The voice of mid-size communications companies

January 20, 2015

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

Re: *Ex Parte* Communication: WC Docket No. 10-90

Dear Ms. Dortch:

On January 15, 2015, Bob DeBroux of TDS Telecom, Trey Judy of Hargray Communications, Greg Lunsford of Comporium, Keith Oliver of Home Telecom, Steve Kraskin of the Rural Broadband Alliance, and Micah Caldwell and the undersigned of ITTA met with Carol Mattey, Alexander Minard, Suzanne Yelen, Katie King, Ryan Palmer, Ted Burmeister, and Christopher Cook of the Wireline Competition Bureau to discuss our ideas for a voluntary alternative regulation plan for rate-of-return companies.

The basic principles of the approach as outlined in the meeting include use of a forward-looking model-based universal service support mechanism and recovery of past investment over the remaining useful life of the investment. The approach would align future universal service funding with obligations and associated reporting requirements and would afford participating carriers reasonable certainty of future revenues over a time frame that aligns with investment decisions and funding commitments.

The proposal contains three funding components: embedded support, jump-start funding, and repurposed support. The embedded support component would permit carriers opting into the plan to recover their embedded investment over the remaining life of that investment by taking industry averages of forty (40) percent capital-related and sixty (60) percent expense-related High Cost support and reducing the capital portion to zero over ten (10) years. The jump-start funding, which would be available to carriers opting into the plan in the first year it is operational, would be distributed based on model costs for eligible areas where there is no unsubsidized competition and the participating carrier has not reported broadband availability at the 10 Mbps/1 Mbps level. Jump-start funds would come from the broadband reserve account. Repurposed support funds would become available from the reduction in embedded capital-related support. These funds would be distributed to participating carriers based on their model results for eligible locations.

Carriers would be permitted to make an annual election regarding their participation in the plan. However, any carrier opting into the plan after the first year would not receive jump-start funding and would have a cap on their embedded cost support equal to the lesser of their 2014 support or their support for the calendar year prior to election.

The plan would have a ten (10) year term. Carriers opting into the plan after the first year would remain under the plan for less than the full ten year term unless the Commission fails to order changes before the end of the ten year term.[1] In the eighth year, the Commission would initiate a review of the plan and in the event changes were not adopted before the end of the ten year term, the plan would continue and all participating carriers would continue to receive embedded support not related to embedded capital costs and support under the model until such changes were adopted and implemented.

The parties discussed service obligations and reporting requirements and stressed that obligations should be commensurate with funding and reporting requirements should not be unduly burdensome.

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

Respectfully submitted,

Genevieve Morelli

Genevieve Morelli
President

cc: Carol Mattey
Alexander Minard
Suzanne Yelen
Katie King
Ted Burmeister
Ryan Palmer
Christopher Cook

[1] For example, a carrier opting into the plan in year three would be subject to the plan for seven years.