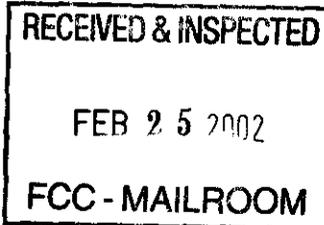


Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554



In the Matter of)
Federal-State Joint Board On Universal)
Service))
DOCKET FILE COPY ORIGINAL
CC Docket No. 96-45

REPLY COMMENTS

BellSouth Corporation, on behalf of itself and its wholly owned subsidiaries ("BellSouth"), hereby submits its Reply Comments in the above referenced proceeding.

1. In response to the Commission's *Public Notice*, a broad consensus emerges from comments – the core services included in the current definition of universal service should not be modified at this time. Many carriers, regulatory commissions and end users see little justification for expanding the definition of supported services at this time.¹ Most commenters believe that universal service should not become a vehicle for anointing a particular technology² or forcing the deployment of advanced telecommunications services.³

2. BellSouth agrees that the definition of supported services should not be modified. Based on the statutory criteria for determining services to be included within the definition of universal service, circumstances are not sufficiently different from when the Joint Board established the list of services currently under the umbrella of universal service to require a

¹ See, e.g., Comments of Ad Hoc Telecommunications Users Committee, AT&T Wireless, Competitive Universal Service Coalition, Maryland Public Service Commission, and Sprint Corporation.

² See Ad Hoc Telecommunications Users Committee at 3-4; Cellular Telecommunications & Internet Association at 5-7; Sprint at 4-6.

³ See, e.g., AT&T Corp. at 3-5, 7-12; Illinois Commerce Commission at 4-5; New York State Department of Public Service at 4-5; Qwest Communications International Inc. at 4-5.

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change. BellSouth does not believe that there is a factual predicate to support either expanding or contracting the existing list of supported services.

3. Nevertheless, several commenters urge the Commission to modify the definition in a variety of ways. For example, a few parties believe that soft dial tone or warm line services should be added to the list of supported services.⁴ As BellSouth explained in its comments, soft dial tone services should not be added to the core services covered by universal service support. Such services are not so widespread and subscribed to by the majority of residential customers as to fall within the parameters of the statutory criteria for universal service. To the extent that such services may or may not contribute to the public safety is a matter that is local in nature and better addressed at the state level. The fact that such services are not supported at the federal level would not preclude a state from including soft dial tone in a state universal service fund.

4. Further, no party that has advocated that the federal universal service fund support soft dial tone services even acknowledged cost and other implementation issues that abound. SBC identified the significant business and operational impact that including soft dial tone in the definition of universal service would have on local exchange carriers.⁵ This one modification would require systems modifications, billing modifications, dedication of scarce numbering resources, and the development of new intercarrier and customer maintenance methods and procedures. Apart from the administrative burden, there would be a substantial implementation

⁴ United States Conference of Catholic Bishops, Alliance for Community Media, Appalachian People's Action Coalition, Center For Digital Democracy, Consumer Action, the Community Technology Institute, Consumer Federation of America, Edgemont Neighborhood Coalition, the Migrant Legal Action Program, the National Coalition for the Homeless, the National Community Voice Mail Federation and Dr. Marcia Zashin, Education Consultant to the Cleveland Public Schools and Project Act at 4-13 ("Joint Commenters"); The People of the State of California and the California Public Utilities Commission at 3-5 ("CPUC"); Iowa Utilities Board at 6-7; Public Utility Commission of Texas at 4-5.

⁵ SBC at 11-14.

cost. For all of these reasons, the addition of soft dial tone to the list of supported services cannot be justified.

5. Some commenters reintroduce the idea that the bandwidth definition of voice grade service should be altered.⁶ Tinkering with the definition of voice grade service is misguided. The purported aim of redefining voice-grade bandwidth is to ensure that rural subscribers can obtain dial-up Internet access at 28.8 kbps. When the issue was first considered, the record indicated that modification of the definition of voice grade access will not ensure that the modem connection between the end user and the Internet service provider will synchronize at 28.8 kbps. Many factors impact the speed at which two modems communicate. Simply changing the definition of voice grade bandwidth will not guarantee anything, let alone modem to modem synchronization at 28.8 kbps. Changing the bandwidth definition would not change the fact that there are neither industry standards nor specifications developed to support the changed definition. Without these parameters, the electrical performance of the “enhanced” bandwidth voice grade service could adversely impact other telecommunications services, including xDSL services. Even if these standards existed, this type of network change would be extremely costly without any guarantee of a public benefit. The absolute folly of such a requirement is that it would divert scarce resources from investment in technology to investment in technical alteration of existing technology.⁷

⁶ See, e.g., Montana Universal Service Task Force at 6-7 (“MUST”); State of Alaska at 8-21.

⁷ BellSouth at 5-6. The Florida Public Service Commission acknowledges that modifying the definition of voice grade access would unnecessarily disrupt the marketplace (p. 8). AT&T points out that modifying the definition of voice grade access could not pass muster as competitively neutral (pp. 5-7).

6. Equally inappropriate would be to modify the list of supported services to include equal access,⁸ Expanded Area Service⁹ and prepaid services.¹⁰ None of these services satisfy the statutory criteria that the Commission must apply to justify including such services within the definition of universal service. These services are not essential to public health, safety or education or widely subscribed to by a majority of residential subscribers. Their inclusion as a supported service would not serve the public interest. As the Ad Hoc Telecommunications Users Committee warns, any expansion of the list of supported services brings with it the likelihood that the cost of basic telecommunications services will increase for all consumers. Such a consumer impact cannot be ignored.¹¹ Nevertheless, not one party suggesting that the list of supported services be expanded addresses consumer impacts beyond making unsupported assertions that the impact will be minimal. These arguments are not enough to justify modifying the list of supported services.

7. Rather than modifying the definition of universal service, the Joint Board and the Commission should focus on completing the unfinished tasks associated with universal service that remain. For example, implicit universal service subsidies remain in many state jurisdictions. As the Tenth Circuit Court of Appeals recently determined, the Commission has an obligation “to formulate its policies so as to achieve the goal of reasonable comparability by inducing ‘sufficient ... State mechanisms’ to do so.”¹² The Commission has not given the issue of implicit intrastate subsidies the attention that it requires. The Joint Board, instead of tampering with the definition of universal service, should look toward ways in which the Commission can

⁸ See, e.g., OPASTCO at 3-5; MUST at 13-14.

⁹ See, e.g., Joint Commenters at 13-20.

¹⁰ *Id.* at 23-32.

¹¹ Ad Hoc Telecommunications Users Committee at 16-17. See also CPUC at 5-6.

¹² *Qwest Corp. v. FCC*, 258 F.3d 1191, 1200 (10th Cir. 2001).

effectuate the partnership contemplated in the Act between federal and state governments to support universal service.¹³ Resources would be better used in crafting the inducements for states to act so as to preserve and advance universal service. The Commission has the responsibility to ensure that the states act.¹⁴ Meeting that responsibility can be jeopardized by prematurely and unnecessarily altering the definition of universal service.

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¹³ *Id.* at 1203.

¹⁴ *Id.* at 1204.

CERTIFICATE OF SERVICE

I do hereby certify that I have this 4th day of January 2002 served the following parties to this action with a copy of the foregoing **REPLY COMMENTS** by electronic filing and/or by placing a copy of the same in the United States Mail, addressed to the parties listed on the attached service list.

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