



August 25, 2003

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VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: CC Docket No. 96-45
Notice of Oral Ex Parte Communication

Dear Secretary Dortch:

On August 22, 2003, Dana Tindall, Senior Vice President, Legal, Regulatory, and Governmental Affairs, and I, on behalf of GCI, met with Commissioner Nan Thompson of the Federal-State Joint Board on Universal Service. Consistent with our prior filings, GCI stated that equal per-line support for ETCs in the same market is necessary to preserve the incentives for increased efficiencies and cost savings through competition. We explained that distributing support based on an individual carrier basis would fail to discipline carrier costs in a market because carriers would seek to achieve the same support levels and would eliminate incentives to achieve further efficiencies once such equilibrium had been achieved. Equal per-line support could be issued based on the ILEC costs, CETC costs, or model costs, but GCI also noted that there are existing administrative difficulties in basing support on CETC costs due to the absence of any uniform cost accounting requirements for competitive carriers, different network topologies from the ILEC, and, in some cases, different geographic scope from the ILEC.

To ensure sustainability of the fund over time, GCI urged the adoption of real portability of support between carriers, the capping of per-line support upon the entry of a CETC, and ratcheting down support to reflect declining costs. In addition, other measures may need to be considered over time so that USF high cost support is adequately adjusted going forward to ensure that it is not being used to support needlessly low prices in a competitive retail market.

In accordance with the Commission's rules, a copy of this letter is being filed in the captioned proceeding.

Sincerely,

/s/

Tina M. Pidgeon
Vice President, Federal Regulatory Affairs