



December 4, 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; Universal Service Reform – Mobility Fund, WT Docket No. 10-208; ETC Annual Reports and Certification, 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*

Dear Ms. Dortch:

On Tuesday, December 2, 2014, the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”) spoke separately via telephone with Daniel Alvarez, legal advisor to Chairman Tom Wheeler, and Carol Matthey, Deputy Chief of the Wireline Competition Bureau, respectively, regarding matters in the above-referenced proceedings.

NTCA first discussed the Commission’s implementation of the “100% competitive overlap rule” in areas served by rate-of-return-regulated local exchange carriers (“RLECs”). NTCA has previously proposed a robust but administratively efficient challenge process that is based upon the process used for price cap carriers, but which accounts for the differences in RLEC support mechanisms and which would relieve the Commission itself of much of the burden (and confusion) associated with determining the level of competitive overlap. *See* Comments of NTCA, *et al.*, WC Docket No. 10-90, *et al.* (filed Aug. 8, 2014), at 34-41 and 45-55. Specifically, under this proposal, the competitor would file information confirming that it is indeed unsubsidized and otherwise meets the Commission’s price, speed, latency, data usage, and other applicable service characteristics for all locations in those study areas where purported one hundred percent overlap exists. Such a process would appropriately place the burden for developing a record on those parties that possess the most accurate and current information as to the scope and capabilities of *their own network reach and service offerings*. Placing the onus on the supported RLEC, by contrast, would require a small business that has little to no access to such information to disprove claims of competitive presence that were established in the first instance merely based upon a broadband coverage map. Moreover, initiating the process in this manner would ensure that the Commission itself has more efficient and effective access to the

Marlene H. Dortch
December 4, 2014
Page 2 of 2

requisite and relevant information (and not just to self-reported broadband speed coverage by census block) in making final determinations with respect to the extent of any overlap.

The parties also discussed the Commission's proposal in a recent further notice of proposed to adjust the High-Cost Loop Support ("HCLS") mechanism by "freezing" the National Average Cost Per Loop and then applying a percentage ratio reduction to each carrier's anticipated support to fit total support within the capped HCLS mechanism. NTCA noted that such percentage reductions could result in substantial losses of HCLS support for relatively higher-cost companies in terms of recovering prior investments, particularly as those percentage reductions in support compound over time. Thus, NTCA urged adoption of its proposed alternative HCLS modification, or at a minimum, asked the Commission to commit to monitoring actively the effects of any changes that are implemented over time on broadband deployment and recovery of investment and operating costs in RLEC-served areas.

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: Daniel Alvarez
Carol Matthey