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July 29, 2005

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Ex Parte in CC Docket Nos. 02-33 and WC Docket No. 04-36

Dear Ms. Dortch,

On Thursday, July 28, 2005, representatives of the Rural Alliance met via teleconference with Michelle Carey, Legal Advisor to Chairman Martin. The representatives of the Rural Alliance that participated in the meeting included Charles Cooper, Wendy Fast, Cheryl Parrino, Ken Pfister, and myself.

The purpose of the meeting was to address the concerns of rural telephone companies regarding our understanding that the Commission may move expediently to establish regulatory parity between cable broadband services and wireline broadband services. Our understanding is based on remarks by Chairman Martin at the NARUC Summer Meeting in Austin where he stated:

I have already shared with my colleagues a proposal that would give telcos the same deregulatory treatment as cable. It is my strong hope that this order will be adopted as soon as possible so that consumers can reap the benefits of continued infrastructure investment and the increased deployment of broadband services.

As providers of wireline broadband services, rural telephone companies look forward to the achievement of the goal articulated by Chairman Martin. We are concerned, however, that in taking action to achieve this objective, the Commission does not inadvertently adversely impact the efforts to achieve two other goals that Chairman Martin set forth in his recent address to NARUC: 1) addressing the universal service mechanism; and 2) addressing the framework of intercarrier compensation.

Accordingly, the Rural Alliance not only concurs in the proposal to maintain the option for wireline carriers to provide end user broadband services as a telecommunications service,¹

¹ See, *Notice of Written Ex Parte Presentation* of NECA, ITTA, NTCA, OPASTCO and USTA (collectively, the "Associations") in CC Docket No. 02-33 and WC Docket No. 04-36, July 22, 2005.

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but additionally urges that the Commission act in a manner that does not impact or pre-determine the ongoing proceedings related to intercarrier compensation and universal service.

Specifically, we ask that in acting on any proposal to establish broadband parity, the Commission indicate that its action is narrowly limited to address the regulatory framework applicable to the provision of end user broadband services. The Rural Alliance is concerned that, in the absence of clarity, parties may misuse the establishment of regulatory parity in the provision of broadband services in a manner to suggest wrongly that the Commission's efforts regarding intercarrier compensation and universal service are affected and addressed.

In this regard, the Rural Alliance asks that any action taken to establish regulatory parity in the provision of consumer broadband services specifically state that such action does not preclude consideration of the appropriate regulatory treatment of interconnection and the provision of transmission facilities necessary to connect rural carriers to the IP backbone network. In addition, the Rural Alliance urges the Commission to take measures to ensure that the universal service funding mechanism is not disrupted on a short-term basis or adversely impacted on a long-term basis. All services, including broadband services, that utilize the communications infrastructure should continue to pay for the use of that infrastructure.

In the rural high cost to serve areas of the nation, access to broadband services at affordable prices is dependent on both reasonable access to the IP backbone and a universal service mechanism that continues to support the deployment of advanced integrated networks that offer multiple services including broadband service. The Rural Alliance respectfully submits that irrespective of the technology used to provide broadband service, and regardless of whether the service is offered as a telecommunications service or an information service, the contribution obligation to universal service should not be affected.

The Rural Alliance shares the thoughts expressed by Chairman Martin in his recent address to NARUC regarding the short-term advantages of utilizing a numbers based contribution methodology to assess universal service contributions. As the Chairman recognized, "this solution is not perfect." Accordingly, the Rural Alliance also urges that the Commission make clear in any action implementing regulatory parity in the provision of consumer broadband services that its action does not preclude, prejudice or affect consideration of how broadband services may be assessed for universal service contributions now or in the future.

The representatives of the Rural Alliance look forward to the opportunity to discuss these matters further with the Commission and its Staff.

Sincerely,

s/ Stephen G. Kraskin

Stephen G. Kraskin