

HOGAN & HARTSON L.L.P.

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Enclosures

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COMPETITIVE UNIVERSAL SERVICE COALITION

January 5, 2000

BY HAND DELIVERY

Chairman William E. Kennard
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

Dear Chairman Kennard:

The Competitive Universal Service Coalition (the "Coalition"), a new group of carriers committed to ensuring that universal service reform yields pro-competitive programs and mechanisms to provide affordable, quality telecommunications services to all regions of the country, commends you and the FCC on the efforts to date to help introduce competition to rural and high-cost areas.

The Coalition applauds your continued efforts toward crafting a federal universal service program that provides support where it is most needed, while at the same time promoting competition by new entrants in rural and high-cost areas. For example, the FCC's recent decision (in the Ninth Report and Order and Eighteenth Order on Reconsideration) amending the universal service rules to establish the same time frames for all carriers for reporting the number of customers served and for receiving related funding, removed a significant barrier for new entrants seeking to provide universal service.

The Coalition recognizes, however, that there is still much work to be done. Some states are very much in need of guidance in their development of universal service programs and expedient, fair procedures for designating eligible telecommunications carriers ("ETCs") for the federal program. Access charge and local competition reform must proceed in a manner that removes all implicit universal service subsidies received by incumbent carriers but unavailable to new entrants, from both federal and state regulatory regimes. In addition, universal service support mechanisms must remain sufficiently flexible to allow further fine-tuning so that sufficient support is targeted to those areas that need it most.

Specifically, the Coalition urges the Commission to push forward more aggressively with universal service reform that is consistent with the Coalition's core principles:

- **DESIGNATION OF ELIGIBLE TELECOMMUNICATIONS CARRIERS:** Competitive common carriers seeking designation as an ETC should not be subject to discriminatory and unlawful requirements. The criteria used to evaluate an application for ETC status must be consistent with applicable law and regulation. In particular, the federal requirements are the only requirements that should be imposed on a carrier seeking eligibility for federal universal service funding. All common carriers must be subject to the same procedural requirements applicable to ETC applications, which should be processed in an expeditious and fair manner.

COMPETITIVE UNIVERSAL SERVICE COALITION

- **COMPETITIVE NEUTRALITY:** Any common carrier, regardless of technology, that offers the required universal services and complies with all applicable requirements should be designated as an ETC for purposes of federal and state universal service support.
- **EXPLICIT SUPPORT:** Universal service support should be available to ETCs through an explicit universal service fund and should not be hidden in the rate structures of incumbent LECs and, therefore, unavailable to competitive ETCs. Universal service support levels should be sufficient and no greater than necessary to ensure that customers in high-cost areas have access to affordable telecommunications services and carriers have incentives to provide service in high-cost areas.
- **PORTABILITY:** Universal service should be portable among ETCs. Competitive ETCs should receive the same level of universal service support for serving a customer as the incumbent LEC would receive for serving the same customer.
- **EFFICIENT UNIVERSAL SERVICE SYSTEM:** Universal service programs should be fiscally prudent and as targeted as possible to carriers serving consumers in high-cost areas, by such measures as calculating the amount of support based on the most efficient technology.

The Coalition will pursue an agenda aimed at achieving these core principles, including, among other things, active participation in the FCC's universal service proceedings and state commission proceedings. We look forward to assisting the FCC in its efforts to create a new universal service regime that complements and is fully consistent with these competitive goals of the Telecommunications Act of 1996.

Sincerely,

THE COMPETITIVE UNIVERSAL SERVICE COALITION

AirTouch Communications
Association for Local Telecommunications Services
AT&T Wireless Services
Bell Atlantic Mobile
Centennial Communications
Competitive Telecommunications Association (CompTel)
Dobson Communications Corporation
McLeodUSA Telecommunications Services, Inc.
Personal Communications Industry Association
Smith Bagley, Inc.
Sprint PCS
U.S. Cellular Corporation
VoiceStream Wireless Corporation
Western Wireless Corporation

ccs: Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Michael Powell
Commissioner Gloria Tristani