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

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Re: Notice of *Ex Parte* Communication in CC Docket 96-45

Dear Secretary Dortch:

Yesterday David Zesiger of Independent Telephone and Telecommunications Alliance (ITTA), Rob Binder of Citizens/Frontier, Robert Shannon of CenturyTel, and I met with the following individuals concerning the Commission's above-referenced proceeding: Commissioner Abernathy and Matthew Brill, Commissioner Adelstein and Scott Bergmann, and Commissioner Martin and Dan Gonzalez. In these meetings, we discussed the points ITTA has made in its reply comments and written testimony to the Federal-State Joint Board in this docket, and the oral testimony given to the Joint Board on July 31, 2003. The attached summary of these points was distributed in the meetings.

Please direct any questions concerning this matter to me.

Very truly yours,



Karen Brinkmann

Attachment

cc: Commissioner Kathleen Q. Abernathy
Commissioner Jonathan Adelstein
Commissioner Kevin J. Martin
Matthew Brill
Scott Bergmann
Dan Gonzalez

**JOINT BOARD RECOMMENDATIONS SHOULD FIRST ADDRESS THE CETC DESIGNATION
PROCESS**

1. ITTA Supports Technologically and Competitively-Neutral Standards for all ETCs:
 - a. Support should be justified based on each carrier's costs
 - b. Technology-neutral standards require the same basic level of service of all ETCs
 - c. All ETC support should reflect the area (customers) served by the recipient of support
 - d. Reporting requirements should be competitively neutral
 - e. Competition alone is not sufficient justification for CETC designation in rural areas

2. Capping Support Promotes the Interests of Competitors, Not Universal Service:
 - a. Limiting support to a single line would be administratively unworkable, and promote new arbitrage strategies by CETCs, without achieving the goals of universal service
 - b. Freezing per-line support upon competitive entry would disserve rural customers, putting pressure on local rates and inhibit investment in the market; especially if the competitor does not have the same service obligations as the incumbent, such a change could cause service to decline in rural markets
 - c. Departing from a cost-based standard for support would disserve rural customers – the FCC has previously found that models fail to adequately predict cost variations among rural markets

3. The Best Way to Prevent Unwarranted Growth in Funding Is To Articulate Clear National Standards for CETC Designation:
 - a. Clear standards are necessary to prevent cream-skimming
 - b. Federal rules should establish minimum criteria for CETC designations
 - c. States should perform a cost-benefit analysis specific to the geographic market for which CETC designation is sought
 - d. Regulatory oversight should ensure that funds are being used to invest in network facilities
 - e. If the Joint Board and the FCC act promptly on standards for CETC designations, the more radical suggestions for controlling federal support should be unnecessary