

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

In the Matter of

High-Cost Universal Service Support	WC Docket No. 05-337
Federal-State Joint Board on Universal Service	CC Docket No. 96-45
Lifeline and Link Up	WC Docket No. 03-109
Universal Service Contribution Methodology	WC Docket No. 06-122
Numbering Resource Optimization	CC Docket No. 99-200
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	CC Docket No. 96-98
Developing a Unified Intercarrier Compensation Regime	CC Docket No. 01-92
Intercarrier Compensation for ISP-Bound Traffic	CC Docket No. 99-68
IP-Enabled Services	WC Docket No. 04-36

**REPLY COMMENTS OF THE
SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

The South Carolina Office of Regulatory Staff (“SCORS”) hereby files its reply comments in response to the Federal Communications Commission (“Commission”) Public Notice released on November 5, 2008.¹ The SCORS filed comments on October

¹ In the Matter of High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Lifeline and Link Up; Universal Service Contribution Methodology; Numbering Resource Optimization; Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Developing a

28, 2008, pursuant to an initial Public Notice. SCORS has the responsibility to represent the public interest of South Carolina before the Public Service Commission of South Carolina (“SCPSC”) and before federal regulatory agencies. The SCORS also has the responsibility for administering the South Carolina Intrastate Universal Service Fund (“State USF”) and the South Carolina Interim Local Exchange Carriers Fund (“Interim LEC Fund”), both of which reduce access charges and implicit subsidies in intrastate telephone service rates in South Carolina.

The SCORS would like to thank the Commissioners for providing all parties the opportunity to review and comment on the major reform efforts contained in the USF-ICC FNPRM. Given the short time frame provided by the Commission in which to prepare comments, SCORS was unable to conduct a thorough review of the proposals and the volumes of comments and ex parte letters filed by all parties. While SCORS is unable to comment on all issues contained in the USF-ICC FNPRM, SCORS continues to review the proposals and assess potential impacts on South Carolina. SCORS’ silence on particular issues does not indicate agreement or disagreement with any of the proposals and we reserve our right to comment at a later date on other items contained in the USF-ICC FNPRM.

SCORS agrees with many of the commenters that reform of both the federal universal service fund (“USF”) and the current intercarrier compensation (“ICC”) regime is necessary and overdue. Broadband deployment in all areas of South Carolina is crucial

Unified Intercarrier Compensation Regime; Intercarrier Compensation for ISP-Bound Traffic; IP-Enabled Services; WC Docket No. 05-337; CC Docket No. 96-45; WC Docket No. 03-109; WC Docket No. 06-122; CC Docket No. 99-200; CC Docket No. 96-98; CC Docket No. 01-92; CC Docket No. 99-68; WC Docket No. 04-36, Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, FCC 08-262 (rel. Nov. 5, 2008) (“USF-ICC FNPRM”).

to today's consumers and businesses. In general, SCORS supports the USF-ICC reform proposal contained in Appendix C ("Proposal") as it outlines a reasonable compromise on the important issues. SCORS will limit its brief comments to concerns related to South Carolina's proactive approach in reducing access charges and the impact on ratepayers.

As stated in prior comments to the Commission regarding ICC reform², the SCORS has been and remains concerned that South Carolina consumers will experience higher telephone rates with no corresponding benefits. The State of South Carolina has been proactive in reducing high intrastate access rates through the creation and implementation of two state funds, an Interim LEC Fund and an Intrastate Universal Service Fund. South Carolina, in creating and implementing these two funds, has already reduced intrastate terminating access rates to levels equal to or less than interstate terminating access rates. The Interim LEC fund also contained a local rate rebalancing element.

In 2007, supporters of the Missoula plan responded to our concerns and the concerns of other states by amending the Missoula Plan to include the Federal Benchmark Mechanism ("Benchmark Amendment"). While the Benchmark Amendment improved the Missoula Plan, the current Proposal does not include similar benchmark mechanisms to ensure that consumers in states which have previously reduced intrastate terminating access rates are not penalized. Without some mechanism similar to the Benchmark Amendment in the Missoula Plan, the SCORS remains concerned that the Proposal will have a negative impact on South Carolina consumers. The Proposal would negatively impact South Carolina consumers, and consumers in other states which have

² See SCORS October 25, 2006 and April 12, 2007 comments in WC Docket No. 01-92, In the Matter of Developing a Unified Intercarrier Compensation Regime.

previously made efforts to reduce intrastate terminating access rates, by increasing the Subscriber Line Charges (“SLC”) or through higher local rates with no corresponding benefit in terminating switched access rates reductions. Without some mechanism to account for these states, consumers in the states which have previously reduced intrastate terminating access charges will pay for access rate reductions of other states which have not sought to reduce intrastate access rates. SCORS urges the Commission to allow states, such as South Carolina, the flexibility to explore alternatives rather than implement the Commission’s “one-size-fits-all” approach which would be harmful to consumers and carriers in South Carolina and other states which have previously reduced intrastate access rates

The SCORS appreciates the opportunity to participate in this process and is open to further review and discussion of possible solutions to these issues regarding universal service reform and intercarrier compensation.

Respectfully Submitted,

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