



April 26, 2013

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

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

Dear Ms. Dortch:

On April 24, 2013, Genevieve Morelli and Micah Caldwell of the Independent Telephone & Telecommunications Alliance (“ITTA”), Mike Saperstein of Frontier Communications, Jeb Benedict of CenturyLink, Carrie Rice of HickoryTech (by phone), and Malena Barzilai of Windstream Communications met with Dana Shaffer and Thomas Buckley (by phone) of the Office of Managing Director, and Mika Savir of the Enforcement Bureau, regarding the Commission’s efforts to reform its regulatory fee assessment system.¹

In the meeting, we discussed ITTA’s proposal² for the Commission to update its fee assessment methodology to promote its goals of fairness, administrative ease, and sustainability³ and to correct the long-standing disparity in regulatory fee obligations between wireline and wireless voice providers. Wireline carriers have been over-assessed regulatory fees for more than a decade in comparison to the wireless sector, and wireline companies continue to bear the most significant burden in regulatory fees among industry sectors, even though they no longer

¹ *In the Matter of Procedures for Assessment and Collection of Regulatory Fees; Assessment and Collection of Regulatory Fees for Fiscal Year 2008*, Notice of Proposed Rulemaking, MD Docket Nos. 12-201, 08-65 (rel. July 17, 2012) (“*NPRM*”).

² See Letter from Micah Caldwell, ITTA, to Marlene H. Dortch, FCC, MD Docket Nos. 12-201, 08-65 (filed Feb. 11, 2013); Letter from Genevieve Morelli and Micah Caldwell, ITTA, to Marlene H. Dortch, FCC, MD Docket Nos. 12-201, 08-65 (filed Nov. 14, 2012); Reply Comments of the Independent Telephone & Telecommunications Alliance, MD Docket No. 08-65 (filed June 6, 2008); Comments of the Independent Telephone & Telecommunications Alliance, MD Docket No. 08-65 (filed Sept. 25, 2008); Letter from Joshua Seidemann, ITTA, to Marlene H. Dortch, FCC, MD Docket No. 08-65 (filed July 17, 2008).

³ *NPRM* at ¶¶ 14-16.

require the same expenditure of Commission resources as they did when the current fee calculation rules were established in 1998.

We urged the Commission to take the following steps to ensure that regulatory fees are applied in a competitively neutral manner that correlates to industry trends and the Commission's workload. First, the Commission should update its fee assessment analysis to ensure that it accurately reflects the expenditure of Commission resources for each relevant fee category. This data should be updated on a regular basis (annually or biennially) to ensure that the fee process continues to reflect the Commission's actual costs by industry sector as the industry changes and evolves.

Second, the Commission should include providers of wireless voice services in the revenues-based Interstate Telecommunications Service Provider ("ITSP") category for assessment of regulatory fees so that all voice providers are treated in a similar, straightforward manner.⁴ This step would serve as an immediate solution for establishing regulatory parity between wireline and wireless providers until such time as the Commission can determine whether a methodology reflecting the resources it devotes to consideration of broadband issues would be appropriate.

Finally, the Commission should account for cross-over issues when staff works on items affecting multiple industry sectors. For example, the Commission's comprehensive reforms of the Universal Service Fund and intercarrier compensation regimes that have occupied a significant portion of the Wireline Competition Bureau's workload over the past couple of years affect virtually the entire communications industry, yet wireline providers must bear all (or a substantial portion) of the costs associated with these efforts. The Commission could rely on Bureau estimates of the industry impact of cross-industry proceedings to which staff has been assigned to further calibrate regulatory fees after it has taken the first two steps described above.

Adopting ITTA's approach would recognize the significant industry changes and shift in Commission priorities that have occurred since 1998 and promote fairness and simplicity with respect to the Commission's regulatory fee system.⁵ By ensuring that fee collections from each category are more closely aligned to the actual costs to regulate the entities or services that fall within such categories, the Commission can make sure that "the burdens of regulatory fees are borne in an equitable manner that does not distort the marketplace."⁶

⁴ Certain fee categories in the wireless sector, *i.e.*, licenses, would necessarily remain as per unit fees.

⁵ Although there may be concerns that overhauling a system that has been in place for many years might create substantial shifts in regulatory fee burdens, this does not provide a valid basis to continue with an antiquated approach that does not reflect the realities of a rapidly evolving industry and the change in Commission priorities over the past decade-and-a-half. Moreover, the Commission may be able to utilize the excess regulatory fees it has previously collected to help minimize the impact (if any) of such changes.

⁶ *NPRM* at ¶ 14.

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Please do not hesitate to contact me with any questions regarding this submission.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Micah Caldwell".

Micah M. Caldwell
Vice President, Regulatory Affairs

cc: Dana Shaffer
Mika Savir
Thomas Buckley