LAW OFFICES
BLOOSTON, MORDKOFSKY, DICKENS, DUFFY & PRENDERGAST
2120 L STREET, NW
WASHINGTON, DC 20037

(202) 659-0830
FACSIMILE: (202) 828-5568

HAROLD MORDKOFSKY
BENJAMIN H. DICKENS, JR.
JOHN A. PRENDERGAST
GERARD J. DUFFY
RICHARD D. RUBINO
MARY J. SISAK
D. CARY MITCHELL
DOUGLAS W. EVERETTE

ARTHUR BLOOSTON
1914 – 1999

AFFILIATED SOUTH AMERICAN OFFICES
ESTUDIO JAUREGUI & ASSOCIATES
BUENOS AIRES, ARGENTINA

ROBERT M. JACKSON
OF COUNSEL

PERRY W. WOOFTER
LEGISLATIVE CONSULTANT

EUGENE MALISZEWSKYJ
DIRECTOR OF ENGINEERING
PRIVATE RADIO

June 3, 2003

WRITER'S CONTACT INFORMATION
202-828-5540
jap@bloostonlaw.com

Filed Electronically
Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: WT Docket No. 97-82

EX PARTE NOTICE

Dear Ms. Dortch:

This letter is to memorialize for the record in the above referenced docket today's meetings between Marie Guillory of the National Telecommunications Cooperative Association (NTCA), Carri Bennet of the law firm of Bennet & Bennet PLLC (counsel for RTG) and John Prendergast of Blooston, Mordkofsky, Dickens, Duffy & Prendergast, on behalf of their rural telephone clients, and the following Federal Communications Commission personnel: Bryan Tramont of Chairman Powell's Office; Barry Ohlson of Commissioner Adelstein's Office; John Branscome and Andrea Kelly of the Wireless Telecommunications Bureau; and Tray Hanbury of the Office of General Counsel. During this meeting, the attendees discussed the possible filing of a petition for clarification and/or reconsideration of one aspect of the Commission's *Second Order on Reconsideration of the Third Report and Order and Order on Reconsideration of the Fifth Report and Order ("Second Reconsideration Order")*, WT Docket No. 97-82, FCC 03-98, released May 8, 2003. The Second Reconsideration Order modified the "controlling interest" standard in Rule Section 1.2110(c)(2)(F), to remove an obstacle to auction participation by rural telephone cooperatives.

In particular, the Second Reconsideration Order exempted rural telephone cooperatives from having to attribute revenues from the outside business interests of officers and directors, for purposes of assessing eligibility for bidding credits. The exemption requires a rural cooperative to satisfy four conditions: (1) The applicant (or controlling interest) is validly organized as a

cooperative pursuant to state law; (2) the applicant (or controlling interest) is a "rural telephone company" as defined by the Communications Act; (3) the applicant (or controlling interest) is eligible for tax-exempt status under the Internal Revenue Code; and (4) the revenue of the officer/director affiliates is not available to the applicant. The attendees discussed whether the third condition (tax-exempt status) is the most appropriate criterion, or if a modified condition would better serve the purpose of the exemption. The rural representatives noted that the tax-exempt status of some rural telephone cooperatives may fluctuate from year to year, because of the sale of certain assets or the success of secondary lines of business that may cause more than 15% of revenues to derive from non-member sources. Because of this fact, the tax-exempt criterion may penalize the rural telephone cooperatives that are most proactive in pursuing the provision of advanced telecommunications services in rural America. The rural representatives also noted the importance of the Commission's initiative in revising the attribution rules as was done in the Second Reconsideration Order.

Please direct any questions concerning the above matter to the undersigned at (202) 828-5540.

Sincerely,

/s/ John A. Prendergast

JAP/mlb

cc: Bryan Tramont, FCC
Barry Ohlson, FCC
John Branscome, FCC
Andrea Kelly, FCC
Tray Hanbury, FCC