



7852 Walker Drive, Suite 200
Greenbelt, Maryland 20770
phone: 301-459-7590, fax: 301-577-5575
internet: www.jsitel.com, e-mail: jsi@jsitel.com

ORIGINAL

REDACTED - FOR PUBLIC INSPECTION

March 29, 2011

FILED/ACCEPTED

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

EX PARTE OR LATE FILED

MAR 29 2011

Federal Communications Commission
Office of the Secretary

**Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45
Notice of Ex Parte Presentation**

Dear Ms. Dortch:

John Staurulakis, Inc. ("JSI") submits this request for confidentiality pursuant to the September 16, 2010 Protective Order in CC Docket No. 01-92, WC Docket Nos. 05-337, 07-135 and 10-90 and GN Docket No. 09-51.¹ JSI seeks confidential treatment of certain data attached to the above-referenced Notice of Ex Parte Presentation.

Pursuant to paragraph 4 of the Protective Order, non-redacted and redacted versions are filed herewith. Each page of the non-redacted submission is marked "CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION". Each page of the redacted submission is marked "REDACTED - FOR PUBLIC INSPECTION". The redacted version is also being filed this date via the FCC's Electronic Comment Filing System.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall

John Kuykendall
Vice President

Attachment

cc: Lynne Hewitt Engledow, Wireline Competition Bureau (two copies non-redacted)

No. of Copies rec'd 0+2
List A B C D E

¹ See *Developing a Unified Inter-carrier Compensation Regime*, CC Docket No. 01-92, Protective Order, 25 FCC Rcd 13160 (WCB 2010)

Echelon Building II, Suite 200
9430 Research Blvd.
Austin, Texas 78759
phone: 512-338-0473, fax: 512-346-0822

Eagandale Corporate Center, Suite 310
1380 Corporate Center Curve
Eagan, Minnesota 55121
phone: 651-452-2660, fax: 651-452-1909

6849 Peachtree Dunwoody Road
Building B-3, Suite 200
Atlanta, Georgia 30328
phone: 770-569-2105, fax: 770-410-1608

547 South Oakview Lane
Bountiful, Utah 84010
phone: 801-294-4576, fax: 801-294-5124



7852 Walker Drive, Suite 200
Greenbelt, Maryland 20770
phone: 301-459-7590, fax: 301-577-5575
internet: www.jsitel.com, e-mail: jsitel@jsitel.com

REDACTED - FOR PUBLIC INSPECTION

FILED/ACCEPTED

MAR 29 2011

Federal Communications Commission
Office of the Secretary

March 29, 2011

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

EX PARTE OR LATE FILED

**Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC
Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45
Notice of *Ex Parte* Presentation**

Dear Ms. Dortch:

On March 28, 2011, Manny Staurulakis, Steve Meltzer and John Kuykendall of John Staurulakis, Inc. ("JSI") met with Carol Matthey, Patrick Halley, Amy Bender, Steven Rosenberg, Rebekah Goodheart, Jay Atkinson, Gary Seigel, and Katie King of the Wireline Competition Bureau ("Bureau").

JSI discussed with Bureau staff the near-term proposals in National Broadband Plan universal service and intercarrier compensation reforms. JSI provided summary data that demonstrated the impact of proposed reforms on its rural incumbent local exchange carrier client companies for which it performs cost studies. A copy of the data which was provided to staff is attached.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall
John Kuykendall
Vice President

cc: Carol Matthey
Patrick Halley
Amy Bender
Steven Rosenberg
Rebekah Goodheart
Jay Atkinson
Gary Seigel
Katie King

Attachment

Echelon Building II, Suite 200
9430 Research Blvd.
Austin, Texas 78759
phone: 512-338-0473, fax: 512-346-0822

Eagandale Corporate Center, Suite 310
1380 Corporate Center Curve
Eagan, Minnesota 55121
phone: 651-452-2660, fax: 651-452-1909

6849 Peachtree Dunwoody Road
Building B-3, Suite 200
Atlanta, Georgia 30328
phone: 770-569-2105, fax: 770-410-1608

547 South Oakview Lane
Bountiful, Utah 84010
phone: 801-294-4576, fax: 801-294-5124

John Staurulakis, Inc.
***Ex Parte* Presentation on Universal Service Issues**
FCC Wireline Competition Bureau - March 28, 2011

John Staurulakis, Inc. (“JSI”) is a telecommunications consulting firm offering regulatory, financial and business development services to more than two hundred rate-of-return rural incumbent local exchange carriers throughout the United States, most of who currently offer broadband service to their customers.

JSI will be submitting comments on the FCC’s Notice of Proposed Rulemaking (“NPRM”) in which the Commission seeks comment on proposals to reform universal service and intercarrier compensation mechanisms. In preparation for these comments, JSI has calculated company-specific impacts of the near term reform proposals for 139 of its client companies under the three different scenarios outlined below and hereby provides this information to the Commission with the identities of the companies concealed.

➤ **Scenario #1 -**

- removal of all corporate operations expense recovery in all funding mechanisms;
- reduction in the support percentages for high-cost loop support from the current percentages of 65% and 75% to 55% and 65%, respectively;¹
- elimination of safety net additive support.

➤ **Scenario #2 -**

- extend the existing corporate operations expense cap across all funding mechanisms (LSS & ICLS);
- elimination of safety net additive support.

➤ **Scenario #3 -**

- removal of all corporate operations expense recovery in all funding mechanisms;
- reduction in the support percentages for high-cost loop support from the current percentages of 65% and 75% to 55% and 65%, respectively;
- elimination of local switching support;
- elimination of safety net additive support.

¹ All carriers are under 200,000 loops. Scenarios #1 and #3 estimate that the National Average Cost Per Loop (“NACPL”) would decrease from \$468.41 to \$335.26 (as calculated by NECA).



REDACTED - FOR PUBLIC INSPECTION

Summary of JSI NPRM Data Analysis:
3/29/2011

Impact on JSI Clients of FCC NPRM Proposals:

	<u>USF HCL</u>	<u>Safety Net</u>	<u>LSS</u>	<u>ICLS</u>	<u>Total</u>
1. Current USF Receipts - Current Rules: (See Notes)	\$199,220,607	\$23,380,944	\$42,248,512	\$197,392,114	\$462,242,177
2. Access Lines in Database: (Cat 1.3 Loops @ 12/31/2009)					1,199,670
3. Payments Per Line:	\$166.06	\$19.49	\$35.22	\$164.54	\$385.31
4. Impact of Scenario 1:	(\$9,793,986)	(\$23,380,944)	(\$7,976,513)	(\$40,095,456)	(\$81,246,899)
5. % Reduction of USF Receipts: (Ln 4 / Ln 1)	-5%	-100%	-19%	-20%	-18%
6. Total Regulated Revenues (YE 12/31/09)					\$1,515,563,602
7. % Reduction of Total Regulated Revenues (Ln 4 / Ln 6)					-5%

	<u>USF HCL</u>	<u>Safety Net</u>	<u>LSS</u>	<u>ICLS</u>	<u>Total</u>
8. Impact of Scenario 2:	\$0	(\$23,380,944)	(\$1,017,773)	(\$5,777,899)	(\$30,176,616)
9. % Reduction of USF Receipts: (Ln 8 / Ln 1)	0%	-100%	-2%	-3%	-7%
10. % Reduction of Total Regulated Revenues (Ln 8 / Ln 6)					-2%

	<u>USF HCL</u>	<u>Safety Net</u>	<u>LSS</u>	<u>ICLS</u>	<u>Total</u>
11. Impact of Scenario 3:	(\$9,793,986)	(\$23,380,944)	(\$42,248,512)	(\$40,095,456)	(\$115,518,898)
12. % Reduction of USF Receipts: (Ln 11 / Ln 1)	-5%	-100%	-100%	-20%	-25%
13. % Reduction of Total Regulated Revenues (Ln 11 / Ln 6)					-8%

Notes:

1. JSI Database includes 139 ILECS.
2. USF HCL = 2010 Data Collection: 2009 Cost Data for 2011 Payments. NACPL used is \$468.41 for base run, \$335.26 for NPRM
3. LSS and ICLS represents trued up 2009 Receipts
4. Safety Net Represents Current (2011) Annual Payments

REDACTED - FOR PUBLIC INSPECTION

Analysis of Impact of FCC NPRM on JSI Client USF Payments: 100% of Corporate Operations Expense Removed

Scenario #1

A	B	C	D	E	F	G	H	I	J	K	L = D+F+H+J	M=L/C	N=E+G+I+K	O=N/C	P	Q
Identifier	Total Regulated Revenue	Access Lines	2010-1 USF HCL Support	HCL Impact of Change in % and Remove Corp.	Original LSS Support - 2009	LSS Impact: Remove 100% Corp.	2009 ICL5	Impact: Remove 100% Corp.	Current SNA Support	Impact: Eliminate SNA	Total Current USF Payments	Total Current USF Payments Per Line	Total Projected Reduction:	Projected Reduction Per Line	% Loss of USF Rev.	% Loss of Total Rev.
Company 1															-32%	-29%
Company 2															-81%	-32%
Company 3															-36%	-21%
Company 4															-48%	-22%
Company 5															-31%	-17%
Company 6															-19%	-6%
Company 7															-33%	-15%
Company 8															-24%	-8%
Company 9															-63%	-18%
Company 10															-27%	-14%
Company 11															-28%	-15%
Company 12															-28%	-17%
Company 13															-41%	-18%
Company 14															-56%	-27%
Company 15															-76%	-36%
Company 16															-45%	-19%
Company 17															-26%	-13%
Company 18															-49%	-9%
Company 19															-25%	-12%
Company 20															-31%	-15%
Company 21															-36%	-14%
Company 22															-36%	-16%
Company 23															-34%	-12%
Company 24															-47%	-10%
Company 25															-24%	-12%
Company 26															-47%	-16%
Company 27															-25%	-11%
Company 28															-34%	-13%
Company 29															-18%	-10%
Company 30															-31%	-6%
Company 31															-25%	-15%
Company 32															-23%	-12%
Company 33															-29%	-15%
Company 34															-37%	-9%
Company 35															-26%	-17%
Company 36															-32%	-3%
Company 37															-38%	-9%
Company 38															-41%	-21%
Company 39															-24%	-7%
Company 40															-37%	-12%
Company 41															-18%	-9%
Company 42															-28%	-11%
Company 43															-52%	-7%
Company 44															-19%	-9%
Company 45															-36%	-6%
Company 46															-23%	-11%
Company 47															-30%	-12%
Company 48															-31%	-8%
Company 49															-21%	-9%
Company 50															-24%	-5%
Company 51															-22%	-12%
Company 52															-32%	-10%
Company 53															-19%	-12%
Company 54															-49%	-16%
Company 55															-31%	-12%
Company 56															-21%	-9%
Company 57															-8%	-2%
Company 58															-14%	-5%
Company 59															-27%	-5%

REDACTED - FOR PUBLIC INSPECTION

Scenario #2

Analysis of Impact of FCC NPRM on JSI Client USF Payments: Corporate Operations above Corporate Cap Expense Removed from LSS and ICLS

A	B	C	D	E	F	G	H	I	J	K = D+E+G+J	L=K/C	M=F+H+J	N=M/C	O	P
Identifier	Total Regulated Revenue	Access Lines	2010-1 USF HCL Support	Original LSS Support + 2009	LSS Impact: Corporate Cap. Only	2009 ICLS	ICLS Impact: Corp. Cap. Only	Current SNA Support	Impact: Eliminate SNA	Total Current USF Payments	Total Current USF Payments Per Line	Total Projected Reduction	Projected Reduction Per Line	% Loss of USF Rev.	% Loss of Total Rev.
Company 57														0.00	0%
Company 58														0.00	0%
Company 59														-0.13	-2%
Company 60														0.00	0%
Company 61														0.00	0%
Company 62														-0.03	-1%
Company 63														-0.04	-2%
Company 64														-0.12	-3%
Company 65														-0.04	-1%
Company 66														-0.19	-4%
Company 67														0.00	0%
Company 68														-0.05	-2%
Company 69														0.00	0%
Company 70														0.00	0%
Company 71														0.00	0%
Company 72														-0.06	-3%
Company 73														-0.06	-2%
Company 74														-0.02	-1%
Company 75														-0.03	-1%
Company 76														-0.39	-13%
Company 77														-0.15	-4%
Company 78														-0.01	0%
Company 79														0.00	0%
Company 80														-0.11	-3%
Company 81														-0.02	-1%
Company 82														0.00	0%
Company 83														-0.13	-2%
Company 84														-0.06	-2%
Company 85														0.00	0%
Company 86														-0.02	-1%
Company 87														-0.03	-1%
Company 88														-0.30	-8%
Company 89														-0.02	-1%
Company 90														-0.02	-1%
Company 91														-0.10	-2%
Company 92														0.00	0%
Company 93														0.00	0%
Company 94														-0.07	-3%
Company 95														0.00	0%
Company 96														-0.05	-2%
Company 97														-0.10	-2%
Company 98														-0.17	-4%
Company 99														-0.02	-1%
Company 100														-0.22	-4%
Company 101														-0.02	0%
Company 102														-0.05	-2%
Company 103														-0.06	-2%
Company 104														0.00	0%
Company 105														-0.24	-7%
Company 106														-0.17	-4%
Company 107														-0.08	-3%
Company 108														-0.04	-3%
Company 109														-0.02	-1%
Company 110														-0.16	-3%
Company 111														0.00	0%
Company 112														0.00	0%

REDACTED - FOR PUBLIC INSPECTION

Scenario #2

Analysis of Impact of FCC NPRM on JSI Client USF Payments: Corporate Operations above Corporate Cap Expense Removed from LSS and ICLS

A	B	C	D	E	F	G	H	I	J	K = D+E+G+J	L=K/C	M=F+H+J	N=M/C	O	P
Identifier	Total Regulated Revenue	Access Lines	2010-1 USF HCL Support	Original LSS Support - 2009	LSS Impact: Corporate Cap Only	2009 ICLS	ICLS Impact: Corp Cap Only	Current SNA Support	Impact: Eliminate SNA	Total Current USF Payments	Total Current USF Payments Per Line	Total Projected Reduction	Projected Reduction Per Line	% Loss of USF Rev.	% Loss of Total Rev.
Company 113														-0.08	-3%
Company 114														-0.09	-3%
Company 115														-0.04	-1%
Company 116														-0.01	0%
Company 117														-0.39	-11%
Company 118														-0.10	-4%
Company 119														-0.12	-6%
Company 120														-0.06	-3%
Company 121														-0.09	-3%
Company 122														-0.05	-1%
Company 123														0.00	0%
Company 124														0.00	0%
Company 125														-0.09	-1%
Company 126														0.00	0%
Company 127														-0.04	0%
Company 128														0.00	0%
Company 129														-0.08	-3%
Company 130														-0.12	-3%
Company 131														-0.07	-3%
Company 132														0.00	0%
Company 133														0.00	0%
Company 134														-0.16	-2%
Company 135														0.00	0%
Company 136														-0.11	-1%
Company 137														-0.06	-2%
Company 138														0.00	0%
Company 139														-0.51	-10%
	\$1,515,563,602	1,199,670	\$199,220,607	\$42,248,512	(\$1,017,773)	\$197,392,114	(\$5,777,899)	\$23,380,944	(\$23,380,944)	\$462,242,177	\$385	(\$30,176,616)	(\$25)	-7%	-2%

Scenario #3

Analysis of Impact of FCC NPRM on JSI Client USF Payments: 100% of Corporate Operations Expense Removed from HCL and ICLS & 100% of LSS Eliminated

A	B	C	D	E	F	G	H	I	J	K	L = D+F+H+J	M=L/C	N=E+G+I+K	O=N/LC	P	Q
Identifier	Total Regulated Revenue	Access Lines	2010-1 USF HCL Support	HCL Impact of Change in % and Remove Corp.	Original LSS Support - 2009	LSS Impact: Remove 100%	2009 ICLS	Impact: Remove 100% Corp.	Current SNA Support	Impact: Eliminate SNA	Total Current USF Payments	Total Current USF Payments Per Line	Total Projected Reduction:	Projected Reduction Per Line	% Loss of USF Rev.	% Loss of Total Rev.
Company 1															-37%	-34%
Company 2															-92%	-36%
Company 3															-39%	-23%
Company 4															-64%	-29%
Company 5															-40%	-21%
Company 6															-52%	-17%
Company 7															-45%	-21%
Company 8															-40%	-14%
Company 9															-85%	-24%
Company 10															-34%	-17%
Company 11															-45%	-23%
Company 12															-30%	-19%
Company 13															-49%	-22%
Company 14															-61%	-30%
Company 15															-80%	-38%
Company 16															-55%	-23%
Company 17															-40%	-18%
Company 18															-88%	-15%
Company 19															-40%	-19%
Company 20															-40%	-19%
Company 21															-43%	-17%
Company 22															-49%	-21%
Company 23															-53%	-19%
Company 24															-60%	-13%
Company 25															-32%	-17%
Company 26															-53%	-18%
Company 27															-40%	-19%
Company 28															-50%	-19%
Company 29															-31%	-16%
Company 30															-75%	-15%
Company 31															-32%	-19%
Company 32															-31%	-16%
Company 33															-44%	-22%
Company 34															-88%	-17%
Company 35															-32%	-21%
Company 36															-94%	-10%
Company 37															-48%	-11%
Company 38															-43%	-22%
Company 39															-44%	-13%
Company 40															-47%	-15%
Company 41															-20%	-10%
Company 42															-51%	-20%
Company 43															-91%	-12%
Company 44															-27%	-13%
Company 45															-67%	-12%
Company 46															-25%	-12%
Company 47															-43%	-17%
Company 48															-43%	-11%
Company 49															-26%	-11%
Company 50															-40%	-9%
Company 51															-27%	-14%
Company 52															-53%	-17%
Company 53															-27%	-17%
Company 54															-61%	-19%
Company 55															-35%	-14%
Company 56															-24%	-10%
Company 57															-16%	-4%
Company 58															-20%	-7%
Company 59															-39%	-7%

REDACTED - FOR PUBLIC INSPECTION

Scenario #3

Analysis of Impact of FCC NPRM on JSI Client USF Payments: 100% of Corporate Operations Expense Removed from HCL and ICLS & 100% of LSS Eliminated

A	B	C	D	E	F	G	H	I	J	K	L = D+F+H+J	M=L/C	N=E+G+I+K	O=L/C	P	Q
Identifier	Total Regulated Revenue	Access Lines	2010-1 USF HCL Support	HCL Impact of Change in % and Remove Corp.	Original LSS Support - 2009	LSS Impact: Remove 100%	2009 ICLS	Impact: Remove 100% Corp.	Current SMA Support	Impact: Eliminate SMA	Total Current USF Payments	Total Current USF Payments Per Line	Total Projected Reduction	Projected Reduction Per Line	% Loss of USF Rev.	% Loss of Total Rev.
Company 60															-21%	-9%
Company 61															-34%	-6%
Company 62															-47%	-12%
Company 63															-26%	-11%
Company 64															-45%	-12%
Company 65															-47%	-14%
Company 66															-71%	-13%
Company 67															-24%	-9%
Company 68															-44%	-15%
Company 69															-35%	-5%
Company 70															-33%	-12%
Company 71															-10%	-10%
Company 72															-28%	-14%
Company 73															-30%	-11%
Company 74															-47%	-18%
Company 75															-28%	-13%
Company 76															-59%	-20%
Company 77															-38%	-9%
Company 78															-21%	-8%
Company 79															-30%	-8%
Company 80															-41%	-13%
Company 81															-19%	-12%
Company 82															-30%	-9%
Company 83															-93%	-12%
Company 84															-35%	-13%
Company 85															-63%	-8%
Company 86															-22%	-10%
Company 87															-22%	-9%
Company 88															-54%	-15%
Company 89															-18%	-9%
Company 90															-24%	-10%
Company 91															-43%	-9%
Company 92															-20%	-5%
Company 93															-22%	-8%
Company 94															-18%	-9%
Company 95															-26%	-4%
Company 96															-31%	-10%
Company 97															-18%	-3%
Company 98															-24%	-6%
Company 99															-15%	-6%
Company 100															-46%	-9%
Company 101															-88%	-12%
Company 102															-21%	-6%
Company 103															-18%	-5%
Company 104															-14%	-3%
Company 105															-47%	-15%
Company 106															-44%	-10%
Company 107															-16%	-6%
Company 108															-18%	-11%
Company 109															-18%	-6%
Company 110															-55%	-9%
Company 111															-12%	-4%
Company 112															-13%	-4%
Company 113															-17%	-7%
Company 114															-16%	-6%
Company 115															-16%	-6%
Company 116															-17%	-6%
Company 117															-53%	-15%
Company 118															-14%	-6%

REDACTED - FOR PUBLIC INSPECTION

Scenario #3

Analysis of Impact of FCC NPRM on JSI Client USF Payments: 100% of Corporate Operations Expense Removed from HCL and ICLS & 100% of LSS Eliminated

A	B	C	D	E	F	G	H	I	J	K	L = D+F+H+J	M=L/C	N=E+G+I+K	O=L/C	P	Q
Identifier	Total Regulated Revenue	Access Lines	2010-1 USF HCL Support	HCL Impact of Change in % and Remove Corp.	Original LSS Support - 2009	LSS Impact: Remove 100%	2009 ICLS	Impact: Remove 100% Corp.	Current State Support	Impact: Eliminate SNA	Total Current USF Payments	Total Current USF Payments Per Line	Total Projected Reduction:	Projected Reduction Per Line	% Loss of USF Rev.	% Loss of Total Rev.
Company 119															-23%	-11%
Company 120															-19%	-8%
Company 121															-20%	-6%
Company 122															-14%	-2%
Company 123															-1%	0%
Company 124															-25%	-3%
Company 125															-21%	-2%
Company 126															-34%	-4%
Company 127															-4%	-1%
Company 128															-42%	-4%
Company 129															-19%	-6%
Company 130															-7%	-2%
Company 131															-16%	-7%
Company 132															9%	3%
Company 133															18%	2%
Company 134															-30%	-3%
Company 135															-63%	-4%
Company 136															-38%	-3%
Company 137															-9%	-3%
Company 138															2%	0%
Company 139															-48%	-9%
Total	\$1,515,563,602	1,199,670	\$199,220,607	(\$5,793,990)	\$42,248,812	(\$42,248,812)	\$197,392,114	(\$42,095,436)	\$23,380,944	(\$23,380,944)	\$462,242,177	\$365	(\$115,518,996)	(\$95)	-25%	-8%