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ONE HUNDRED EIGHTH CONGRESS

**U.S. House of Representatives**  
**Committee on Energy and Commerce**  
**Washington, DC 20515-6115**

W.J. "BILLY" TAUZIN, LOUISIANA,  
CHAIRMAN

November 21, 2003

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DAN R. BROUILLETTE, STAFF DIRECTOR

The Honorable Michael K. Powell  
Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Dear Chairman Powell:

Earlier this fall, the Subcommittee on Telecommunications and the Internet held a hearing entitled "The Future of Universal Service," which I hope will be the first of many. Because of the importance of this issue, I am seeking your views on a number of universal service issues.

As you are aware, I have strongly supported the concept of universal service for many years, and I am following with great interest the multiple proceedings pending at the Federal Communications Commission (FCC) on this topic. Many of the matters presently under review at the Commission – support to high cost areas, contribution methodology, contributions from broadband Internet access providers, and the appropriate role of eligible telecommunications carriers (ETCs) – are all items that Congress is examining closely as well. Commissioner Kathleen Abernathy touched upon these issues at our hearing, and her testimony was enormously helpful to the Committee. It would also be helpful if you could share your views on the following questions, so that the Committee may have a more informed debate:

1. In your October 30, 2003, testimony before the Senate Committee on Commerce, Science, and Transportation, you noted that the FCC does not possess the statutory authority under any provision of the Communications Act of 1934, as amended, to broaden the contribution base to include revenues from *intrastate* services, and you suggested that such a statutory change would be in the public interest. What are the arguments in support of this change?
2. Also during your Senate testimony, you noted that the Commission currently possesses the statutory authority to "assess those that are not telecommunications service providers, but do use telecommunications." Therefore, in your view, does the FCC have the authority to assess revenues from new technologies (e.g., voice over Internet protocol) that offer substitutes for traditional telecommunications services, revenues from information services, or revenues from cable modem services? Given your statement, are there any services presently offered by cable operators, other than standard video service, that are not assessable?

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3. Section 254(f) provides for the states to play a complementary role in the preservation of universal service. To what degree have the states played such a role? Should the FCC or the Congress encourage the states to play a greater role?
4. Section 214(e), which was added to the Communications Act in 1996, provides that the states will determine which carriers may be designated as ETCs and, therefore, eligible for federal universal service support. Have states used this provision as a means of promoting competition among carriers? If so, has such competition benefitted consumers? Will present law and practice in this area, if left unchanged, result in the Commission having to increase the level of federal universal service support in order to accommodate the growing amount of ETCs? Should all ETCs be required to provide the same minimum level of service, and, if so, how should that minimum level of service be defined?
5. In your recent Senate testimony, you noted that a purely revenue-based contribution methodology may no longer be the best way to support universal service. If universal service funds should not continue to be collected solely through a percentage surcharge on revenues, do you suggest some form of numbers-based or connection-based mechanism? How would the adoption of such new collection mechanism(s) affect how dollar contributions to the universal service fund are spread over different classes of end users (e.g., wireline vs. wireless, long distance vs. local, etc.). In your view, should potential changes in inter-carrier compensation policies that the Commission might consider in the next few years inform the present debate over alternative universal service collection mechanisms?

Thank you for your prompt attention to these questions.

Sincerely,



JOHN D. DINGELL  
RANKING MEMBER

cc: The Honorable W. J. "Billy" Tauzin, Chairman  
Committee on Energy and Commerce

The Honorable Fred Upton, Chairman  
Subcommittee on Telecommunications and the Internet

The Honorable Edward J. Markey, Ranking Member  
Subcommittee on Telecommunications and the Internet

The Honorable Kathleen Abernathy, Commissioner  
Federal Communications Commission

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The Honorable Kevin Martin, Commissioner  
Federal Communications Commission

The Honorable Michael Copps, Commissioner  
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The Honorable Jonathan Adelstein, Commissioner  
Federal Communications Commission