

Karen Brinkmann
(202) 637-2262
karen.brinkmann@lw.com

555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004-1304
Tel: (202) 637-2200 Fax: (202) 637-2201
www.lw.com

LATHAM & WATKINS LLP

FIRM / AFFILIATE OFFICES

Boston	New Jersey
Brussels	New York
Chicago	Northern Virginia
Frankfurt	Orange County
Hamburg	Paris
Hong Kong	San Diego
London	San Francisco
Los Angeles	Silicon Valley
Milan	Singapore
Moscow	Tokyo
	Washington, D.C.

October 9, 2003

By Electronic Filing

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

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

Dear Secretary Dortch:

The representatives of CenturyTel, Inc. noted below had *ex parte* discussions with the Federal-State Joint Board members indicated, on the dates shown, concerning the above-referenced proceeding and specifically the issues referred to the Joint Board by the Commission on November 8, 2002 (FCC 02-307):

October 6, 2003 – Jeff Glover and John Jones met with Board Member Gregg
October 7, 2003 – Jeff Glover and John Jones met with Board Member Dunleavy
October 9, 2003 – Mssrs. Glover, Jones, and Robert Shannon spoke via telephone
with Board Member Jaber

In these meetings, CenturyTel discussed the points it has made in its written pleadings and *ex parte* submissions in this docket, and in the testimony given by Jeffrey Glover before the Federal-State Joint Board at its July 31, 2003 hearing. CenturyTel emphasized that capping support, or limiting support to a single line per customer, would likely undermine universal service objectives. The attached materials, which summarize these points, were left behind at the October 6 and 7 meetings. A courtesy copy of this letter and the attachment is being served on all the Joint Board members and the staff of the Joint Board, as noted below.

Very truly yours,



Karen Brinkmann

Attachment

cc: *Federal-State Joint Board Members:* Abernathy (Chair), Adelstein, Dunleavy, Gregg, Jaber, Martin, Rowe and Thompson; *Federal-State Joint Board Staff Members:* Bergmann, Bluhm, Bolle, Brill, Cheng, Clopton, Dowds, Einhorn, Fogleman, Garnett, Gilmore, Gonzalez, Hsu, Johnson, Kenyon, King, Lee, Lipp, Matthey, McClelland, Meisenheimer, Newmeyer, Pescosolido, Poucher, Pursley, Scher, Schneider, Shifman, Stevens, Waldau, Walton-Bradford, Webber, Zaina



October 6, 2003

Ex Parte Presentation: CC Docket No. 96-45
Federal State Joint Board on Universal Service
ETC Portability Issues

The need for Federal Guidelines:

The FCC should establish minimal guidelines for public interest determinations to assist state commissions and provide consistency. These guidelines should ensure that the same level of service is required of all ETCs, whether ILECs or their competitors. Federal rules should refer to service standards adopted by the states for ILECs. Thus, states should require all ETC's to provide unlimited local calling plans to the extent that ILECs are required to provide such plans; states should require all ETCs to offer local service at rates deemed affordable; states should enforce service quality standards, such as standards for assessable customer service representatives, answer times, and billing and collection requirements, on the same basis for all ETCs; states should condition all ETC funding on the same service territory coverage requirements; to the extent equal access requirements for choice of long distance providers continue to apply to ILECs, they also should apply to competitive ETCs; and states should be required to review reports from ETCs justifying their support year over year – states should discontinue support for ETCs not meeting these basic requirements.

Limiting the number of ETCs in a rural market:

CenturyTel believes the standards described above will effectively limit the number of carriers that seek and obtain ETC designation in many rural markets. As an additional limiting principle, CenturyTel supports the stratified per-line support methodology/public interest standard proposed by Mr. Gregg and views it as a workable solution to make the ETC Portability designation process more reflective of the realities of high cost markets and ensures the long-term sustainability of the fund.

Guidelines for Amount of Support:

High-cost support should be justified based on each carrier's costs. Only cost-justified support can be said to meet the requirement of Section 254(e) that high-cost support be used only for the purpose for which it is intended.

Support for Networks versus Primary Lines:

Limiting support to a single line would be administratively unworkable, and promote new arbitrage opportunities by CETCs, without achieving the goals of universal service.

Limiting universal service support to only primary lines, or one phone, will eventually diminish the accomplishments on America's universal service system for rural consumers. The success of the universal service program is due to a robust and constantly evolving telecommunications network. The primary line concept will drastically curtail investment needed for future infrastructure dedicated to supporting "an evolving definition of universal service."

Per line support is based around the concept of an identifiable *line* to the customer's premise. There is no clear wireless equivalent to a "line." Wireless ETCs now receive support based on the number of *handsets* at a particular billing address. If indeed wireless service is a complimentary service rather than a competitive service to existing wireline networks, limiting support to a single "line" puts consumers in the awkward position of having to choose "mobility" over "reliability."

Also, the following must be considered as potential outcomes:

- Administrative nightmares for regulators, companies and customers in *defining* the "primary line" in a multitude of housing and living situations, and verifying which carrier is entitled to support at each customer location.
- A "Pandora's Box" of new local slamming issues from aggressive competitors that will rival long distance slamming.
- Little if any true competitive choice if ILEC's are not allowed to price, bundle and market in response to competition for primary lines.
- A drop in overall telephone penetration as existing lines, not picked as the primary line, are dropped due to increasing costs

Multiple ETCs in rural areas should not trigger freezing or capping per line support

Freezing or capping per line support in rural markets due to the presence of multiple providers does not serve the public interest. Such action would be a disservice to rural consumers and put pressure on local rates and inhibit investment. Freezing support for ILECs, especially when a CETC does not have similar service obligations, penalizes rural customers needlessly and threatens the intent of sufficiency of the fund. Rural ILECs receive support only after they have made the necessary investment to serve rural markets in their entirety. Wireless CETCs get high cost support from day one for signing up their existing customer base, which may include low cost customers and may not offer service universally throughout the geographic scope of the license.

If the ILEC network is no longer supported as a whole, due to a freeze or cap on per-line support, as ILECs lose lines to competition they will be forced to raise local rates or discontinue service to customers served by their competitors. The net effect of competitive universal service funding thus will be less ubiquity of service, rather than more.