

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

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	FCC 03-13
)	

REPLY COMMENTS OF GVNW CONSULTING, INC.

GVNW Consulting, Inc. (GVNW) respectfully submits these reply comments in response to the Notice of Proposed Rulemaking (NPRM) released February 25, 2003. In the NPRM, the Commission seeks comment on the *Recommended Decision* of the Federal-State Joint Board on Universal Service (Joint Board) regarding the definition of services supported by universal service.¹ We believe that the evidence in the record supports the inclusion of equal access in the universal service definition.

GVNW is a management-consulting firm, which provides a wide variety of consulting services to independent telephone companies. These independent local exchange carriers provide universal service to rural subscribers, and are accordingly an interested party in any redefinition of universal service. We appreciate the opportunity

¹ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, FCC 02J-1, (rel. July 10, 2002) (*Recommended Decision*). In 1997, the Commission designated various “core” services deemed eligible for federal universal service support: single-party service, voice grade access to the public switched network; Dual Tone Multifrequency signaling or its functional equivalent; access to emergency services; access to operator services; access to interexchange service; access to directory assistance; and toll limitation services for qualifying low-income consumers. The *Recommended Decision* correctly supports the continuation of these existing services under the definition of what is eligible for support.

the Commission has provided via the NPRM to offer our previous comments and these replies on issues impacting subscribers in rural America.

CERTAIN PARTIES MISREPRESENT THE RECURRING NATURE OF EQUAL ACCESS COSTS

In the comment round, certain parties (see especially Western Wireless at page 7, footnote 7) demonstrate a misunderstanding of the nature and timing of “conversion” costs versus “recurring” costs related to the ongoing provision of equal access. By referencing Mr. Sieradzki’s June 12 ex parte, Western Wireless (WW) appears to attempt to shift the focus to non-recurring conversion costs as opposed to the **annual operating** costs incurred by rural ILECs.

The facts of the matter are very straightforward. If a rural ILEC follows current FCC rules and regulations, its “embedded cost-based high-cost support mechanisms” will necessarily include some recovery of equal access costs related to amounts booked for monthly activity. More specifically, as we stated in the GVNW June 19, 2002 ex parte filing on this subject:

“Under the current Commission Rules found in Parts 32, 36, 54, and 69, rural ILECs equal access costs are included in the calculation of high-cost universal service support.”

Opponents of including Equal Access actually recognize that there are indeed Recurring Operating Costs for rural ILECs

Ironically, this same comment filing by WW provides some examples as to the nature of the recurring or ongoing costs pertaining to equal access. At page 3, WW identifies costs including, but not limited to customer care, technical support, and reporting. These costs, if properly reported by the rural ILEC, will be booked into their

respective Part 32 accounts, and will flow through the process via the prescribed procedures of Part 36, Part 54, and Part 69 to be included as a portion of the federal universal service support mechanism. We describe this process of what the current rules require of rural ILECs in detail in our June 19 ex parte.

Since a thorough review of current FCC rules yields a clear conclusion, just what is it that WW does not like or understand? It appears that the argument advanced by WW on page 3 relates to their estimate of what the level of these costs would be for their operations. This appears to be a recurring theme as we review WW's and other competitive carrier objections to other costs of doing business as an ETC such as the provision of E911 capability.

VARIOUS GROUPS ARE CONFUSED AS TO WHAT WAS THE INTENT OF CONGRESS ON THIS ISSUE

As we have stated previously, adding equal access to the list of supported services is not contrary to section 332(c)(8) of the Act.² The plain fact is that requiring a service or functionality as a condition of universal service support in no way "mandates" a CMRS provider to offer any particular service, in this case, equal access. Why is this so? It is quite simple.

Participating in a rural telecommunications arena as a CMRS provider **does not include** an automatic eligible telecommunications carrier (ETC) designation. The fact is that Congress set the rules so that only in non-rural areas "shall" the Commission

² This is the section that prohibits any requirement that commercial mobile service (CMRS) providers offer equal access.

designate multiple ETCs. Recognizing the very real differences between non-rural and rural areas, the permissive “may” is the standard for whether to designate additional ETCs in high-cost areas of the country.

Carriers such as WW attempt to confuse this issue by wrapping themselves in the mantra of “there can be no turning back”. Indeed, this is true. The Commission must recognize the intent of Congress and reaffirm that ETC designations should be made in a competitively neutral manner that includes public interest tests for rural areas. There is not an FCC rule that provides for an “ETC-lite” designation that confers all of the benefits, but without all of the costs.

**IN REAFFIRMING THE EXISTING LIST OF SUPPORTED SERVICES, THE
RECOMMENDED DECISION STOPPED ONE STEP SHORT OF COMPLETING ITS
TASK**

The Commission has established some specific criteria that must be met to amend the current definition.³ Additionally, an important factor to consider here is that Section 254 (c) (1) states in part: “Universal service is an evolving level of telecommunications services that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information technologies and services.”

It is our opinion that the provision of equal access satisfies the four criteria contained in the Act and should be added to the list of supported services.

³ In order for any telecommunications service to be added to the list of supported services, the service must meet the four criteria specified at Section 254(c) of the 1996 Telecommunications Act. The four criteria that are found at Section 254 (c) (1) include: (A) are essential to education, public health, or public safety; (B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential subscribers; (C) are being deployed in public telecommunications networks by telecommunications carriers; and (D) are consistent with the public interest, convenience, and necessity.

GVNW Consulting, Inc.
Reply Comments in CC Docket No. 96-45 (FCC 03-13)
April 28, 2003

We applaud the Commission for seeking comments as it reexamines the definition of services that will be supported by federal universal service mechanisms.

Respectfully submitted,
electronically filed –
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