OPASTCO

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July 12, 2005

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

Ex Parte **Notice**

RE: In the Matter of

Federal-State Joint Board on Universal Service
CC Docket No. 96-45

Appropriate Framework for Broadband Access to the Internet over Wireline Facilities
CC Docket No. 02-33

Developing a Unified Intercarrier Compensation Regime
CC Docket No. 01-92

Dear Ms. Dortch,

On July 12, 2005, Robert Williams of Oregon Farmers Mutual Telephone Company and John Rose and Stuart Polikoff of the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) met with staff from the Wireline Competition Bureau (WCB). Representing the WCB was Tom Navin, Jane Jackson, Tamara Preiss, Narda Jones, Cathy Carpino, Lisa Gelb, Jeremy Marcus, Steve Morris, and Ian Dillner.

We spoke to the WCB staff at a high level on several issues. Regarding universal service, we expressed concern that the Universal Service Administrative Company (USAC) may be considering ending the practice of

"netting" a carrier's delinquent contributions to the Universal Service Fund (USF) from their universal service support payments. We explained that USAC's practice of netting should continue so that small incumbent local exchange carriers (ILECs) that rely heavily on high-cost support for cost recovery would continue to be able to receive that funding in the event that they were inadvertently delinquent in their contribution to the Fund.

Regarding the Joint Board's proceeding on the rural high-cost mechanism, we stated our position that support for all eligible telecommunications carriers (ETCs) in rural service areas – both ILECs and competitive ETCs – should be based on the ETC's own embedded costs. Basing rural ILECs' support on their embedded costs has been highly successful in encouraging network investment in rural service areas and basing competitive ETCs' support on their own embedded costs as well would be competitively neutral.

We also discussed the possibility that the FCC may act soon in its proceeding on the legal framework for wireline broadband Internet access in light of the U.S. Supreme Court's decision in *NCTA v. Brand X Internet Services*. We highlighted the importance of preserving a pooling option for rural ILECs' digital subscriber line (DSL)-based service. Many rural ILECs offer DSL transmission services under the National Exchange Carrier Association's (NECA) tariff and participate in associated revenue pools. We explained that for most of these carriers, deployment of advanced services would not be viable without the pooling option for DSL. Pooling remains necessary in order for them to recover the considerable costs of deployment and to continue offering advanced services at reasonable rates.

Finally, we noted that OPASTCO is a sponsor of the Rural Alliance in the intercarrier compensation proceeding. We stated that all retail service providers that use a facilities-based carrier's network should pay for their use of that network. Intercarrier compensation rates should be unified and cost based. Unified rates for each carrier are necessary in order to address the arbitrage problems that exist today. The process of rate unification should occur through a collaborative effort between federal and state regulators. In addition, the FCC should seek to remedy the issue of unbillable "phantom" traffic.

In accordance with FCC rules, this notice is being filed electronically in the above-captioned dockets.

Sincerely,

Stuart Polikoff
Director of Government Relations

OPASTCO