

STATE MEMBERS
of the
FEDERAL STATE JOINT BOARD ON UNIVERSAL SERVICE
1101 VERMONT AVENUE, N.W. SUITE 200
WASHINGTON, D.C. 20005

Honorable Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street SW
Washington D.C. 20554

Re: *Request for Expedited release of information to assist State members of the Universal Service Joint Board prepare useful comments for the Commissions deliberations in the proceedings captioned:*

In the Matter(s) of High-Cost Universal Service Support, WC Docket No. 05-337; Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; CC Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92,

Dear Chairman Genachowski,

The Commission will soon issue proposed rulemakings on universal service and intercarrier compensation. The State Members of the Federal-State Joint Board on Universal Service (State members) genuinely appreciate your recognition of the important role Congress expects us to play in deliberations involving these issues under 47 U.S.C. §§ 410(c) & 254. That acknowledgement is implicit in the Commission's willingness to, after comments have been received on those proposed rulemakings, allow State Members to file a report to the Commission, one that may include a recommendation on federal universal service fund reform and intercarrier compensation mechanisms. Those issues and dockets are inextricably intertwined. Indeed, many of the proposed reforms in the intercarrier compensation and universal service dockets could substantially change the sources and levels of revenue available to both incumbent and competitive carriers. The proposals are likely to affect both rate levels and demand for universal service funding at both the State and federal levels.

The State Members do not take either our obligations as members of the Joint Board or this welcome opportunity lightly. To prepare for that report, the State Members are already collecting data from a variety of sources. We hope to be able to answer the following questions, ideally for individual carriers, but more likely for various groups of carriers, such as small, mid-sized and large carrier groups, for rural and nonrural carriers, and for rate-of-return and price-cap carriers.

- What are the current trends in carrier revenues?
- What are the trends by line of business (regulated, toll, ISP, and video)?
- What are the trends among subscriber-paid, carrier-paid, universal service, and other revenue sources?
- How much intercarrier revenue would be lost by mandated reductions to interstate and intrastate access rates, and possibly reciprocal compensation rates?
- How high are local, toll and Internet rates?

- Are there some areas where rates can safely be raised without jeopardizing universal service?
- What would be the likely revenue gains from increasing Subscriber Line Charges?
- What are the earnings levels among incumbents now?
- What are the earnings by lines of business (regulated operations, toll, ISP, and video)?
- What are the likely effects of requiring incumbents to absorb some revenue losses?
- Which carriers would be likely to raise rates?
- What would be the likely effects on take rates? Which carriers would face a risk of financial failure?

We are pleased to report that we anticipate substantial cooperation from the industry. Nevertheless, even in the most optimistic scenario the industry filings will leave some gaps. The Commission has some information that could facilitate our analysis and allow the report to be a very useful addition to the record created for the FCC Commissioners' consideration. In some cases, these FCC filings are the sole possible source of information we need. In other cases, the FCC filings can provide useful checks on the accuracy of other data we obtain elsewhere.

State members have also retained the firm of Rolka, Loube, Saltzer Associates (and in particular Peter Bluhm and Dr. Robert Loube) to assist us in this data collection and analysis effort. We respectfully request that the Commission release the following data sets to the State Members by providing them to RLSA:

- What Form 477 results showing line counts for the 2005, 2008, and 2009 calendar years. This report classifies lines by type of carrier. We seek this data at the state level.
- Form 499 annual filings for the 2005, 2008, and 2009 calendar years. This data set contains important and unique details on carrier revenue. We seek this data at the lowest level of aggregation.
- The data underlying the Local Switching Support (LSS) support mechanism for the 2005, 2008, and 2009 calendar years. This data set contains some carrier expense information that is not otherwise available from the data that is already public relating to the High Cost Loop program. We seek this data at the carrier level of aggregation.
- The data underlying the Interstate Common Line Support mechanism for the 2005, 2008, and 2009 calendar years. This data set contains carrier specific subscriber line rates and the number of residential, single line business and multi-line business lines. We seek this data at the carrier level of aggregation.

The data will be used only in the Intercarrier Compensation and Universal Service Dockets. All recipients will sign non-disclosure agreements ensuring that they will not release the data to others or use it for other purposes. In any reports to the public, the Joint Board and its staff and designees such as RLSA will use standard industry practices to protect the identity of individual carriers.

If the Commission is not itself in possession of this information, we respectfully request that the Commission direct NECA or USAC, as appropriate, to provide it. The provision of the requested information is fully consistent with prior discussions in such matters, and is not intended to require any active FCC staff assistance to the State Members or their staff.

Please have your staff coordinate release of the information with:

Dr. Robert Loube, Vice-President
Rolka, Loube, Saltzer Associates
10601 Cavalier Drive
Silver Spring, Maryland 20901
rloube@r-l-s-a.com

If you have specific questions about this request, please contact J. Bradford Ramsay at 202.898.2207 or jramsay@naruc.org.

Given the very limited time before our input will be required, we also respectfully request that you expedite release of this information.

Thank you in advance for your consideration of this request. We look forward to working with the Commission on these matters in the upcoming months.

Sincerely,

Ray Baum
State Chair, Universal Service Joint Board
Chairman, Oregon Public Service Commission

Larry S. Landis
State Member, Universal Service Joint Board
Commissioner, Indiana Utility Regulatory Commission

John D. Burke
State Member, Universal Service Joint Board
Board Member, Vermont Public Service Board

James H. Cawley
State Member, Universal Service Joint Board
Chairman, Pennsylvania Public Utility Commission

Simon ffitc
State Member – Consumer Representative, Universal Service Joint Board
Senior Assistant Attorney General, Washington State Office of the Attorney General

cc: Rick Kaplan, Chief Counsel and Senior Legal Advisor to the Chairman
Zac Katz, Legal Advisor for Wireline, International and Internet Issues to the Chairman
Angela Kronenberg, Office of Commissioner Clyburn
Sharon Gillett, Wireline Competition Bureau
Rebecca Goodheart, Wireline Competition Bureau
Carol Matthey, Wireline Competition Bureau