

November 1, 2004

VIA ELECTRONIC FILING

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

Re: In the Matter of Vonage Holding Corporation Petition for Declaratory Ruling Concerning and Order of the Minnesota Public Utilities Commission, WC Docket 03-211;
In the Matter of Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92;
In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45;
In the Matter of IP-Enabled Services, WC Docket No. 04-36;
In the Matter of Intercarrier Compensation for IP-Bound Traffic, CC Docket No. 99-68;
In the Matter of Implementation of the Local Competition Provisions in the 1996 Act, CC Docket No. 96-98.

Dear Ms. Dortch:

This letter is filed in accordance with Commission rules. On October 29, 2004, Wendy Thompson Fast of Consolidated Telephone Companies, Michael Urdahl of Great Plains Communications, Inc. and I met on issues related to the above dockets with the following FCC staff: Jeff Carlisle, Bureau Chief; Lisa Gelb, Deputy Bureau Chief; Jane Jackson, Associate Bureau Chief; Tamara Preiss, Division Chief; Victoria Schlesinger; Attorney Advisor-Pricing Policy Division; and Jay Atkinson, Economist.

First, in WC Docket 03-211, on which the Commission is reportedly considering taking action, we urged the Commission to not make a determination at this time that the Vonage service or any other Internet Protocol ("IP")-enabled service is interstate jurisdictionally, and to fully understand the unintended consequences of such a determination. Specifically, we urged that such a determination could significantly undermine the assessment base for state universal service funding, in that carriers would be incented to declare their service delivery as IP to avoid state assessment. We also said that declaring IP services to be interstate will confuse or eliminate the intercarrier compensation obligations for IP providers that originate or terminate intrastate or local traffic to the Public Switched Telephone Network, giving carriers motivation for gaming by labeling traffic as IP in order to avoid costs.

In addition, we noted that any determination of any IP service as interstate at this juncture would be premature, in that the Commission is investigating all IP issues comprehensively in WC Docket No. 04-36. The overall consumer and universal service impacts of any determination by the Commission must be determined, and such analysis certainly has not yet occurred. The attached document was utilized in the meeting.

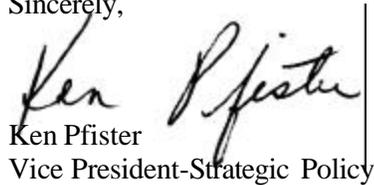
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Also, we discussed the recent filing by the Alliance for Rational Inter-carrier Compensation (“ARIC”) of the Fair Affordable Comprehensive Telecom Solution (“FACTS Plan”). In the FACTS Plan, ARIC proposes to comprehensively reform inter-carrier compensation by implementing

- Cost-based, unified inter-carrier compensation rates for every company.
- A nationwide rate floor and ceiling for customer local service rates, with each state commission setting specific benchmarks within the range.
- No increase in current federal subscriber line charge caps, and equalization of these charges between rural and non-rural customers in each state.
- A supplemental state equalization fund in each state, funded jointly from federal and state sources and available to any eligible telecommunications carrier subject to state conditions.
- A recommendation for an inter-carrier compensation regime applicable to IP services and conditions to minimize IP market power.

We requested that the Commission include the FACTS Plan in its upcoming Further Notice of Proposed Rulemaking in CC Docket No. 01-92. The attached document was also referenced during the meeting.

Sincerely,



Ken Pfister
Vice President-Strategic Policy

Attachments

Cc: Scott Bergman
Matthew Brill
Daniel Gonzalez
Christopher Libertelli
Jessica Rosenworcel