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July 6, 2005

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

Re: Federal State Joint Board on Universal Service, CC Docket 96-45

Dear Ms. Dortch:

On July 6, 2005, BellSouth met with Wireline Competition Bureau staff to discuss universal service contribution methodology. Attending the meeting from the Commission were Narda Jones, Cheryl Callahan, Carol Pomponio, Cathy Carpino, Greg Guice, Marilyn Jones and Regina Brown. Representing BellSouth at this meeting were Rod DeYonker, Bill Shaughnessy, John Ruscilli, Jon Banks, Bennett Ross and the undersigned.

Copies of the attached presentation served as a basis for discussion. The attachment includes updated data showing variances between the NRUF assigned category of telephone numbers and the company's actual working telephone numbers. If the Commission is contemplating a change in contribution methodology from revenues to a numbers-based approach, BellSouth urged the Commission to establish clear and common guidance on how those numbers should be reported. In this regard, BellSouth suggested that if the Commission issues an order establishing a numbers-based contribution methodology, it could issue a further notice examining specific, detailed questions related to the transition to that approach.

Pursuant to Commission rules, please include a copy of this notice and attachment in the record of the proceeding listed above.

Sincerely,

  
Jeanine Poltronieri  
Attachment

cc:

Narda Jones  
Cheryl Callahan  
Carol Pomponio,  
Cathy Carpino  
Greg Guice  
Marilyn Jones  
Regina Brown



July 6, 2005

**Universal Service Contribution Methodology:  
Possible Transition to Numbers-Based Methodology**

**Goals: Ensure that --**

- Methodology generates sufficient support without unduly burdening any specific class of customer.
- Carriers are assessed only on numbers for which they have retail relationship with end-user.
- Carriers are not required to act as "agent" for other contributors.
- Overall program has minimal implementation and administrative costs.

**Proposal:** If the FCC wishes to enact a numbers-based contribution methodology, FCC should issue an order establishing that principle. At the same time, the FCC should release an FNPRM asking targeted questions to explore specific issues related to implementing a numbers-based methodology.

**Issues with Using Numbering Resource Utilization/Forecast Report ("NRUF"):**

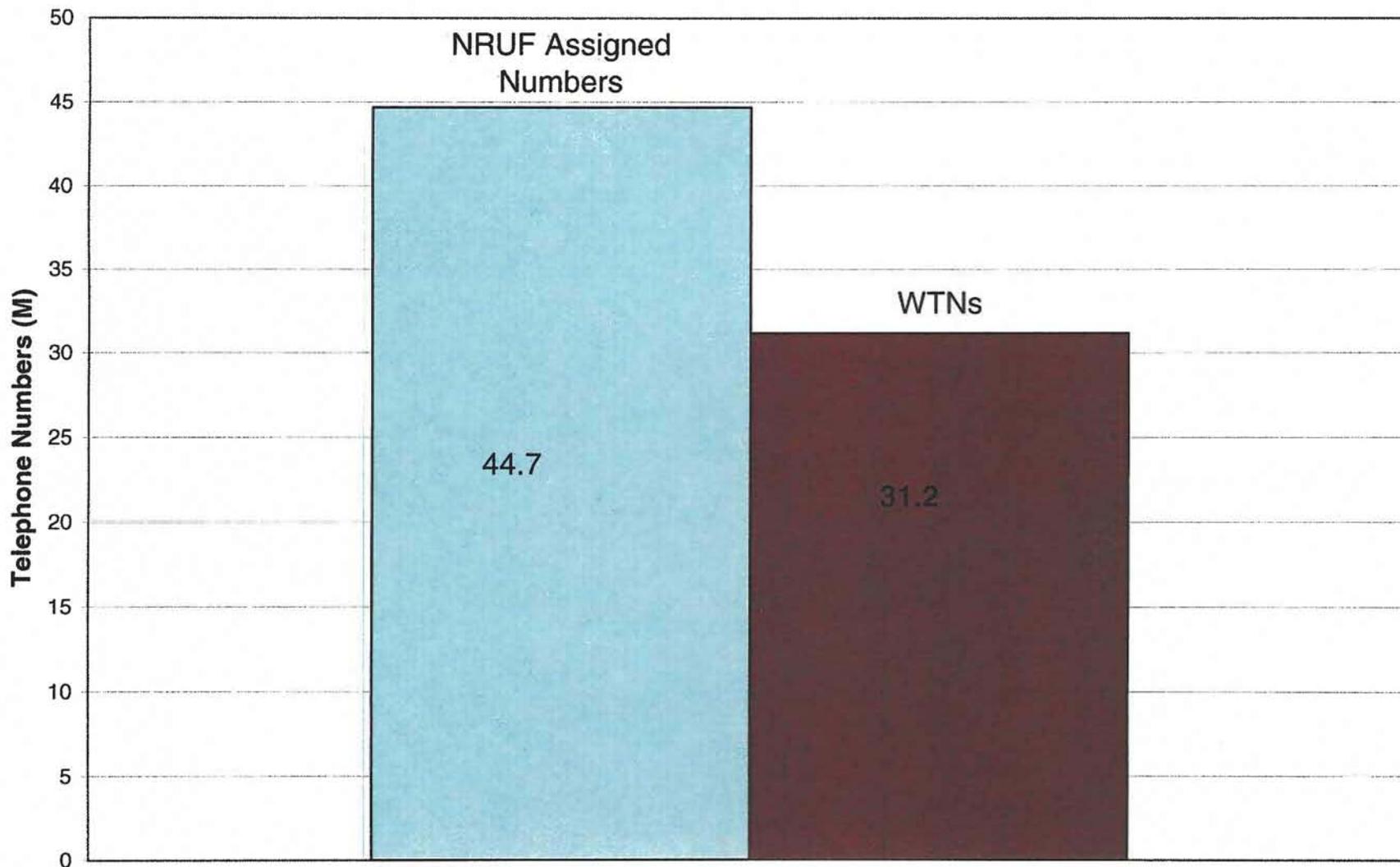
- Difference between NRUF "assigned" numbers and working numbers:
  1. Type 1 wireless
  2. Wholesale numbers (UNE-P & Resale)
  3. Ported out numbers
  4. Non-working dedicated code numbers
- For category 1, 2, 3 above: principle should be that carrier who has retail relationship with end-user should make contribution.
- For category 4: need to make sure that these non-working numbers are not included in the contribution basis.
- Need to have consistent rules for contributions from complex business users – caps should be adopted to minimize rate shock.
- Subcategories under NRUF have never been harmonized.
- Frequency: Current universal service filings of revenues take place every quarter with NRUF currently 2x/year. There is also a problem with seasonality of numbers – spikes for some carriers will lead to distortion in contribution: Can some type of rolling average be used instead of the NRUF snapshot of numbers at a single point in time?

- Exemptions: Lifeline exemption should be maintained, *de minimis* eliminated.

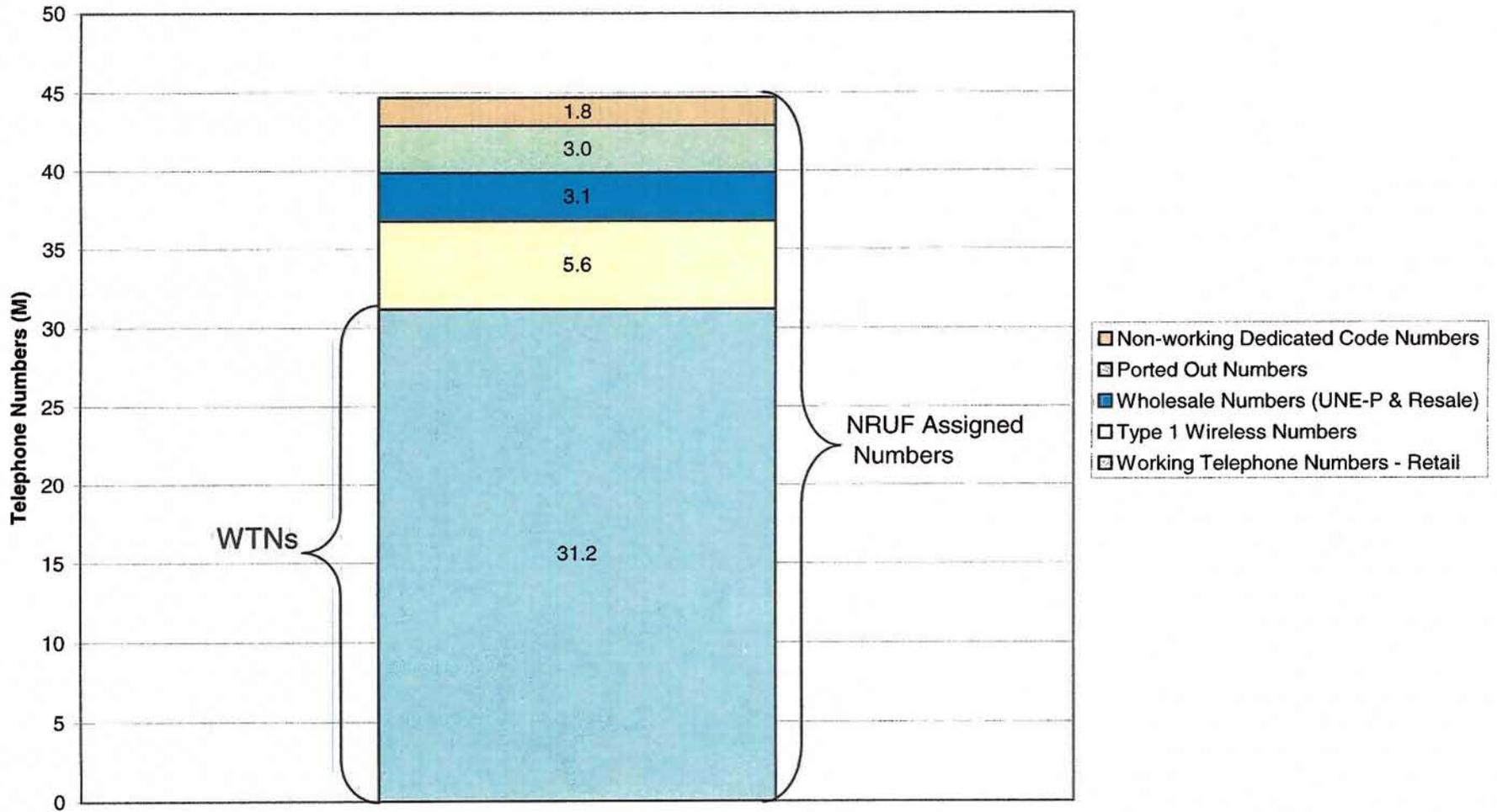
**Administrative Issues:**

- Need time for beta testing of new systems/forms. Revision to Form 499 will be needed.
- FCC/USAC will need to seek extensive input from a variety of industry representatives with sufficient lead time for testing new systems.
- FCC/USAC will need major education effort for companies who have not had to contribute previously (VoIP providers) or who have not had to file NRUF reports (paging carriers).
- “Functional equivalency” test: If voice service is provided without using telephone numbers, but with IP address or other identifier, FCC will need to establish a “functional equivalency” test.
- BellSouth suggests a transition with regard to long distance carriers (*See* BellSouth March 23, 2005 *ex parte*).

**Comparison of NRUF Assigned Numbers to WTNs  
BellSouth Illustration**



**Comparison of NRUF Assigned Numbers to WTNs: Components  
BellSouth Illustration**



**Components of NRUF Assigned Numbers: Components by Percentage  
BellSouth Illustration**

