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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)	
)	
Changes to the Board of)	CC Docket No. 97-21
Directors of the National Exchange)	
Carriers Association Inc.)	

REPLY COMMENTS OF GTE

GTE Service Corporation, on behalf of its domestic telephone operating and wireless companies (collectively "GTE"), respectfully submits these Reply Comments in response to the Notice of Proposed Rulemaking ("Notice" or "NPRM") in the above-captioned matter¹ and comments submitted with reference thereto. In the *Notice* the FCC seeks comment on revisions to Section 69.603 of its rule that would allow the National Exchange Carrier Association, Inc. ("NECA") to serve as the temporary administrator of new universal service support mechanisms as recommended by the Joint Board.²

BACKGROUND

The Joint Board recommended that NECA serve as the temporary administrator of universal service support mechanisms for eligible schools, libraries and health care providers in order to bring support for telecommunications services to these entities as

¹ FCC 97-11, released January 10, 1997.

² Federal-State Joint Board on Universal Service, Recommended Decision, CC Docket No. 96-45, FCC 96J-3 (released November 8, 1996).

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quickly as possible.³ The Joint Board also recommended specific criteria that any party must meet in order to qualify as the administrator of the universal service support mechanism.⁴ The administrator and its Board of Directors must: (1) be neutral and impartial; (2) not advocate specific positions to the Commission in non-administration-related proceedings; (3) not be aligned or associated with any particular industry segment; and (4) not have a direct financial interest in the support mechanisms established by the Commission.

The FCC has tentatively concluded that in order for NECA to be appointed as temporary administrator, the composition of NECA's Board of Directors must be altered, and Section 69.602 of its rules revised accordingly.

SUMMARY

GTE supports the necessary changes to the Part 69 Rules that would permit NECA to serve as the administrator of the new universal service support mechanisms. As the Joint Board recommended, the Commission should permit NECA to add significant, meaningful representation of non-incumbent LEC interests to the NECA Board of Directors. GTE supports the rule changes that would permit such changes and urges the Commission to quickly appoint NECA as the temporary administrator of the new universal service support mechanism. NECA's January 10, 1997 proposal is the only practical solution to quickly establishing this new system. Specifically, by allowing NECA to implement the actions proposed in its January 10, 1997 letter, GTE is

³ *Id.* at paragraph 833.

⁴ *Id.* at paragraph 830.

confident that NECA can, in accordance with the Joint Board recommendation, serve as universal service support mechanism administrator. Any delay in appointing NECA as the temporary administrator would only threaten the achievement of the mid-1997 target recommended by the Joint Board. The public interest requires quick action in this matter.

DISCUSSION

While a number of parties have objected to NECA serving as administrator, their primary concerns revolved around NECA's ability to be "neutral and impartial."⁵ None has questioned the ability of the NECA staff to handle the enormous new data collection and processing necessary to operate a system of the size and scope of the new universal service support mechanism nor the speed at which NECA could develop such a system. NECA's experience and ability, as demonstrated by the successful discharge of its current administrative responsibilities, stands on its own. As the Joint Board recommended, the administrator must have the ability to process large amounts of data and to bill large numbers of carriers. In addition, the Joint Board recommended that "the Commission and the advisory board require the administrator to implement the support mechanisms no later than six months after its appointment."⁶ Clearly, only

⁵ AT&T at 7, MCI at 2, PCIA at 3.

⁶ *Recommended Decision* at paragraph 831.

NECA has the experience and know-how to meet this challenging deadline.⁷ Clearly, only NECA has the experience and know-how to meet this challenging deadline.⁸

Thus, the only impediment to NECA's serving as administrator is the appearance of a LEC bias. If the appearance of a bias can be eliminated, no party raised any additional issue opposing NECA as the administrator of the universal service support mechanism. In fact, the appearance of a LEC bias can be effectively eliminated with the proposals contained in NECA's January 10, 1997 letter to Chairman Hundt.⁹ In that letter, NECA outlined a course of action that would establish a wholly-owned subsidiary, universal service administrative company ("USAC"), to administer the universal service support mechanisms. The board of directors of USAC would be based on the Commission's own recommendations and have full control over administration of the universal service support mechanisms. NECA personnel and support services, used by USAC, would be on a charge-back basis pursuant to NECA's cost allocation manual.

Given that USAC will effectively function in a "regulatory fish bowl," being closely watched by all interested parties, there will be no chance that any LEC bias, even if it did exist, would affect the administration of the universal service support mechanisms.

⁷ It should be noted that at this date, NECA is the only entity GTE is aware of that has stated its desire to pursue the role of administrator of the new universal service support mechanisms.

⁸ It should be noted that at this date, NECA is the only entity GTE is aware of that has stated its desire to pursue the role of administrator of the new universal service support mechanisms.

⁹ See attachment to NECA's comments.

Thus, under NECA's proposal the fears of NECA not acting in a neutral and impartial manner are without foundation.

Respectfully submitted,

GTE Service Corporation, on behalf of its
affiliated domestic telephone operating and
wireless companies

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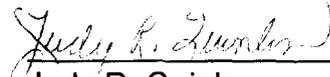
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February 3, 1997

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Certificate of Service

I, Judy R. Quinlan, hereby certify that copies of the foregoing "Reply Comments of GTE" have been mailed by first class United States mail, postage prepaid, on February 3, 1997, to all parties of record.



Judy R. Quinlan