

On October 4, 2001, Joel Lubin (of AT&T) and I (on behalf of Western Wireless, GCI and AT&T) spoke with Kyle Dixon, Legal Adviser to the Chairman. In that conversation, we stated that as far as we could tell, the main objection being raised by many of the non-price cap companies came down to complaints that the Commission would be creating an explicit, portable universal service fund to replace support implicit in access charges. That, however, is that law. In addition, we discussed the attached slides, and made the point that unless the Commission provides some portable universal service support for traffic sensitive costs, it will not sufficiently ameliorate incentives for the marketplace to seek to deaverage rates. We urged that if the Commission did not adopt explicit support for traffic sensitive costs, it should consider issues related to such support in a further notice of proposed rulemaking. I also stated that failure to at least consider further additional support to reduce access charges to a target price, which was a key component of the Rural Task Force's recommendations and part of the compromise struck in the Task Force, would greatly diminish the incentives for parties to participate cooperatively in such collaborative efforts in the future. We provided Mr. Dixon with a copy of the attached slides.

In addition, I also spoke with