BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated With Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms	)	CC Docket No. 98-171
	)	
Telecommunications Services for Individuals With Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990	)	CC Docket No. 90-571
	)	
Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size	)	CC Docket No. 92-237 CC Docket No. L-00-72
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116

COMMENTS OF THE IOWA UTILITIES BOARD

The Iowa Utilities Board (IUB) submits these comments regarding the Notice of Proposed Rulemaking (NPRM) released in this docket by the Federal Communications Commission (FCC) on May 8, 2001. The NPRM addresses numerous issues related to the reform of the Universal Service Fund (USF) contribution system.

The NPRM seeks comments on the following issues related to the assessment of USF contributions: (a) Assessment on a revenue basis; (b) Assessment on a flat-fee basis; (c) De minimis carriers; (d) Limited international revenues exception; (e) Fund sufficiency; (f) Carrier reporting; (g) Enforcement and auditing; (h) Administrative burdens on USAC; and (i) Transition issues. In addition, the NPRM seeks comments on the following issues related to the

recovery of USF contributions: (j) Lifeline exception; (k) Recovery limitations for ILECs; and (l) Legal authority.

DISCUSSION OF ISSUES

Should the assessment of USF contributions be based on historical gross-billed revenues, collected revenues, projected revenues or on a flat-fee basis?

The FCC should continue to use revenues as the basis to measure interstate telecommunications services for USF contribution purposes. The specific assessment of carrier contributions for universal service could be based on projected revenues rather than historical gross billed revenues. The use of a projected revenue method would address the issue regarding the interval between the reporting of revenues and the assessment of contributions. The application of this methodology should no longer place carriers with declining interstate revenues at a significant competitive disadvantage with respect to carriers with increasing revenues.

If the FCC opts for a projected revenue approach it will need to develop a true-up mechanism. Carriers should be required to file both projected and actual revenues each quarter. Any true-up mechanism should include significant disincentives for under reporting revenues. In addition, carriers could be required to file an annual true-up.

The collected revenue approach would also address the competitive neutrality issue. However, there may be significant administrative challenges with this method.

The IUB does not support basing the USF contributions on a flat-fee methodology. The application of a non-usage based assessment methodology will inappropriately transfer a disproportionate share of the carrier's USF contributions to certain customer classes, including low-volume customers. In addition, the change to a "flat fee" basis would likely result in significant administrative challenges.

Should the FCC continue using the interim safe harbor for calculating the percentage of interstate revenues for wireless telecommunication providers?

The IUB recognizes that the actual percentage of interstate wireless telecommunications revenues may now exceed the FCC's interim safe harbor percentages. The establishment of the interim safe harbor arose from the notion that wireless carriers faced difficulties in distinguishing interstate and intrastate revenues. If the FCC concludes that the interim safe harbor mechanism is still

appropriate, the safe harbor percentages should be increased to reflect the current level of interstate revenues.

Should the "de minimis" exemption be modified or eliminated?

The IUB favors eliminating the "de minimis" exception with regard to USF contributions, however, the IUB also recognizes that the administration costs associated with the collection of support from small organizations may exceed any benefit. If the FCC opts not to eliminate the exception, these small service providers that qualify for the "de minimis" exception should not be permitted to recover USF charges from their end-use customers.

Enforcement And Auditing Issues

USAC is the appropriate entity to monitor carrier compliance with the proposed changes in the USF collection methods. It is not within the purview of the IUB to ascertain the administrative burdens that USAC might be subject to as a result of these recommended changes. Carriers reporting projected revenues should not create a prohibitively burdensome obligation for either the carrier or USAC.

Recovery of Universal Service Contribution

Carrier billing flexibility should be allowed to be an option. That flexibility is a viable approach towards competition. However, for those carriers choosing a line item charge, consistent, uniform recovery of the USF contributions is the most fair and equitable solution to the problem of collecting from customers. Requiring carriers to recover the contributions via an explicit, uniformly-described line item on the end user's bill should minimize customer confusion. All carriers should be required to employ the same methods and identifiers. There would be no room for inclusion of any other rates or factors. A uniform descriptor such as "Federal Universal Service charge" should be adequate and could be accompanied by a similar descriptor in states that have adopted their own universal service fund.

Lifeline Exception

The IUB supports the recommendation that "All carriers [should] be prohibited from recovering universal service contributions from low-income consumers receiving Lifeline discounts." No useful purpose would be served by imposing these fees on the very people that the fund is intended to support. Utilizing a percent factor eliminates the possibility of shifting burdens to low-volume or low-income users. In addition, it will promote an equitable and nondiscriminatory method for collecting universal service contributions and eliminate any confusion or attempts to skew the carrier's reported contributions. Non-LECs should be held to the same accounting as all other carriers that are affected by the fund. The IUB will reiterate that carriers should no longer be allowed to recover

contributions as an undefined part of their end-user rate structure. It is important to make the USF charge explicit and clear to the end-user, including a description of what the charge is and how much it should be.

CONCLUSION

The Iowa Utilities Board respectfully submits these comments for the FCC's consideration in analyzing alternatives to the present contribution assessment and recovery methodologies associated with universal service.

Respectfully submitted,

/s

John Ridgway
Manager, Telecommunications

/s

James R. Langenberg
Utility Analyst

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Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319
515-281-4034
515-281-5329
iub@max.state.ia.us