



March 10, 2014

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

Re: *Assessment and Collection of Regulatory Fees for Fiscal Year 2013; Procedures for Assessment and Collection of Regulatory Fees; Assessment and Collection of Regulatory Fees for Fiscal Year 2008, MD Docket Nos. 13-140, 12-201, 08-65: Ex Parte Communication*

Dear Ms. Dortch:

On March 6, 2014, Jerry Weikle of the Eastern Rural Telecom Association (by phone), the undersigned of the Independent Telephone & Telecommunications Alliance (“ITTA”), Joshua Seidemann of NTCA–The Rural Broadband Association, Derrick Owens, Noah Cherry and Gerry Duffy representing WTA – The Rural Broadband Advocates, Jeb Benedict of CenturyLink, Mike Saperstein of Frontier, and Malena Barzilai of Windstream (by phone) (collectively, “the parties”) met with Daniel Alvarez in Chairman Wheeler’s Office to discuss the Commission’s ongoing efforts to comprehensively reform its regulatory fee program so that the fees paid by all licensees more accurately reflect the current cost of regulating them.¹

As explained in prior filings in this docket, the wireline industry has borne a disproportionate share of the funding responsibility for the Commission’s regulatory activities for more than a decade.² Accordingly, the Commission initiated in fiscal year (“FY”) 2013 a process to begin reallocating its regulatory fees to more accurately reflect the regulatory activities of current Commission full time employees (“FTEs”).³

¹ See *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2013; Procedures for Assessment and Collection of Regulatory Fees; Assessment and Collection of Regulatory Fees for Fiscal Year 2008*, MD Docket Nos. 13-140, 12-201, and 08-65, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, FCC 13-74 (rel. May 23, 2013) (“NPRM”).

² See, e.g., Comments of the Independent Telephone & Telecommunications Alliance, MD Docket Nos. 13-140, 12-201, and 08-65 (filed June 19, 2013), at 2 (“ITTA Comments”).

³ See *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2013; Procedures for Assessment and Collection of Regulatory Fees; Assessment and Collection of*

As noted in the *FY 2013 R&O*, wireline voice providers had been paying nearly 47% of the total annual regulatory fee collection, despite the fact that the Wireline Competition Bureau only employs about 29% of the Commission's direct FTEs (based on 2012 FTE data).⁴ The Commission's latest action to readjust its regulatory fees based on more recent FTE data is to be commended. However, as a result of the interim cap the Commission placed on fee increases in FY 2013, the fee burden for wireline voice providers was only reduced to about 40%.⁵ Therefore, the parties urge the Commission to complete the transition to updated regulatory fees based on current FTE data in FY 2014. Further delaying necessary adjustments will perpetuate the outdated and unjustified distribution of regulatory fee responsibility that has existed for many years.

The parties also discussed the Commission's proposal to combine wireless voice services into the interstate telecommunications service provider ("ITSP") category with wireline and VoIP services so that all voice providers are subject to the same regulatory fee methodology.⁶ Despite the Commission's recent efforts to lower the rate paid by ITSPs, there continues to be a glaring disparity between regulatory fees paid by wireline and wireless providers.⁷ Assessing all voice providers on the same basis for regulatory fee purposes would promote the Commission's goal of "minimiz[ing] marketplace distortions arising from regulatory advantage."⁸

In sum, the Commission should complete the transition to updated regulatory fees based on current FTE data in FY 2014 and ensure that regulatory fees are allocated in a more equitable

Regulatory Fees for Fiscal Year 2008, MD Docket Nos. 13-140, 12-201, and 08-65, Report and Order, FCC 13-110 (rel. Aug. 12, 2013) ("*FY 2013 R&O*").

⁴ See *id.* at ¶ 10.

⁵ See *id.* at ¶ 27.

⁶ See *id.* at ¶ 28.

⁷ Indeed, notwithstanding the Commission's actions in recent years to lower the rate paid by ITSPs, wireline carriers and their customers have continued to experience increases in regulatory fee assessments each year. See ITTA Comments at 8 (providing examples of the excessive and ever-increasing regulatory fees paid by ITTA member companies, as follows. CenturyLink: \$0.41/access line in 2011-12; \$0.43 in 2012-13; and \$0.45 in 2013-14. Frontier: \$0.35/access line in 2011-12; \$0.37 in 2012-13; and \$0.41 in 2013-14. Enventis (formerly HickoryTech): \$0.75/access line in 2009-10; \$0.83 in 2010-11; \$0.92 in 2011-12; and \$1.01 in 2012-13).

⁸ *Telephone Number Requirements for IP-Enabled Service Providers; Local Number Portability Porting Interval and Validation Requirements; IP-Enabled Services; Telephone Number Portability; CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues; Final Regulatory Flexibility Analysis; Numbering Resource Optimization*, Report and Order, Declaratory Ruling, Order on Remand, and Notice of Proposed Rulemaking, WC Docket Nos. 07-243, 07-244, 04-36, CC Docket Nos. 96-115, 99-200, FCC 07-188, 22 FCC Rcd 19531, ¶ 1 (2007).

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manner by assessing all voice providers on the same basis. These actions would be consistent with the Commission's statutory mandate to make certain that fees levied on regulated entities are adjusted to account for "factors that are reasonably related to the benefits provided to the payor of the fee."⁹ Adopting these reforms also would further the Commission's goals of achieving "fair, sustainable, and predictable results" and would help reduce the longstanding and increasingly unfair burden such costs impose on wireline carriers and their customers.¹⁰

Pursuant to Section 1.1206(b) of the Commission's rules, I am filing a copy of this letter in the appropriate docket.

Respectfully submitted,



Micah M. Caldwell

Vice President, Regulatory Affairs

cc: Daniel Alvarez

⁹ 47 U.S.C. § 159(b)(1)(A).

¹⁰ *NPRM* at ¶ 14.