NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
The Voice of Rural Telecommunications
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June 12, 2003

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, D.C. 20554

Re: ***Ex Parte* Notice**

In the Matter of Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities (CC Docket Nos. 02-33, 95-20, 98-10)

In the Matter of Federal-State Joint Board on Universal Service Review of the Definition of Universal Service (CC Docket No. 96-45)

In the Matter of USF Contribution Methodology System (CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170)

In the Matter of Federal-State Joint Board on Universal Service Seeks Comment on the Commission's Rules Relating to High-Cost Universal Service Support and the ETC Designation Process (CC Docket No. 96-45)

Dear Ms. Dortch:

On Thursday, June 12, 2003, Daniel Mitchell and I met with Anna-Elisa Mackowiak, Intern for Commissioner Kathleen Abernathy and Matthew Brill, Senior Legal Advisor to Commissioner Abernathy.

We discussed NTCA's positions on universal service issues raised in the above-referenced proceedings. NTCA distributed a four-page handout outlining NTCA's positions in these proceedings. A copy of the handout is enclosed.

In accordance with the Commission's rules, an original and two copies of this letter are being filed with the Secretary's Office. If you have any questions, please do not hesitate to contact L. Marie Guillory at 703-351-2021.

Sincerely,

/s/ L. Marie Guillory
L. Marie Guillory
Vice President, Legal and Industry

cc: Matthew Brill
Attachment

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NTCA's POSITION IN UNIVERSAL SERVICE DOCKETS

- **Federal-State Joint Board on Universal Service Seeks Comment on the Commission's Rules Relating to High-Cost Universal Service Support and the ETC Designation Process (CC Docket No. 96-45)**
    - **The focus on manufactured competition instead of comparability of services and rates between rural and urban areas compromises the goals and purposes of the Act.**
        - **The existing rules for providing support are not competitively neutral.**
        - **The rules do not promote comparability of services and rates between rural and urban consumers.**
    - **The Commission should stay pending requests for designations until it completes this proceeding.**
        - **The rules for designation may change upon completion of the proceeding.**
        - **A stay of pending requests would permit the Commission to preserve the long-term sustainability of universal service.**
    - **There is widespread support for reform of the rules for designating and supporting ETCs in rural areas.**
        - **The rules should eliminate the opportunity for windfalls to competing ETCs who receive support on the basis of the ILEC's per line support.**
        - **The rules should comply with the statutory requirements that apply more stringent tests for designating additional ETCs in rural telephone company service areas.**
        - **Rural telephone companies continue to require different policies and rules to ensure service to rural areas.**
            - **Support on the basis of embedded costs**
            - **Inclusion of all lines in determining support**

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- **Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities**
  (CC Docket Nos. 02-33, 95-20, 98-10)

  - **The small rate-of-return (ROR) companies have made substantial progress in deploying broadband services under existing rules that permit them to invest in the infrastructure needed to provide these services and share risks by participation in the NECA pools.**

  - **These companies offer broadband services such as DSL as common carriers and need the ability to continue to do so.**

  - **Regulatory flexibility may be needed for some ROR carriers but mandatory reclassification of the broadband transmission services of all carriers would cause substantial adverse consequences and have unpredictable side effects on carriers serving high cost areas.**

  - **Some ROR carriers need regulatory flexibility because they face competition from providers that are not regulated under Title II.**

  - **The Commission can accommodate the needs of these carriers without taking the drastic step of redefining the services in a manner that forces all carriers to abandon ROR regulation, sufficient cost recovery and the benefits of NECA pooling.**

  - **The Commission should use its Section 254(d) permissive authority to assess reclassified services as well as other facilities-based broadband transmission services that are not presently required to contribute to universal service.**

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- **USF Contribution Methodology System (CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170)**
    - **More time is needed to assess the interim measures before making further changes in methodology.**
    - **Assessments of retail revenues are economically efficient. These assessments are self-correcting for changes in the market. They reflect customer choices.**
    - **The staff study of each of the connection-based alternatives demonstrates that none of the alternatives meets the requirement that all provides of telecommunications carriers make equitable and nondiscriminatory contributions. All involve large shifts among types of carriers that pay or among the classes of end users that pay. None of these approaches is self-correcting for market or technological shifts in the way services are delivered.**
    - **The pool of contributors should be expanded to include all facilities based Internet access service providers.**

Wireline broadband Internet access services that are presently assessed should continue to be assessed if they are redefined or reclassified.

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- **Federal-State Joint Board on Universal Service Review of the Definition of Universal Service (CC Docket No. 96-45)**
    - **The definition of universal service should evolve to include the offering of equal access to the consumer's interexchange carrier of choice.**
    - **Adding equal access will allow the Commission to attain its stated goal of establishing "a modern equal access and non-discriminatory regulatory paradigm that will benefit" all consumers.**
    - **Consumers for the first time ever will have the ability to comparison shop for competitive long distance services on both their landline and wireless phones.**
    - **Making universal service support conditional upon the provision of equal access does not violate section 332(c)(8) of the Act nor does it require a wireless provider to offer it. Wireless carriers would remain free, as they are today, to choose not to offer equal access to their customers.**
    - **Equal access meets the four-part criteria for acceptance into the definition of universal service.**
        - **Equal access has been deployed throughout the public switched network.**
        - **The overwhelming number of residential customers can choose among IXC carriers and subscribe to equal access.**
        - **Equal access to long distance services is consistent with the public interest and essential to public health, education and safety.**
        - **The inclusion of equal access in the definition of supported services is consistent with the principle of competitive neutrality.**
    - **The Commission should require a short transition period before it requires ETCs to provide equal access.**

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