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December 23, 2002

NOTICE OF EX PARTE PRESENTATION

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW B204
Washington, DC 20554

Re: **Verizon Petition for Emergency Declaratory and Other Relief,**
CC Docket No. 02-202

Dear Ms. Dortch:

The attached written *Ex Parte* Presentation concerning the above-referenced proceeding was sent to Lisa Zaina, Senior Legal Advisor to Commissioner Adelstein, by the undersigned on December 20, 2002 on behalf of the United States Telecom Association. In accordance with FCC Rule 1.1206(b)(1)[1], this Notice of *Ex Parte* Presentation and a copy of the referenced *Ex Parte* Presentation are being filed with you electronically for inclusion in the public record. Should you have any questions, please contact me at (202) 326-7223.

Sincerely,

/s/
Indra Sehdev Chalk
Corporate Counsel

cc: Chairman Michael K. Powell
Commissioner Kathleen Q. Abernathy
Commissioner Michael J. Copps
Commissioner Kevin J. Martin
Commissioner Jonathan S. Adelstein
Matthew Brill
Jordan Goldstein
Daniel Gonzalez
Christopher Libertelli
Lisa Zaina

[1] 47 C.F.R. § 1.1206(b)(1).

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December 20, 2002

***EX PARTE* PRESENTATION**

Lisa Zaina
Senior Legal Advisor to
Commissioner Adelstein
Federal Communications Commission
445 12th Street, SW, Room 8C302
Washington, DC 20554

Re: Verizon Petition for Emergency Declaratory and Other Relief,
CC Docket No. 02-202

Dear Ms. Zaina:

I write to you on behalf of United States Telecom Association because the Federal Communications Commission (FCC) reportedly will be setting policy guidelines in the near future in regards to the above-referenced docket. The actions that the FCC will take are extremely important to incumbent local exchange carriers (ILECs). The FCC's guidelines will set the course for the future as to how ILECs will be able to protect themselves from the financial harm that ensues when a customer carrier demonstrates itself to be in financial distress.

In the event that supplier-carriers are unable to recover all debt owed them for services (either pre-petition or post-petition) in a bankruptcy proceeding of an interconnecting carrier, supplier-carriers should be allowed to recover this cost through some clear pricing mechanism provided by the FCC. A number of large and mid-size carriers and NECA have filed tariff amendments intended to clarify, amplify or add more detail concerning actions to be taken should a customer demonstrate itself to be in financial distress and/or at increased risk for nonpayment of its bills.[2] We strongly urge the FCC and state regulators to allow companies to take reasonable measures, such as those proposed in the deposit dockets, in advance of any given interconnecting carrier's bankruptcy to assure that ILECs will receive payments for their services, either in the form of permitting tariff changes, allowing ILECs to require advance

[2] *See generally Ameritech Operating Companies, Nevada Bell Telephone Companies, Pacific Bell Telephone Company, Southern New England Telephone Company, and Southwestern Bell Telephone Company*, Transmittal Nos. 1312, 20, 77, 772, and 2906, Tariffs FCC Nos. 2, 1, 1, 39, and 73, respectively, (Oct. 31, 2002); *In the Matter of Verizon Telephone Companies*, Tariff Nos. 1, 11, 14 and 16, WC Docket No. 02-317, Direct Case of Verizon Redacted Public Version (Oct. 29, 2002); *In the Matter of National Exchange Carrier Association, Inc.*, Tariff No. 5, WC Docket No. 02-340, Direct Case of the National Exchange Carrier Association, Inc. (Nov. 21, 2002).

deposits from financially doubtful interconnecting carriers, or allowing advance billing and/or prepayment for anticipated services.

Under their current tariffs, ILECs may require security deposits from customers that have proven history of late payments or that have not established credit. Under the revised tariffs filed in the deposit docket, ILECs seek revisions to their tariffs allowing them to require additional security deposits or advance payments from customers that fall in arrears in their account balances, that become unable to pay their debts as debts become due, that file for receivership or bankruptcy, or that have debt securities falling below investment grade. The revised tariffs provide for the refund of security deposits after a specified period of prompt payments. In addition, the revised tariffs shorten the notice period an ILEC must give a customer before refusing to process orders or discontinuing service.

We believe that continuity of service by limiting the financial fallout from companies facing bankruptcy is of utmost importance. This is particularly challenging because not only must companies find ways to continue delivering service to customers of bankrupt carriers, they must find ways to do so without being dragged down with financially-troubled carriers. The FCC should not permit the troubles of failing carriers to be inflicted on the entire industry or any particular providing carrier. Thus, USTA believes that adoption of the revised tariffs in the deposit dockets will best ensure that ILECs are able to recover all debt owed to them for services supplied to financially troubled interexchange carriers and competitive local exchange carriers.

Sincerely,

/s/

Indra Sehdev Chalk
Corporate Counsel