



May 18, 2004

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

Re: In the Matter of Developing a Unified Inter-carrier Compensation Regime, CC Docket No. 01-92

Dear Ms. Dortch:

This letter is filed in accordance with Commission rules. On May 18, 2004, Wendy Thompson Fast of Consolidated Telephone Company, Daniel Hunt of HunTel Systems, Sandra Ellis of Mid-American Computer Corporation, S. Michael Jensen and Michael Urdahl of Great Plains Communications, and I met with Scott Bergman, legal advisor to FCC Commissioner Adelstein, in the above docket. We presented our rural companies' views on various issues related to inter-carrier compensation reform.

We presented our views on what is driving the need for inter-carrier compensation reform in rural areas of the nation. We noted that while originating access minutes have been decreasing due to substitute services and arbitrage, overall terminating minutes of all kinds of traffic on rural networks are not necessarily decreasing. We also explained that the inconsistency in rates for different kinds of traffic and jurisdictions causes a need to move toward unification of rates.

In addition, we discussed our views on why larger carriers may be seeking bill and keep as an inter-carrier compensation proposal, as they serve more-dense areas, are net "payers" of inter-carrier compensation and have business plans that seek to eliminate these costs. However, we also described how bill and keep could not work in rural areas if universal service is going to be maintained.

Finally, we addressed components that should be part of a fair and comprehensive inter-carrier compensation solution. Those components include rebalanced local rates and equalized subscriber line charges; cost-based and unified inter-carrier compensation rates that reflect cost causation; retention of current USF with supplemental USF as necessary; and a future vision of what Internet Protocol compensation should entail.

Sincerely,

A handwritten signature in black ink that reads "Ken Pfister".

Ken Pfister  
Vice President-Strategic Policy