



October 20, 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 Inter-carrier Compensation Regime, CC Docket No. 01-92*

Dear Ms. Dortch:

This letter is sent as a follow-up to information provided in a meeting conducted on Wednesday, October 8, 2014, between the undersigned, on behalf of NTCA–The Rural Broadband Association (“NTCA”), and Suzanne Yelen, Ted Burmeister, Jim Eisner, Alexander Minard, Joseph Sorresso, and Craig Stroup from the Wireline Competition Bureau.

In the October 8 meeting, we discussed a proposal to modify the way in which High Cost Loop Support (“HCLS”) distributions are calculated. NTCA provides the attached as further information showing sample effects of its proposal on HCLS distributions in comparison to the proposal put forward by the Federal Communications Commission (the “Commission”) earlier this year.

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

Enclosure

cc: Suzanne Yelen
Ted Burmeister
Jim Eisner
Alexander Minard
Joseph Sorresso
Craig Stroup

Alternative NACPL Methodologies
Company Impact Comparisons

Illustrative Examples of NACPL Methodologies

The tables below provide illustrative examples of 2015, 2020, and 2025 Support under the Current Rules, FCC Proposal to Freeze the NACPL and the NACPL Imputed for a 50/50 Split to the Support

Assumptions:

Frozen NACPL is \$603.90

The Frozen NACPL methodology with 2015 loop costs produces a funding requirement before adjustment of \$788.6 M

Rural Growth Factor remains constant year over year at current level of -2.8149%

No Change in Study Area Loop Costs

2015 Projected Support												Support for Distribution		\$734,441,996
	2015 Study Area Loop Cost	2015 Support Current Rules	Support per Line per Month	2015 Support at Frozen NACPL	Difference from Current Rules	Percent Change	Support Change per Line per Month	2015 Support at Imputed NACPL	Difference from Current Rules	Percent Change	Support Change per Line per Month			
Cost		NACPL \$632.93		NACPL \$603.90	Adjustment Factor 93.14%			NACPL \$618.25	Adjustment Factor 96.45%					
Lower	\$730.44	\$16,083	\$0.14	\$209,523	\$193,440	1203%	\$1.67	\$117,388	\$101,305	630%	\$0.88			
	\$735.11	\$24,315	\$0.39	\$127,468	\$103,153	424%	\$1.66	\$78,380	\$54,065	222%	\$0.87			
	\$835.12	\$922,858	\$5.81	\$1,127,050	\$204,192	22%	\$1.29	\$1,030,172	\$107,314	12%	\$0.68			
Medium	\$950.33	\$13,601	\$12.06	\$14,948	\$1,347	10%	\$1.19	\$14,312	\$711	5%	\$0.63			
	\$1,054.27	\$358,018	\$18.55	\$372,460	\$14,442	4%	\$0.75	\$365,730	\$7,712	2%	\$0.40			
	\$1,501.90	\$1,154,673	\$46.53	\$1,125,562	-\$29,111	-3%	-\$1.17	\$1,139,960	-\$14,713	-1%	-\$0.59			
Higher	\$2,527.18	\$931,786	\$110.61	\$884,856	-\$46,930	-5%	-\$5.57	\$907,599	-\$24,187	-3%	-\$2.87			
	\$3,539.45	\$1,122,555	\$173.88	\$1,058,549	-\$64,006	-6%	-\$9.91	\$1,089,506	-\$33,049	-3%	-\$5.12			

2020 Projected Support												Support for Distribution		\$636,604,791
	2015 Study Area Loop Cost	2020 Support Current Rules	Support per Line per Month	2020 Support at Frozen NACPL	Difference from Current Rules	Percent Change	Support Change per Line per Month	2020 Support at Imputed NACPL	Difference from Current Rules	Percent Change	Support Change per Line per Month			
Cost		NACPL \$690.32		NACPL \$603.90	Adjustment Factor 80.72%			NACPL \$645.16	Adjustment Factor 89.34%					
Lower	\$730.44	\$0	\$0.00	\$181,602	\$181,602	∞	\$1.57	\$0	\$0	0%	\$0.00			
	\$735.11	\$0	\$0.00	\$110,482	\$110,482	∞	\$1.78	\$0	\$0	0%	\$0.00			
	\$835.12	\$354,961	\$2.23	\$976,859	\$621,898	175%	\$3.91	\$716,327	\$361,366	102%	\$2.27			
Medium	\$950.33	\$9,560	\$8.48	\$12,956	\$3,396	36%	\$3.01	\$11,375	\$1,815	19%	\$1.61			
	\$1,054.27	\$275,194	\$14.26	\$322,826	\$47,632	17%	\$2.47	\$304,069	\$28,875	10%	\$1.50			
	\$1,501.90	\$1,048,192	\$42.24	\$975,623	-\$72,569	-7%	-\$2.92	\$1,011,289	-\$36,903	-4%	-\$1.49			
Higher	\$2,527.18	\$895,628	\$106.32	\$766,939	-\$128,689	-14%	-\$15.28	\$825,533	-\$70,095	-8%	-\$8.32			
	\$3,539.45	\$1,094,844	\$169.59	\$917,486	-\$177,358	-16%	-\$27.47	\$997,566	-\$97,278	-9%	-\$15.07			

2025 Projected Support												Support for Distribution		\$551,804,676
	2015 Study Area Loop Cost	2025 Support Current Rules	Support per Line per Month	2025 Support at Frozen NACPL	Difference from Current Rules	Percent Change	Support Change per Line per Month	2025 Support at Imputed NACPL	Difference from Current Rules	Percent Change	Support Change per Line per Month			
Cost		NACPL \$746.33		NACPL \$603.90	Adjustment Factor 69.97%			NACPL \$669.94	Adjustment Factor 82.33%					
Lower	\$730.44	\$0	\$0.00	\$157,412	\$157,412	∞	\$1.36	\$0	\$0	\$0.00	\$0.00			
	\$735.11	\$0	\$0.00	\$95,765	\$95,765	∞	\$1.54	\$0	\$0	\$0.00	\$0.00			
	\$835.12	\$0	\$0.00	\$846,735	\$846,735	∞	\$5.33	\$458,291	\$458,291	∞	\$2.88			
Medium	\$950.33	\$5,624	\$4.99	\$11,231	\$5,607	100%	\$4.97	\$9,050	\$3,426	61%	\$3.04			
	\$1,054.27	\$204,849	\$10.62	\$279,823	\$74,974	37%	\$3.89	\$250,792	\$45,943	22%	\$2.38			
	\$1,501.90	\$944,236	\$38.05	\$845,663	-\$98,573	-10%	-\$3.97	\$894,155	-\$50,081	-5%	-\$2.02			
Higher	\$2,527.18	\$860,339	\$102.13	\$664,778	-\$195,561	-23%	-\$23.21	\$747,972	-\$112,367	-13%	-\$13.34			
	\$3,539.45	\$1,067,799	\$165.40	\$795,271	-\$272,528	-26%	-\$42.21	\$909,523	-\$158,276	-15%	-\$24.52			

Source NECA 2014 USF Submission September 30, 2014