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June 16, 2005

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Ex Parte* Presentation in CC Docket 96-45 – Federal-State Joint Board on Universal Service

Dear Ms. Dortch:

On Tuesday, June 7, the following individuals met with members of the Federal-State Joint Board on universal service to discuss the above-captioned proceeding: Kevin Hess of TDS Telecom, Pat Morse of FairPoint Communications, Bill Kruetz of Valor Telecom, Mike Shultz of Consolidated Communications, Ed Krachmer of Iowa Telecom, Matt Dosch of Comporium Communications, Jeffrey Glover of CenturyTel, and Bob Rowe of Balhoff & Rowe (together, the “Midsize Representatives”). The following Joint Board members and staff were in the meetings: Joint Board Members Baum, Dunleavy, Gregg, Nelson and Smith; Joint Board staff members Peter Bluhm, Orjiakor Isiogu, Joel Shifman, Andrew Margeson, and Carl Johnson; and NARUC Representative James Bradford Ramsay.

The Midsize Representatives discussed the services provided by midsize rural carriers, and cost drivers for universal service in general. They also discussed with the Joint Board members and staff the “rural telephone company” definition, the efficiencies inherent in the use of holding company structures, and their opposition to a change in the definition of “rural” for purposes of universal service support.

The Midsize Representatives then discussed pending proposals to alter the basis of support for rural local exchange carriers (LECs), and advocated retaining the current methodology for incumbent LECs, and a possible option for rural price cap carriers to move to a forward-looking economic cost methodology. They also discussed possible changes to the basis of support for competitive eligible telecommunications carriers. Finally, the Midsize Representatives raised specific concerns about the current funding mechanism, including the cap on the funding that is available to rural high-cost carriers, as well as how the current rules governing the transfer of exchanges between carriers can discourage much-needed investment.

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The enclosed materials were discussed in these meetings. Please contact me if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'K. Brinkmann', with a long horizontal line extending to the right.

Karen Brinkmann

Enclosure

cc: Joint Board Member Ray Baum
Joint Board Member Thomas J. Dunleavy
Joint Board Member Elliott G. Smith
Joint Board Member Robert B. Nelson
Joint Board Member Billy Jack Gregg
Joint Board Staff Member Peter Bluhm
Joint Board Staff Member Orjiakor Isiogu
Joint Board Staff Member Joel Shifman
Joint Board Staff Member Andrew Margeson
Joint Board Staff Member Carl Johnson
NARUC Representative James Bradford Ramsay