this proceeding, however, reveals a *distinct and unmistakable level of consensus* with respect to the adoption and implementation of targeted updates to existing USF mechanisms that provide support to RLECs. NTCA therefore writes here to dispel once and for all any notion that there is any lack of consensus or the absence of a common approach among RLECs regarding a path forward on USF reform.

By way of background, there are hundreds of RLECs operating in over 1,100 study areas across the United States. NTCA counts nearly 900 of these operating companies among its membership. In close collaboration and unified partnership with WTA-Advocates for Rural Broadband (which represents more than 250 RLECs), the Eastern Rural Telecom Association (which represents over 30 RLECs), and the National Exchange Carrier Association (which counts nearly every RLEC study area among its common line pool membership), NTCA and these allies, at the direction of their members, have worked hard to develop, file, and discuss repeatedly with Commissioners and staff alike a carefully constructed, targeted proposal aimed at solving a fundamental policy problem that continues to undermine choices for millions of rural consumers – the fact that existing USF mechanisms in RLEC areas deny support for underlying network investment and operations where a consumer desires to purchase only broadband and to cease buying “plain old telephone service” as well.

The industry's collective and concerted support for this targeted proposal can be seen in numerous *ex parte* filings and other pleadings submitted by NTCA and its rural association partners over the past three years in the above-referenced proceeding and other dockets.<sup>1</sup> Thus, the record is robust and well-developed with respect to the specific proposal and common approach that NTCA, WTA, ERTA, and NECA – who, again, between them represent nearly every RLEC in the country – have put forward.

More relevant to the commentary at the recent hearings, however, is the fact that **the record before the Commission reveals striking consensus among RLECs with respect to the specific targeted update proposal that has been put forward by NTCA, WTA, ERTA, and NECA.** For example, the Commission most recently sought comment on the specific proposal put forward by the rural associations in June 2014.<sup>2</sup> In response to that notice, parties including USTelecom (which itself includes a number of RLECs within its membership and has joined many *ex parte* meetings in support of the proposed targeted update) and many state RLEC associations and consulting firms that work with RLECs expressed strong support for or even directly signed onto comments submitted by NTCA, WTA, ERTA, and NECA.<sup>3</sup> Other RLEC stakeholders, from single companies to consulting firms that represent hundreds of carriers, have likewise submitted different pleadings in this docket and others to indicate support for a targeted update to existing USF mechanisms consistent with the proposal put forward by the rural associations.<sup>4</sup>

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<sup>1</sup> See, e.g., Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed Jan. 18, 2012), at 22-24; Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed June 17, 2013), at 3-10; Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed Aug. 8, 2014), at 6-28; *Ex Parte* Letters from Michael R. Romano, Sr. Vice President-Policy, NTCA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90, *et al.* (filed March 12, 2012; March 23, 2012; Sept. 12, 2012; Feb. 22, 2013; March 7, 2013; March 20, 2013; March 28, 2013; April 24, 2013; May 15, 2013; Nov. 19, 2013; Dec. 16, 2013; Oct. 31, 2014); Petition of NTCA for a Rulemaking to Promote and Sustain the Ongoing TDM-to-IP Evolution, GN Docket No. 12-353 (filed Nov. 19, 2012), at 15.

<sup>2</sup> See *Connect America Fund*, WC Docket No. 10-90, *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208, *ETC Annual Reports and Certifications*, WC Docket No. 14-58, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 (rel. June 10, 2014).

<sup>3</sup> See, e.g., Comments of USTelecom, WC Docket No. 10-90 (filed Aug. 8, 2014), at 32-46; Comments of TCA, Inc., WC Docket No. 10-90 (filed Aug. 8, 2014), at 32-46; Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed Aug. 8, 2014), at 6-28; Reply Comments of the Missouri Small Telephone Company Group, WC Docket No. 10-90, *et al.* (filed Sept. 8, 2014), at 1-2.

<sup>4</sup> See, e.g., *Ex Parte* Letter from Jason B. Williams, Vice President – General Counsel, Blackfoot Telephone Cooperative, Inc., to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90, *et al.* (filed Oct. 30, 2014), at 6; Reply Comments of Albion Telephone Company, *et al.*, WC Docket No. 10-90 (filed Mar. 31, 2014), at 5; Reply Comments of GVNW Consulting, Inc., WC Docket No. 10-90 (filed July 12, 2013), at 5-7; Reply Comments of John Staurulakis, Inc., WC Docket No. 10-90 (filed July 16, 2013), at 1-7.

Despite this overwhelming support among RLEC stakeholders for the targeted update proposed by the rural associations, what might have led some to perceive a lack of consensus among RLECs is a desire on the part of a handful of discrete groups of RLECs to explore *options* for support beyond either traditional RLEC support mechanisms or an updated mechanism along the lines of that proposed by NTCA and its rural stakeholder allies.<sup>5</sup> To be clear, NTCA and its rural association partners have been supportive of the consideration of such options for those RLECs that want to avail themselves of other paths for USF support.<sup>6</sup> But, to be even more clear, the interest of a few certain RLECs in exploring such *options* should not be confused for and cannot be mistaken as a lack of consensus or commonality among RLEC stakeholders in support of the targeted “baseline” update to existing USF mechanisms that has been proposed by the rural associations. To the contrary, as the record described above shows, there is clear and strong consensus among RLEC stakeholders in favor of the proposal that the rural associations have put forward as a “baseline” for USF reform.<sup>7</sup>

It may be the case that consensus is still lacking between and among those few discrete groups who have thus far expressed the most interest in an optional, model-based support path specifically regarding the structure of such options. But good and necessary debate among a few stakeholders about *options* and model adjustments must not be used as an excuse to defer action on the more well-developed consensus “baseline” proposal put forward by the rural associations as a solution on behalf of over 1,000 other RLECs and the millions of consumers they serve. It is certainly important to resolve what an effective and efficient optional support path may look like and the rural associations have participated in that debate as well, but such work on complex options and proprietary models should not delay or deny much-needed, straightforward, targeted updates to the existing mechanisms as a separate matter. If anything, completing work on and implementing the “baseline” support proposal that is already well-developed and supported on a consensus basis throughout the RLEC industry should *help* in then identifying the most effective optional paths that might depart from that baseline.

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<sup>5</sup> See *Ex Parte* Letter from Stephen G. Kraskin, Rural Broadband Alliance and Counsel for Home Telecom, WC Docket No. 10-90, *et al.* to Marlene H. Dortch, Secretary, Commission (filed Oct. 2, 2014); *Ex Parte* Letter from Thomas J. Moorman, Counsel to the Nebraska Companies, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed Jan. 30, 2015); *Ex Parte* Letter from Genevieve Morelli, President, ITTA, to Marlene H. Dortch, Secretary, Commission, WC Docket No. 10-90 (filed March 4, 2015).

<sup>6</sup> See, e.g., Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed June 17, 2013), at 11-28; Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed Aug. 8, 2014), at 65-68.

<sup>7</sup> Indeed, some of the groups that are most interested in exploring optional paths for support include individuals who also serve as board and policy committee members of the rural associations, further evidencing the general alignment of the RLEC industry behind the proposal for reform put forward by the associations. In fact, it is NTCA’s understanding that such parties have been quite explicit with Commission staff that they view and intend their optional paths as just that – voluntary alternative options to the “baseline” proposal put forward by the rural associations.

Marlene H. Dortch

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*In summary, there is already a clearly visible “North Star” for USF distribution reform among RLECs – the consensus proposal and common approach put forward by the rural associations on behalf of and supported by their members.* Even as a few RLECs may rightfully and appropriately consider whether to chart their individual courses instead by other stars, the Commission cannot ignore and should not understate or mistake the consensus among RLEC stakeholders that exists on the plain face of the record. After three years, several calls for comment, and dozens of filings in support of the rural associations’ plan, the record is well-developed and it is now time for action to ensure that consumers in RLEC areas can avail themselves of the same fundamental choices for quality, affordable voice *and* broadband services available to consumers in urban areas by adopting the rural associations’ consensus proposal.

NTCA remains firmly committed to working with the Commission and staff toward a targeted update to existing USF mechanisms – and on other policy initiatives – that will fulfill and sustain our nation’s shared communications vision for the millions of consumers in areas served by the small carriers that have time and again shown the most commitment to rural America. We appreciate the recent comments of all five commissioners committing to complete work on this objective this year, and we look forward to continuing cooperation among all to realize this goal.

Sincerely,



Shirley Bloomfield  
Chief Executive Officer

cc: Senator John Thune  
Senator Bill Nelson  
Congressman Fred Upton  
Congressman Frank Pallone  
Congressman Greg Walden  
Congresswoman Anna Eshoo  
Commissioner Mignon Clyburn  
Commissioner Ajit Pai  
Commissioner Jessica Rosenworcel  
Commissioner Michael O’Rielly  
Ruth Milkman  
Jonathan Sallet  
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Nicholas Degani  
Travis Litman  
Amy Bender  
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