

Wireline Competition Bureau
2002-2003

**Competition and
Universal Service
in a
Dynamic Marketplace**

Strategic Goals

- Broadband Policy
- Competition Policy and Universal Service
- Homeland Security
- Modernize the FCC

Broadband Initiatives

- Next Generation Networks
- Statutory Definition
- Dominance/Non-Dominance
- Monitoring Performance:
The 2002 Section 706 Report

Competition Promoted

- Triennial Review
 - Comprehensive review of rules governing unbundled network elements
 - Resolution of questions about unbundling left open by years of litigation and industry conflict
- Performance Measures
 - Clear special access and unbundled network element requirements mean clear standards for enforcement
- Virginia Arbitration
 - WCB role in state interconnection proceedings
- Numbering Reform

Competition Promoted

The Section 271 Process

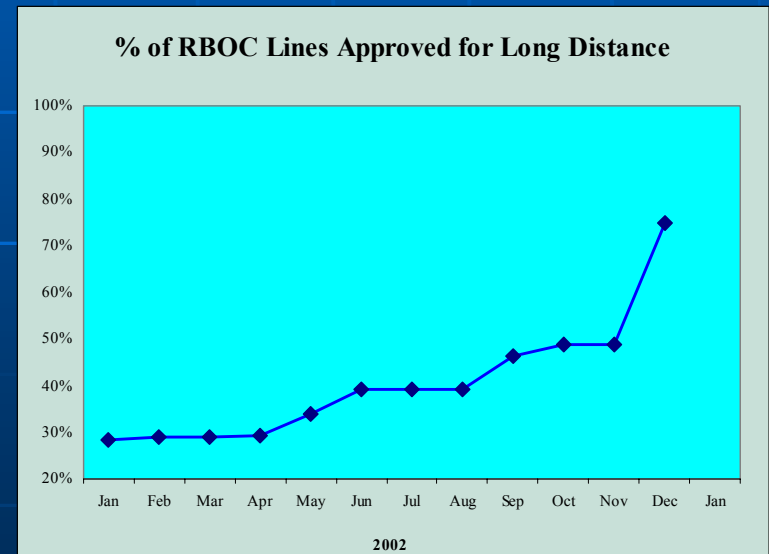
January 15, 2002:

- 9 states approved
- 28.5% of RBOC access lines

January 15, 2003:

- 35 states approved
- 75% of RBOC access lines

- Markets are Opening, Competition is Increasing



Universal Service Advanced

- **Revised Framework for Contribution Methodology**
Developed interim measures to maintain the viability of universal service support in a dynamic market

Increased consumer billing transparency for universal service contributions passed through by carriers
- **A New Framework for Portability of Support**
Referred to Joint Board review of high-cost rules in order to ensure that universal service is advanced and competition is promoted
- **Coordinated with Joint Board State Staff**

Universal Service Advanced

- Highest-Ever Level of Telephone Penetration in Households: 95.5%
- Highest-Ever Level of Internet Access in Public Schools: 99%
- Highest-Ever Level of Funding to Rural Hospitals: 72% Increase

Partnering with the States

- Performance Measures Workshops: Dallas and Chicago
- Contribution Methodology En Banc Hearing
- Federal-State Joint Conference on Accounting Issues
- Regular Consultation with States on Section 271 Proceedings
- Regular Universal Service and Separations Joint Board Coordination
- Triennial Review Discussion of Facilities-Based Competition: Detroit

Homeland Security

- CALEA Activities
- Participate in HSPC
- Coordination with NYC Restoration Planning Efforts
- Service Continuity

Service Continuity Maintained

- Challenge from Economy

 - 55 Transfers of Control;

 - 26 Due to Bankruptcies

 - 83 Requests for Discontinuance;

 - 32 Due to Bankruptcies

 - Industry-Wide Guidance on Security Deposits

- Coordinated FCC/WCB Response

 - Carriers Know Obligations

 - End-Users Informed

- Customers Protected

Modernize the FCC: WCB 2002 Accomplishments

- ✓ Promoted Competition
 - Released 135 Orders & NPRMs
- ✓ Advanced Universal Service
 - Released 515 Orders & NPRMs Including 450 Schools Orders
- ✓ Protected Service Continuity
 - Processed 138 Section 214 Applications
- ✓ Monitored a Dynamic Market
 - Released 15 Statistical Reports

Modernize the FCC: 2002 Caseload Improvement

- ✓ Resolved Payphone Compensation Issues
- ✓ Reduced Pending E-Rate Appeals by 19%
- ✓ Reduced Pending E-Rate Waivers by 27%

Modernize the FCC: Doing More with Fewer

■ Staff Decreased

43 Fewer Attorneys,
Economists, and Technical
and Administrative
Assistants (18% Decrease)

■ Production Increased

36% More Orders & NPRMs
14% More E-Rate Appeals
9% More Congressional
Responses
75% More Section 214
Applications Processed

- ✓ 338 Orders & NPRMs
- ✓ 450 E-Rate Appeals
- ✓ 270 Congressional Letters
- ✓ 138 Section 214 Applications Processed
- ✓ 1634 Tariffs Filed
- ✓ 3 Study Area Waivers
- ✓ 7 Agenda Items
- ✓ 15 Statistical Reports
- ✓ 1 Report to Congress

Critical Steps for Telecom Sector Recovery

- Protect Service Continuity
- Root Out Corporate Fraud
- Restoring Financial Health-Clean up Balance Sheets
- Prudent Industry Restructuring
- New Revenue Through New Services
- Reform Foundations

Challenges and Opportunities for 2003 and Beyond

- Intercarrier Compensation
- TELRIC
- Universal Service Support Portability
- VoIP