



1200 EIGHTEENTH STREET, NW
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301
WWW.HARRISWILTSHIRE.COM

ATTORNEYS AT LAW

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EX PARTE - VIA ELECTRONIC FILING

Mr. Eric Einhorn
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-16,
98-170, and NSD File No. L-00-72

Dear Mr. Einhorn:

The Commission should adopt as soon as possible a connection-based universal service contribution methodology. The current revenues-based contribution methodology is unsustainable. The record in this proceeding shows that a connection-based contribution methodology is legally sound and the best choice as a matter of public policy. If, however, the Commission finds it necessary to gather additional information in order to determine the best connection-based mechanism, the Coalition for Sustainable Universal Service (CoSUS) recommends that the Commission take the opportunity to seek comment on the Ad Hoc numbers approach¹ as well as the CoSUS proposal.

If the Commission also seeks comment on the per-connection proposal set forth by SBC and BellSouth, it is critical that the Commission obtain a record that will allow it to determine whether the SBC-BellSouth plan is workable and competitively neutral. In instances in which the end-user customer subscribes to local service from one carrier and long distance service from a second carrier, the SBC-BellSouth proposal would split the assessment between two carriers. As CoSUS has previously shown, this split assessment is unnecessary, administratively complex, and will likely result in a competitive disadvantage for one set of competitors, the providers of stand-alone interexchange service. In the interest of developing a full record on the issues raised by the SBC-BellSouth proposal, CoSUS urges the Commission to ask the following questions in any Further Notice of Proposed Rulemaking.

¹ See Letter from James S. Blaszak, Ad Hoc Telecommunications Users Committee, to Marlene H. Dortch, FCC, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-16, 98-170, and NSD File No. L-00-72, filed Oct. 3, 2002.

- What are the complexities and difficulties associated with transferring information from the LEC to the IXC about the characteristics of a connection (e.g., Lifeline), which would be required so that an IXC could properly contribute to the universal service support mechanisms and recover such contributions from customers?
- What are the costs associated with developing the systems or otherwise taking the necessary steps to ensure that IXCs receive complete and accurate information from the LECs regarding the characteristics of the connection, and which carrier will bear the burden of those costs? Should carriers be able to recover these costs as part of their universal service recovery fees? Do smaller LECs with fewer resources face greater challenges in providing IXCs complete and accurate connection data?
- What are the efficiencies or inefficiencies in assessing two carriers for the same connection, as compared to assessing only one carrier?
- How will the Commission address the problem that different carriers have different rates of uncollectibles, and how does this integrate with SBC/BellSouth's proposed contribution mechanism in which the charge is split 50-50 between carriers?
- How should IXCs handle universal service charges for customers who in a particular month do not make any toll calls and would not need to receive a bill if not for the universal service fee? Can carriers decline to charge a USF fee for that month, but then charge the customer for that fee in the next month in which the customer makes toll calls? If a "collect and remit" or "bill and remit" system is used, in which month should the USF contribution be remitted to the administrator in the above scenario? Alternatively, can carriers include in the USF line item the costs of generating a bill that they would not have had to generate but for the universal service assessment?
- Is it competitively neutral for a customer to receive multiple universal service assessments because the customer receives service from more than one provider, while a customer receiving service from only one provider would receive only one assessment?

Respectfully submitted,



John Nakahata

*Counsel to the Coalition for Sustainable
Universal Service*