

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Southern Communications Services, Inc.)	CC Docket No. 96-45
d/b/a Southern LINC)	
)	
Petitions for Eligible Telecommunications)	
Carrier in the State of Alabama, Florida,)	
and Georgia)	

**OPPOSITION OF VERIZON TO SOUTHERN LINC'S
PETITIONS FOR DESIGNATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER IN ALABAMA, FLORIDA, AND GEORGIA¹**

Verizon opposes the instant petitions² because Southern LINC fails to prove that granting it ETC status would be in the public interest. In addition, the Commission should not grant any additional ETC petitions for designation before it finds a way to control growth of the high cost fund.

As an initial matter, the instant ETC petitions should be denied, because Southern LINC utterly has failed to make the requisite public interest showing. The "public interest" showing sections in the petitions consist only of boilerplate language and conclusory assertions, devoid of the factual showing the Commission has stated is the burden for ETC applicants to meet.³ For example, while Southern LINC in some petitions argues that there would be only "minimal" impact to the universal service fund if its petitions were granted, it *nowhere* estimates the

¹ The Verizon telephone companies ("Verizon") are the local exchange carriers affiliated with Verizon Communications Inc., and are listed in Attachment A.

² Verizon's opposition applies to all petitions and supplements identified in Public Notice, DA 05-269, at n.1 (rel. Feb. 1, 2005) and Public Notice, DA 05-143, at n.1 (rel. Jan.21, 2005).

³ See, e.g., *Virginia Cellular Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, 19 FCC Rcd 1563, ¶ 26-28 (2004); *Highland Cellular Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, 19 FCC Rcd 6422, ¶ 20-22 (2004).

projected cost.⁴ Moreover, although much of the public interest argument raised by Southern LINC tout the purported competitive benefits of granting the petitions,⁵ the petitions nowhere discuss the *current* state of competition in the areas in which it is seeking ETC designation. The Commission has recently released a study indicating that 97% of consumers live in areas with access to three or more wireless providers.⁶ In addition, several carriers already have been granted ETC status in the states where Southern LINC is now seeking designation.⁷ Even assuming there were some legitimate rationale for using universal service subsidies to further “competition” in these areas – a point that Verizon and countless others, including several Commissioners, have refuted⁸ – there is *no* public policy rationale for using universal service

⁴ See, e.g., *Southern Communications Services, Inc., d/b/a Southern LINC Petition for Designation as an Eligible Telecommunications Carrier in the State of Florida*, CC Docket No. 96-45, at 16 (filed Sept. 14, 2004) (“Florida Petition”). As Verizon has explained before, the public interest test applies to non-rural as well as rural areas. See Verizon Comments, CC Docket 96-45 (filed June 21, 2004) (“Verizon June 21 Comments”).

⁵ See, e.g., Florida Petition at 13-16; *Southern Communications Services, Inc., d/b/a Southern LINC Petition for Designation as an Eligible Telecommunications Carrier in the State of Alabama*, CC Docket No. 96-45, at 13-15 (filed Sept. 14, 2004); *Southern Communications Services, Inc., d/b/a Southern LINC Petition for Designation as an Eligible Telecommunications Carrier in the State of Georgia*, CC Docket No. 96-45, at 13-15 (filed Sept. 14, 2004).

⁶ See Annual Report on CMRS, FCC 04-216, ¶¶ 109-111 (rel. Sept. 2004) (finding that 97% of total US population lives in counties with access to three or more CMRS operators, even in rural areas. The FCC specifically found that “CMRS providers are competing effectively in rural areas.”).

⁷ See, e.g., *Federal-State Joint Board on Universal Service, Sprint Corporation, Applications for Designation as an Eligible Telecommunications Carrier in Alabama, Florida, Georgia, New York, North Carolina, Tennessee, and Virginia*, Order, 19 FCC Rcd 2266, ¶ 1 & App. B (18, 2004); *Federal-State Joint Board on Universal Service, ALLTEL Communications, Inc., Petitions for Designation as an Eligible Telecommunications Carrier in Alabama, Florida, Georgia, North Carolina, and Virginia*, Order, 19 FCC Rcd 20496, ¶ 1 & App. B (2004).

⁸ See Verizon Comments, CC Docket No. 96-45, at 9-14 (filed Aug. 6, 2004) (“Verizon Aug. 6 Comments”). See also, e.g., *Multi-Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, Separate Statement of Commissioner Kevin J. Martin, 16 FCC Rcd 19613, 19746 (2001) (“MAG Plan Order”) (noting that using universal service funds to artificially “create” competition by funding multiple ETCs in high cost areas, “may make it difficult for any one carrier to achieve

funding to support *multiple* ETCs in the *same* areas. Continuing to grant multiple ETC designations in certain study areas only risks increasing the size of the universal service fund or diluting support from its intended purpose.⁹

If the Commission does not reject the Southern LINC petitions outright, it should at least delay consideration of the petition pending outcome of the current rulemaking proceeding considering ways to control growth of the high cost fund, and require Southern LINC to update its petitions based on any new criteria that might be set forth in that proceeding.¹⁰ As Verizon has pointed out in previous filings, the cumulative effect of granting this and similar ETC petitions threatens to increase the high cost fund by hundreds of millions of dollars per year, and could unravel the access charge reform established by the CALLS Order. *See* Verizon June 21 Comments, at 3-7. The Commission currently is considering comments on how to reform the process for designating ETCs, and the rules regarding the portability of high cost support.¹¹ Verizon and other commenters have proposed a number of methods for controlling growth of the

the economies of scale necessary to serve all of the customers in a rural area, leading to inefficient and/or stranded investment and a ballooning universal service fund”); *Federal-State Joint Board on Universal Service*, Recommended Decision, Separate Statement of Commissioner Kathleen Q. Abernathy, 19 FCC Rcd 10812 (2004) (“[I]t seems clear that the universal service fund can no longer subsidize an unlimited number of connections provided by an unlimited number of carriers”); Terry Lane, *Adelstein Nomination Prospects High*, *Communications Daily*, Nov. 19, 2004 (“Adelstein said USF was created to ensure universal service, not necessarily competition”).

⁹ *See* footnote 8, *supra*.

¹⁰ *See Federal-State Joint Board on Universal Service*, Notice of Proposed Rulemaking, 19 FCC Rcd 10800 (2004) (requesting comment on various proposals for controlling the size of the high cost fund). Although the Bureau has been granting ETC applications pending the portability proceeding, the Commission should reverse this process. *See Reply Comments of Verizon in Support of Application For Review Filed by the Rural Local Exchange Carriers*, CC Docket No. 96-45 (filed Oct. 12, 2004) (“Verizon Oct. 12 Replies”).

¹¹ *See Federal-State Joint Board on Universal Service*, Notice of Proposed Rulemaking, 19 FCC Rcd 10800 (2004).

high cost fund, including a presumption that it is not in the public interest to grant more than one ETC per rural study area.¹² Continuing to grant pending ETC petitions while the portability proceeding is underway threatens to harm or potentially prejudice some of the proposals raised in that proceeding.¹³ In addition, if some of the proposed suggestions for controlling the fund size ultimately are adopted by the Commission, it would have to revisit (and probably undo) the ETC designations that the Bureau is now granting.

Conclusion

The Commission should reject the Southern LINC petitions or, in the alternative, take no action on the petitions, nor on other pending petitions for ETC status, until it resolves the issues raised in the pending portability proceeding and finds a way to control growth of the high cost fund.

Respectfully submitted,



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¹² Verizon Aug. 6 Comments, at 9-19.

¹³ See Verizon Oct. 12 Replies at 3.

THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

**Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.**