

operators, and other non-LEC entities providing interstate TRS. Moreover, NECA routinely collects cost data from both LEC and non-LEC TRS providers for purposes of developing a nationwide TRS compensation amount.

NECA has received praise from all segments of the industry for its performance as TRS administrator. For example, in urging NECA's reappointment to a second administrative term, the TRS Advisory Council (which includes TRS users, members of the hearing and speech disability community, interstate service providers, state regulators, TRS providers and state relay administrators) stated that:

NECA has performed its duties as fund administrator in a diligent and exemplary manner, including: continuing to identify and contact carriers that are subject to federal law and rules requiring contributions to the TRS fund . . . collecting data from TRS providers to make accurate projections of fund requirements . . . protecting company-owned proprietary data of fund contributors and TRS providers . . . assuring compliance with NECA procedures for data submissions by TRS fund contributors and TRS providers . . . disbursing TRS funds accurately and on a timely basis . . . accomplishing these objectives approximately 17% below its budgeted costs . . .⁴⁸

Considering these views, as well as those expressed by others,⁴⁹ the Commission found that NECA had "satisfactorily performed its duties as [TRS] Administrator" during its first interim term

⁴⁸ Interstate TRS Advisory Council Resolution, September 22, 1994.

⁴⁹ Comments favoring NECA's reappointment were submitted by Hamilton Telephone Company, the National Association of Regulatory Utility Commissioners (NARUC), the National Association of State Relay Administration (NASRA), the National Telephone Cooperative Association (NTCA), the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), Sprint Communications Company, L.P., the Telecommunication Access for Communication Impaired Persons Board (TACIP), Telecommunications for the Deaf, Inc. (TDI) and the Wisconsin Department of Administration (Wisconsin DOA).

and that the public interest would be served by reappointing NECA to a subsequent four-year term (from July 26, 1995 through July 25, 1999).⁵⁰

NECA's proven track record as administrator of the TRS fund and existing universal service programs should allay any reasonable concerns about NECA's ability to administer new or revised universal service programs in a fair and even-handed manner.

The Commission should also recognize that one-third of NECA's board now consists of directors from outside the telephone industry. These directors add valuable perspective and insight to NECA, and assure that all NECA operations are conducted in accordance with Commission rules.

As an added measure to broaden participation in the process, the Commission may wish to consider establishing a universal service advisory council to advise NECA with respect to fund issues. (A similar council advises NECA with respect to TRS matters.) A universal service advisory council could include fund recipients, contributors, state regulators, and consumer representatives, with members selected by constituent groups. The council would advise NECA with respect to universal service fund administration and (as with the TRS Council) NECA could provide reports on the advisory council's deliberations to the Commission on a regular basis.

As an entity that is already in place, with well-established relationships with both contributors and recipients, NECA is best prepared to "hit the ground running" for implementation of new support mechanisms, and should be selected as administrator.⁵¹

⁵⁰ Appointment of the Telecommunications Relay Services (TRS) Fund Administrator and Composition of the TRS Advisory Committee, Memorandum Opinion and Order, 10 FCC Rcd 7223, 7224 (1995).

⁵¹ The Commission may, of course, review NECA's performance as administrator at some later date, after new mechanisms are established and operating smoothly.

V. CONCLUSION

In resolving the myriad of issues presented by the legislation, the Commission must assure that the universal service goals and principles established by the 1996 Act are met. In order to preserve and advance universal service, as required by the legislation, the Commission should build on current programs rather than attempt to create new procedures from scratch. Existing universal service programs, including USF, Lifeline Assistance, DEM weighting, and CCL support (LTS) should be maintained with minimal disruption. Rules governing these programs can be adapted with transitions where necessary to make current support mechanisms explicit. The Lifeline Assistance rules provide a model for a support program for new services, such as discounted services to rural health care providers, educational institutions and libraries.

New costing methodologies, such as cost proxies, could be allowed on an optional basis but not mandated, especially for small rural carriers. The Commission should also replace the current PSL-based contribution mechanism with a revenue-based contribution system applicable to all carriers, as required by the 1996 Act.

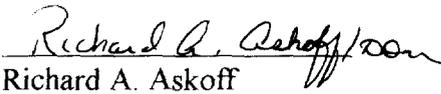
Finally, the Commission should appoint NECA as administrator of the new universal service funding mechanism. NECA, as administrator of existing universal service programs and the TRS fund, has proven itself capable of administering support funds in a fair, efficient and competitively-neutral manner. As a means of broadening participation in fund administration, the Commission could consider creating a universal service advisory council. Such a council could include fund recipients, contributors, state regulators, and consumer representatives, with members to be selected by constituent groups.

NECA looks forward to reviewing comments submitted in this phase of the Commission's universal service proceeding, and will provide detailed analyses of specific proposals where it is possible to do so. As general questions are resolved and policy directions are established, the Commission should propose specific rule language for comment.

Respectfully submitted,

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April 12, 1996

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Comments were served this 12th day of April 1996, by mailing copies thereof by United States Mail, first class postage paid, or by hand delivery, to the persons listed below.

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