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TDS TELECOM®

EX PARTE OR LATE FILED

Government and Regulatory Affairs

2 March, 2000

Ex Parte

Magalie Roman Salas, Esq.
Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

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FCC MAIL ROOM

Re: CC Docket 80-286, In the Matter of Jurisdictional Separations Reform and Referral to the Federal-State Joint Board

Dear Ms. Salas:

On March 1, 2000, Bob DeBroux, Paul Pederson, Jeff Jung and Joel Dohmeier, representatives of TDS TELECOM, met with Commissioner Joseph Mettner of the Separations Federal-State Joint Board.

During this meeting, TDS TELECOM discussed its positions on separations issues. The attached documents outline the issues discussed in the meeting with Commissioner Mettner.

Enclosed are three copies of this notice and attachments in accordance with sections 1.1206(a)(1) and 1.1206(a)(2) of the Commission's rules. Please date stamp and return the provided copy in the enclosed self-addressed, stamped envelope.

Respectfully submitted,



Jean Pauk
Manager
Federal Affairs

Attachments

cc: Commissioner Joseph Mettner
Robert DeBroux
Joel Dohmeier
Jeff Jung
Paul Pederson

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Talking Points of Separations Issues
An Ex Parte Discussion with Commissioner Joe Mettner
March 1, 2000

- There is legal requirement that defines jurisdictional costs for ratemaking purposes.
- Separations needs to continue its cost allocation processes as long as ILECs continue to be regulated by federal and state regulatory agencies.
- A freeze simplifies the separations process, and also provides stability and predictability of its costs.
- It is critical that that an interim freeze of separations factors be put into effect immediately due to the increasing levels of internet traffic.
- Internet traffic is currently classified by the FCC as interstate, yet costs have not been allocated to interstate through the separations process.
- Traditionally local holding times averaged 3 minutes per call. Internet is averaging about 30 minutes per call in many of our markets. Impacts to state could become significant. (See Attachment)
- Identifying and predicting traffic patterns used in the separations process has become more complex and costly due to an ever-changing and converging network.
- Interim freeze proposal of traffic should be based on a 3-year 95-97 average that will result in minimal cost shifts. It is also centered on 1996, the year DEM was frozen. A three-year average addresses anomalous situations that some companies may experience.
- The Freeze should apply on a prospective basis beginning with 2001 ratemaking period.

TDS TELECOM Example of Traffic Shifts Due to Internet

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Est. 1999</u>	<u>99-96 Growth</u>
Local Usage	70,781,467	73,645,580	75,544,860	116,113,484	64%
Intrastate Minutes	22,213,619	22,195,652	22,733,672	24,381,480	10%
Interstate Minutes	13,636,701	12,886,536	13,946,085	13,956,941	2%

State DEM Allocator	0.85982	0.86188	0.86304	0.90853
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Identified Internet Usage	41,053,780
# of Access Lines	8,579
Average Usage for All Lines	4,785
Assuming 10% of Lines use Internet on a Frequent Basis	47,854
Estimated % of Internet Usage to Total	35%

Per Line Est Shift of Cost to State Due to Internet	\$	4.41
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TDS TELECOM

National Statistics

- Subsidiary of Telephone & Data Systems
- TDS TELECOM headquartered in Madison
- Own and operate 104 ILEC properties in 28 states;
- YE 1999 Access line count: 571,710
- YE 1999 Employee count: 2,453
- 8th largest local phone provider (excluding RBOCs and GTE)

TDS TELECOM

Wisconsin Statistics

■ Own and operate 15 ILEC properties in WI;

- Feb. 2000 Access line count: 94,249
- Smallest number of lines - Tenney @ 1,207
- largest number of lines - UTELCO @ 17,917
- Average lines per company 6,283
- Square miles served 3,891
- YE 1999 Employee count: 1,056