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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

October 20, 2011

Re: Notice of Ex Parte Presentation in WC Docket Nos. 11-42, 10-90, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51

Dear Ms. Dortch,

This letter is to inform you that on November 3rd, I responded by telephone and email to a question from Margaret McCarthy, Policy Advisor to Commissioner Copps, regarding the impact of competition on the monthly Subscriber Line Charges (SLCs) levied by price cap carriers on basic telephone service subscribers.

I reiterated Free Press' position that while the national weighted-average SLC imposed is about 10% below the SLC cap, this is a result of regulation restraining *total* charges, not competition. I mentioned both Free Press and NASUCA submitted comments in the docket, which explain our view that the revenue requirement for price capped carriers (i.e. CMT)¹ is what compels these providers to charge rates below the SLC benchmark, not forces of market competition.²

As the aftermath of the *CALLS* proceeding demonstrate, increases to the SLC cap made in concert with FCC mandated reductions of intercarrier payments will result in consumers being charged higher SLCs, even if in some cases those new SLCs are not at 100 percent of the cap. There is simply no evidence to support the notion that competition is strong enough in the monopoly POTS market to restrain prices. Indeed, NASUCA has offered numerous examples of ILECs increasing prices after state authorities removed or increased rate caps.

I reiterated that while Free Press agrees there are reasons to reform ICC rates, we do not believe any of those reasons will have a significant impact on broadband adoption. Instead, we believe it would be

¹ See 47 CFR 61.3, 47 CFR 69.153.

² See Comments of NASUCA in WC Docket No. 10-90 (filed August 24, 2011).

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more appropriate for the Commission to deal with the long-standing issues of intrastate and interstate jurisdictional separations, as well as adjust the “X-factor,” in order to make informed determinations on what are reasonably comparable rates; appropriate levels of carrier contributions; and appropriate levels of USF / CAF subsidies.

Sincerely,

A handwritten signature in black ink that reads "Joel Kelsey". The signature is written in a cursive style with a large, looping "J" and "K".

Joel Kelsey
Political Adviser, Free Press