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December 22, 2011

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-B204
Washington, DC 20554

Re: CC Docket No. 01-92; WC Docket Nos. 05-337, 07-135 and 10-90;
and GN Docket No. 09-51

Madam Secretary:

In accordance with Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, we hereby provide you with notice of an oral ex parte presentation in connection with the above-captioned proceeding. On December 21, 2011, Grant Spellmeyer of United States Cellular Corporation ("U.S. Cellular"), along with undersigned counsel, met with Angela Kronenberg, Lisa Hone and Christine Kurth to discuss intercarrier compensation reform. Separately, undersigned counsel spoke with Michael Steffen on the same issues.

Our meeting was in response to a request from CenturyLink, FairPoint Communications, Inc., Frontier Communications Corp., and Windstream Communications, Inc. (collectively, the "price cap carriers") dated December 14, 2011 and revised December 16.¹ The letter, filed two weeks before the deadline for petitions for reconsideration of the Commission's recent CAF Order, requests the Commission to "revisit" and "reconsider" the decision to move intra-MTA traffic between LEC-CMRS traffic to "bill-and-keep" effective December 29, 2011.²

Procedurally, the price cap carriers' filing is a petition for reconsideration. As such it must be placed on public notice in the Federal Register as required by Section 1.429(e). That will afford all interested parties will have a proper public notice period to participate. Until a proper public comment period is afforded, so that a full examination of the financial impact of

¹ See, <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021751143> ; and <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021751297> .

² See, http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db1122/FCC-11-161A1.pdf .

this decision is afforded, it would be wholly inappropriate to act upon a petition containing unsupported allegations of financial harm.

The unsupported assertion that an immediate move to bill-and-keep might have a significant, measurable and negative financial impact on the price cap carriers is hardly persuasive. Under the 1996 Act, support is for consumers. Support was never intended to be a revenue replacement for carriers. At a minimum, the price cap carriers must “show their math” to support the projected dollar loss, and then show how that loss measures up to their respective balance sheets.

These assertions should also be examined in the context of the larger CAF Order, wherein no group fared better than the large price cap carriers. Hundreds of millions of additional support each year was added to the price cap carrier pot, and they were given a right of first refusal, a gift of exclusive access to support for five years.

At a minimum, the price cap carriers must demonstrate that the relief requested is needed. For example, carriers must not only state a projected dollar loss, but go further and then show how that loss measures up to their respective balance sheets. One starting point would be to take the following data, showing net income and dividends, into consideration:

Company	Net Income (approx)	Outstanding Shares (approx)	Quarterly Dividend per Share (2010)	Total Annual Dividend (2010) (approx)	Total 2010 USAC Disbursement**
CenturyLink	\$949,000,000	600,000,000	\$0.725	\$1,740,000,000	\$303,991,570
Windstream	\$311,000,000	468,000,000	\$0.250	\$468,000,000	\$114,626,457
Frontier	\$156,000,000	989,000,000	*\$0.219	\$866,364,000	\$155,930,004
Fairpoint	(\$281,000,000)	89,420,000	\$0.000	\$0	\$42,090,134
TOTAL	\$1,135,000,000			\$3,074,364,000	\$616,638,165

*Average over four quarters.

**Source: FCC Letter to House Energy and Commerce Committee, available at <http://republicans.energycommerce.house.gov/Media/file/PDFs/2011usf/ResponsetoQuestion4.pdf> (includes all holding company entities)

To date, there does not appear to be anything in the record demonstrating that the proposed move to bill-and-keep will affect most price cap carriers’ ability to continue paying substantial dividends, much less affect their operations in any material respect. For example, CenturyLink should be made to explain whether the burden imposed by bill-and-keep will cut

into its dividend payment of one and three quarter billion dollars per year, and why the government should be concerned.

The price cap carriers claim that they have numerous interconnection agreements, making it administratively difficult to comply with the new rule on December 29. This is not so. Carriers can simply stop sending invoices for the new bill-and-keep arrangements after December 29, 2011.

In a supplement filed December 20, the price cap carriers suggest that the CAF Order should be read to mean that negotiations should commence among carriers over hundreds of interconnection agreements.³ This represents just the beginning of a long, slow roll by incumbents that the Commission must not permit. If the change of law is moved back six months, incumbents will argue that no change of law exists until July of 2012 and therefore no “negotiations” can commence until then. At some point soon, the Commission has to say all CMRS-LEC intra-MTA traffic is bill-and-keep, period, with no exceptions.

As an alternative solution, the price cap carriers suggest that the FCC move up the implementation of the ARM recovery mechanism to December 29, 2011. This proposal necessarily concedes that administrative burden is not a problem in terms of moving to bill-and-keep. They concede that bill-and-keep can be implemented immediately, if they get paid. U.S. Cellular does not object to this as a solution.

We are constrained to note here that the price cap carriers had absolutely no qualms about the prospect of wireless support being phased down to zero, commencing in 2012. We can find nothing in the record of this proceeding reflecting any concern by the price cap carriers that rural consumers of wireless services, who are cutting cords at accelerating rates, might be better served if carriers such as U.S. Cellular continue to receive support at current levels so that new cell site construction is not curtailed in areas with dead zones or where service quality needs to be improved.

In sum, the price cap carriers’ request amounts to just one more request from the wireline industry to keep the gravy train rolling along as long as possible. The Commission is required by the rules to place the petition for reconsideration on public notice in the Federal Register so that a more fulsome investigation of the price cap carriers’ claims can be undertaken by all affected parties. Due process requires no less. To the extent the Commission takes any action on this matter *sua sponte*, action should be limited to allowing wireline carriers to begin charging an ARC on January 1, 2012 and any action must ensure that carriers exchange all affected traffic on a bill-and-keep basis as of the effective date, without exception.

³ See, <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021751307>.

Hon. Marlene H. Dortch

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If you have any questions or require any additional information, please contact undersigned counsel directly.

Sincerely,



David A. LaFuria
Counsel for United States Cellular Corporation

cc: Michael Steffen, Esq.
Angela Kronenberg, Esq.
Lisa Hone, Esq.
Christine Kurth, Esq.
Grant Spellmeyer, Esq.