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June 29, 2007

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th St., SW  
Washington, DC 20554

Re: CC Docket No. 96-45

Dear Ms. Dortch:

TDS Telecommunications (“TDS”) recognizes that reform of the universal service fund (USF) requires close examination of the outflow of funds as well as a review of mechanisms that generate monies for the USF. TDS previously has addressed plans to limit the outflow of funds, including applying tougher requirements on build-outs and ongoing scrutiny of eligible telecommunications carriers (ETCs).<sup>1</sup> TDS also supports adoption of an interim cap as a necessary and appropriate step to gain some control of a system that is currently out of control.<sup>2</sup>

On the contributions side of the equation, TDS has long maintained that a numbers approach to assessing charges on telecommunications providers is the fairest and most effective method of imposing charges.<sup>3</sup> A numbers approach ensures that all entities that are utilizing the public switched network and its numbering scheme are contributing. A numbers approach captures entities that in the past, before the Commission’s decision to include VoIP in the contribution base, would not have contributed. A numbers approach ensures that technological innovations will not create a new class of non-contributors. In addition, a numbers approach avoids questions on how to classify certain types of traffic. Instead, a numbers approach ties USF contributions to whether one benefits from the system that has been created, the public switched network and its necessary companion, the North American Numbering Plan, to enable persons to communicate with one another. For that reason, a numbers approach is easy to administer and police, and is fair and effective.

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<sup>1</sup> Rural ILEC’s Petition for Revocation of Sprint/Nextel’s ETC Designation in Virginia, or Alternatively, Motion to Show Cause (filed June 4, 2007).

<sup>2</sup> Comments of TDS Telecommunications Corp., CC Docket No. 96-45, WC Docket No. 05-337 (June 6, 2007).

<sup>3</sup> Comments of TDS Telecommunications Corp., CC Docket No. 01-92, at 27-29 (May 23, 2005).

A connections approach has many of the same benefits as a numbers approach, and TDS also thinks that it has some merit. The advantage of a connections approach is that it captures persons who use the network but do not necessarily have a telephone number. With the growing use of text and chat, it certainly is possible that some persons, especially young Americans, will forego a traditional telephone number and use their DSL or cable connection to chat online. Indeed, given that instant-messaging and chat soon will have a voice component, many persons no longer will see the need for a NANP number. Yet those persons are using the infrastructure that supports communications, and they should contribute to its universal support. They benefit, as much as voice users benefit, from being able to reach more people who connect to that network. A connections approach may raise additional administrative questions, including monitoring and enforcement issues, but the current trends in how people communicate indicate that a connections approach is worth consideration.

Please direct any questions concerning this matter to the undersigned.

Sincerely,

*/s/ Gerard J. Waldron*

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cc: Jeremy Marcus