



EX PARTE

March 10, 2006

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

**Re: Ex Parte Meetings
CC Docket 96-45 and CC Docket 01-92**

Dear Ms. Dortch:

On March 9, 2006, Adam Kupetsky, Regulatory Counsel for Level 3 Communications, LLC ("Level 3"), and John Nakahata, of Harris, Wiltshire & Grannis, LLP, representing Level 3, met separately with the following Federal Communications Commission representatives regarding the matters referenced above: (a) Ian Dillner, Acting Legal Advisor to Chairman Martin; (b) Jessica Rosenworcel, Legal Advisor to Commissioner Copps; and (c) Amy Bender, Narda Jones, Cathy Carpino and Greg Guice of the Wireline Competition Bureau. During the meetings, Level 3 made the points set forth in the attached powerpoint presentation.

Pursuant to the Commission's rules, one copy of this memorandum is being filed electronically in the dockets referenced above for inclusion in the public record. Please do not hesitate to contact me at 918 547 2764 if you have any questions.

Respectfully submitted,

Adam Kupetsky
Regulatory Counsel
Level 3 Communications, LLC



Universal Service Contribution Reform

Level 3 Communications
March 9, 2006

FCC Should Adopt ICF Plan for USF Reform

- To provide for competitively-neutral, fair, sustainable USF, the Commission must adopt the numbers/connections based universal service contribution plan proposed by ICF
 - Numbers/connections based plan would stem decline in assessable funds
 - Would assess all providers fairly and prevent cheating
- The Commission should require providers serving end users to include a brief USF line item on end user bills

Numbers/Connections Plan More Sustainable Than Revenue Plan

- Avoids USF shortfall by eliminating classification and interpretation requirements inherent in revenue-based system
 - Enhanced Service Provider – e.g., AT&T Calling Card issue (\$150 million)
 - Resolving one example will not prevent others from finding new ways to undermine a revenue-based USF
 - Allocating revenues among enhanced, equipment, telecom, etc.
 - Interstate v. intrastate v. international
- Numbers/connection based plan sustainable because if number usage decreases, connections can account for greater portion of funding

Numbers / Connections Proposal is Competitively Neutral, not Overly Burdensome

- Competitively neutral
 - Prevents market distortion by eliminating revenue classifications that invite USF avoidance
 - Treats DSL/cable modem and equivalent services the same
 - Provides for fair contribution for higher capacity connections
- Revenue-based plan would result in unequal assessments for similar services
 - Lower contribution for “competitive” service like FIOS than for noncompetitive services such as special access
 - FIOS charged at \$180/month for 30 Mbps
 - Special access DS3 (45 Mbps) charged at \$1,788/month
- Numbers/Connections plan not overly burdensome
 - Treats residential broadband same regardless of bandwidth
 - Provides for exceptions for those requiring low income assistance

Commission Must Mandate Line-Item USF Billing

- The Commission should require providers to include a brief USF line item on end user bills
 - Would provide transparency to ensure compliance
 - Facilitate audits
 - Maximize end user information
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