

Worldcall Interconnect, Inc. ("WCX")

Written Materials for October 3, 2008
ex parte meeting regarding Universal
Service (CC Docket 96-45, CC
Docket 01-92, WC Docket 05-337 and
WC Docket 07-135)

Worldcall Interconnect, Inc.

- Wireless provider focusing on rural broadband network deployment in rural areas of New York, Puerto Rico, Texas & Virgin Islands.
- CMRS status.
- Holds itself out as a common carrier.
- Will use 3650-3700 MHz and 700 MHz B-Block spectrum.
- Parent (Worldcall, Inc.) was winning bidder on 7 FCC Licenses in recent Auction 73.
- Vast majority of licensed territory is “Rural” under OMB guidelines.

Worldcall Interconnect, Inc.

- Will use 4G and WiMAX transport (e.g., MAC, data link and physical layer) technologies to deliver last mile (up to 30 miles) wireless broadband access.
- Will also provide ordinary cell phone service and fixed wireless local loop services using “open” and “unlocked” phones and technology.
- Networks will support and facilitate higher-layer features, functions, services & applications that WCX will offer over the infrastructure or that users independently select and use.
- WCX will operate open and interoperable networks (i.e., subscribers can obtain access only and then run their own chosen higher layer features, functions, services and applications from any available source if they choose). Roaming arrangements will be available to other compatible providers and their users.

Worldcall Interconnect, Inc. (Cont)

- No existing operations at time of “Interim Cap” Order.
- Currently seeking ETC status in New York and Texas for our Own Service Area, and will soon request certification in Puerto Rico and Virgin Islands.
- Detailed demographic studies have been performed to certify that ALL of our requested Service Areas are “Rural” by OMB standards.
- Our Service Area will be “One Network” and will “overlap” multiple ILEC service areas.
- WCX intends to operate “exempt” from the cap and needs guidance on how to do so.

Worldcall Interconnect, Inc. (Cont)

- We will utilize Part 32 Accounting Rules for our Service Areas.
- Have 5 year plan.
- Have sought and will continue to seek oversight from USAC, State Commissions and the FCC Staff to insure we qualify to operate “exempt” from the cap.
- Our technology is objectively more efficient than copper loop and coaxial cable based technologies, however

Worldcall Interconnect, Inc. (Cont)

- Investment in the Rural Areas likely > \$40MM over next 5 years.
- Investment will be uneconomic unless WCX is allowed to recover its own costs that exceed the relevant benchmarks.
- Conditions do not justify investment in rural areas absent support. Cost-covering prices would exceed those for comparable services in non-rural areas, as with all other rural and high-cost areas. Our ongoing costs should decline when the network is mature, so - unlike the ILECs - we are hopeful that in time (≥ 5 years) we may no longer need high cost support.
- We are ready to begin deployment if/when USAC and the FCC confirm that during the term of our initial 5 year plan our “support” will be based on our costs and we are allowed to operate exempt from the cap.
- This is how we understand the Cap Exemption is supposed to work (Identical Support replaced with Individual Cost Recovery). We are first to try, so we need confirmation before we invest in Rural America.

Universal Service Principles

- We agree with most ILECs that Identical Support must be replaced permanently with Individual Cost Calculation by each network providers – (the intent of the exception in cap order should be made permanent)
- We agree that only facilities-based networks should be supported.
- But we disagree with the ILECs in other ways on other obligations that should flow from receipt of support:
 - Should move away from supporting legacy narrowband “services” and subsidize network access and in particular networks that support or allow advanced services that can independently run over the network.
 - Should condition receipt of subsidies on operation of open, fully interoperable networks rather than closed, proprietary walled gardens that tie network users to network provider “services” and limit alternative/substitutable applications.
 - All revenue rationally related to the supported network should be counted.
 - Should deny multiple subsidy streams to affiliated operations for the same geographic area.

Universal Service Principles

- Must end competitive inequality in current system that favors incumbents and impedes new facilities-based entry.
 - Same Rules: Individual, not Identical Support.
 - Same Rights
 - Same Oversight
 - Same Sunset
- Markets fail the same way for both new and old networks. Support should be designed to provide most public benefit, not just to increase earnings. Support should not assist in barriers to competition for higher layer services and applications.
- These principles are consistent with 241(e)(2) and (5); 253; and 254(b)(2) and (3), (c)(1), (e) and (k). See also 254(h)(2) and 706(a) and (c) of the 1996 amendments.

Must end competitive inequality in current system that favors incumbents and impedes new facilities-based entry.

- The current system is not competitively or technologically neutral.
- It is “wireline-centric”:
 - Focuses on and often assumes wireline circuit-switched network.
 - Typically uses the incumbents’ “wire center” as the relevant geographic area designated for support.
- The rules should be technology neutral so as to facilitate fixed and mobile wireless technologies.
- The rules should use a neutral geographic area, such as census tracts or counties.

Should move away from supporting legacy narrowband “services” and subsidize network access and in particular networks that support or allow advanced services that can independently run over the network.

- Current system designed to support legacy narrowband “services” rather than access to advanced service/application capabilities.
- Users principally value and benefit most from access to underlying networks that then allows them to employ and use the applications, services and devices of their choosing.
- Subsidies should be directed to “access” networks that support or allow user-selected and competitively obtained advanced services/applications that can run on top of the network.
- WCX uses “advanced” as defined in 706(c): “high speed, switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, and video telecommunications using any technology.”

Should condition receipt of subsidies on operation of open, fully interoperable networks rather than closed, proprietary walled gardens that tie network users to network provider “services” and limit alternative/substitutable applications.

- The FCC should establish a policy of conditioning receipt of subsidies on operation of open, interoperable networks that allow users to freely choose the application, service or device they wish to use (whether “voice,” “data,” “graphics,” “video” or any other telecommunications or information service they will use as a consequence of the access afforded by the supported network).
- Current system unduly ties the user to the network operator’s higher layer “services” and in particular legacy telephone services.
- Current system encourages and allows incumbents to design the supported network to prefer or require the incumbent’s own higher layer services, and inhibit use of or communication with other alternative networks, services and technologies.
- Current system encourages creation of “scarcity” that must then be “managed” and “allocated.” The goal should be to support abundance.
- Current system allows the incumbents to refuse to interconnect with alternative technology suppliers and networks, except when the alternative network uses the incumbent’s preferred signaling and control plane methods and agrees to pay the incumbent an “access charge” in order for the incumbent’s users to communicate with users of the alternative supplier.

Should deny multiple subsidy streams to affiliated operations for the same geographic area.

- Many incumbent wireline providers that receive support have affiliated wireless operations that also receive support.
- Current rules allow “double recovery” of some operating costs and double payment for the same subscriber.
- Current rules encourage the affiliated operations to treat “wireless” as a supplement to wireline rather than an independent and completely substitutable method of access; their wireless operations do not vigorously compete with their affiliated wireline operations.
- Competitive entry by new facilities-based providers is often infeasible or impossible.