WC DKT 05-337
CC DKT 96-45

FILED/ACCEPTED

JUN 2 7 2007

Federal Communications Commission
Office of the Secretary

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal State Joint Board on Universal Service	)	**WC Docket No. 05-337**
On Long Term, Comprehensive High-Cost	)	
Universal Service Reform	)	

COMMENTS OF THE
SOUTH CAROLINA OFFICE OF REGULATORY STAFF

I. INTRODUCTION

The South Carolina Office of Regulatory Staff ("ORS") hereby files these comments in response to Public Notice FCC 07-J-2 by which the Federal State Joint Board on Universal Service ("Joint Board") seeks comment on various issues addressing reform of the federal Universal Service Fund. The ORS is a state agency whose mission is to represent the public interest of South Carolina in utility regulation including those interests pertaining to the telecommunications industry. It is ORS' statutory duty in representing the public interest of South Carolina to balance the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina. ORS has the responsibility to represent the public interest of South Carolina before the South Carolina Public Service Commission and before federal regulatory agencies.

II. DISAGGREGATION OF SUPPORT

The Joint Board requested comment on the issue of disaggregation of support. The position of ORS is that disaggregation of support is consistent with the broad goal of

No. of Copies rec'd 0
List ABCDE

Universal Service in that through disaggregation support can be targeted to high cost areas and be available to all carriers serving these areas. Presently, some incumbent carriers do not receive support because their costs when considered on a study area basis do not qualify for support. For example, BellSouth Telecommunications dba AT&T South Carolina receives no federal Universal Service support, yet serves some of the higher cost rural areas of the state. Disaggregation to a wire-center basis would allow USF support to be focused on those areas in need of the most support. Additionally, the ORS is of the opinion that disaggregation provides an incentive for competitive eligible telecommunications carriers to serve the more rural areas which, generally, correspond to the high cost areas.

While some carriers suggest that the point of disaggregation may be on a sub-wire center basis, the ORS recommends that the Joint Board consider and propose rules which examine, at minimum, costs on a wire center basis. In making this recommendation, ORS recognizes that there are smaller carriers serving rural areas which do not have specific cost information. Some of these smaller incumbent local exchange carriers are generally characterized as "average schedule companies". If the Joint Board does develop rules which require the disaggregation of support, the ORS recognizes the potential financial burden associated with the development of specific company cost information for this category of carriers. Therefore ORS would suggest any disaggregation rules proposed by Joint Board include an exception for these carriers.

III. COMPETITIVE ETC SUPPORT

Another issue on which the Joint Board seeks comment pertains to the "identical support or portability rule." Under this rule a competitive ETC would receive the support

the incumbent LEC receives for the same line. This method means that the competitive ETC is receiving support based on the costs incurred by the incumbent LEC. Many competitive ETCs are wireless carriers whose cost structures are significantly different than those of the incumbent ETCs. The ORS favors replacing the current identical support rule with a requirement that support for competitive ETCs be based on the competitive ETC's costs.

Respectfully Submitted,

/s/ Florence P. Belser

Florence P. Belser
General Counsel

State of South Carolina
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201
803.737.0800

May 31, 2007