

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20556**

In the Matter of)	
)	
Federal-State Joint)	
Board on Universal Service)	CC Docket No. 96-45
)	
Petitions For Forbearance)	
From Enforcement of)	
Sections 54.709 and 54.711)	
of the Commission's Rules)	
)	
By)	
)	
Operator Communications, Inc.)	
d/b/a Oncor Communications, Inc.)	

**REPLY COMMENTS OF
UNITED STATES CELLULAR CORPORATION**

United States Cellular Corporation ("USCC") hereby files Reply Comments in response to comments filed concerning the Further Notice of Rulemaking¹ in the above-captioned proceeding. USCC supports the comments filed by the Cellular Telecommunications Industry Association ("CTIA") opposing the modifications to the universal service contribution assessment methodology proposed in the Further Notice. USCC would add the following additional arguments and comments.

¹ Federal-State Joint Board in Universal Service and Petitions for Forbearance from Enforcement of Sections 54.709 and 54.711 of the Commission's Rules by Operator Communications, Inc., d/b/a Oncor Communications, Inc., CC Docket No. 96-45, Further Notice of Proposed Rulemaking, FCC 00-359 (rel. October 12, 2000) ("Further Notice").

I. The Burden of Filing USF Forms For Wireless Carriers Is Already Large and Should Not Be Increased

USCC, like other carriers, is required to submit Form 499S to the Universal Service Administrative Company ("USAC") on September 1 of each year for each of its licensee subsidiaries. Form 499S contains billed revenue data for the first six months of a given year, which are used to calculate USCC's USF contributions for the first six months of the next year. On April 1 of each year, USCC prepares and submits the far more detailed Form 499A for the same entities. Form 499A contains billed revenue data for the prior calendar year, which are in turn used to calculate USF contributions for July to December of the year in which the form is filed.

USCC estimates that its Manager of External Reporting and his associate spend approximately 200 person-hours gathering information for, filling out, and filing Forms 499 each year.

At present, USCC has to file approximately 100 Forms 499 on each of April 1 and September 1 of every year. As noted above, it files separate Forms 499 for its different licensee subsidiaries.

However, under present requirements, wireless (and other) carriers do not have extensive responsibilities after USF forms are filed. Each month, USAC sends carriers a bill for a specific dollar amount, which is that carrier's percentage of the necessary USF disbursements, and they simply pay it.

However, as is pointed out by CTIA, as well as Worldcom and Qwest, adopting the USF modifications proposed by AT&T and described in the Further Notice would greatly increase carrier obligations.² Carriers would certainly have to file more forms with USAC (up to twelve a year by one calculation), and would thus have to increase the time and resources they devote to such requirements.

Moreover, and perhaps more importantly, carriers, rather than having simply to calculate their interstate billed revenues twice a year with a reasonable amount of time to do so, would suddenly be faced with obligations to collect, process, update and then "true up" revenue information virtually constantly in order to pay sufficient monthly USF contributions based on current year billed revenues.³

Instead of filing 200 Forms 499 a year, USCC would have to file between 200 and 2400 Forms 499 every year. Moreover, USCC would have to perform the various correction, updating, and "true up" functions described in the Further Notice in relation to those filings. To describe such obligations as onerous would be radically to understate the case. In fact, to comply with the requirements proposed in the Further Notice would be virtually impossible.

It is undisputed that the present system produces adequate support on a timely basis for universal service programs. There is thus no public need for such

² See CTIA Comments, pp. 8-9; WorldCom, Inc. Comments, pp. 2-3, Qwest Corporation Comments, pp. 4-9.

³ Any requirement that carriers pay current year USF assessments will increase the pressure on them to perform faster calculations, which inevitably will require corrections and true ups. Thus, while the FCC's "alternate" proposal for changing the system (which will require five filings a year) (Further Notice, ¶ 21-24) is less burdensome than that of AT&T it still suffers from the same basic problem, an unjustified increase in filing burdens.

burdensome modifications as are proposed in the Further Notice. The impetus behind such proposals is private in origin, namely a perceived unfairness on the part of AT&T vis-a-vis its RBOC competitors about the present system's failure to include current year billed revenues in USF payment calculations.

This, USCC would submit, is not a sufficient reason for the radical changes in the system proposed in the Further Notice. First, as has been pointed out by CTIA (Comments p. 7), the FCC has already held that declining revenues do not constitute cause for reconsidering the use of prior-year revenues in calculating USF obligations.⁴ Second, again as noted by CTIA (Comments, pp 5-7), the FCC is contemplating changes in the USF contribution methodology proposed by the FCC's Rural Task Force ("RTF") which could fundamentally alter the USF system. Therefore, now is not the time to implement the proposed changes, which will also greatly complicate the calculations of carriers and increase USAC's burdens.

The FCC Should Not Increase The USF Payment
Burdens of Wireless Carriers Relative
To Interexchange Carriers

If past is prologue, the size of the USF will only increase in future years.⁵ Further, the USF will also be enlarged if the FCC adopts the recommendations of the RTF,

⁴ Federal-State Joint Board on Universal Service, Memorandum Opinion and Order in Reconsideration, 18 CR 311 (1999) ("Seventeenth Order").

⁵ For example, the Common Carrier Bureau recently "projected" first quarter 2001 USF funding requirements at \$1,353,395,000. See Public Notice, DA 00-2764, "Proposed First Quarter 2001 Universal Service Contribution Factors," released December 8, 2000. In December, 1999, the comparable projection for the first quarter of 2000 was \$1,114,003,000, See Public Notice, DA 99-2780, "Proposed First Quarter 2000 Universal Service Contribution Factor," released December 10, 1999.

the effect of which will be to provide increased USF support for rural LECs. See CTIA Comments, at p. 6.

When interexchange carriers such as AT&T propose changes in the USF system which would decrease the USF payments they would otherwise have to make, they are also arguing that it is appropriate and just that other carriers, including wireless carriers, should pay more than they otherwise would have to in order to meet ever expanding USF requirements.

However, what such arguments always overlook is that interexchange carriers already benefit from the post-1998 universal service system through the decreased access charges they pay LECs.⁶ However, for wireless carriers and their customers, the post-1998 changes in the USF system have been almost entirely a burden, without any corresponding benefit, at least with respect to "high cost" and low income support, for which a carrier must have Eligible Telecommunications Carrier ("ETC") status under Part 54 in order to qualify.

Though some wireless carriers, particularly Western Wireless, Centennial Cellular and USCC, have sought to become ETCs in the states they serve, at present little or no high cost on low income universal service support flows to such carriers.

Now and in the foreseeable future, the majority of USF support for which ETC status is required will flow to LECs, owing to the system's historically determined structural characteristics. USCC, like other wireless carriers, pays its

⁶ See Access Charge Reform, First Report and Order, 12 FCC Rcd 15982 (1997)

USF contributions promptly and without complaint. However, neither USCC nor other wireless carriers should have their USF payments increased relative to carriers which receive disproportionate benefits from the present system, either through direct payments or decreased access charges.

Conclusion

For the foregoing reasons, USCC asks that the FCC not change the present system for determining USF contributions.

Respectfully submitted,

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