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EX PARTE MEMORANDUM

October 20, 2009

Marlene H. Dortch, Secretary
Federal Communications Commission
445 – 12th Street, SW, Room TW-A325
Washington, DC 20554

Re: Universal Service Contribution Methodology,
WC Docket No. 06-122

On October 19, 2009, Dave Wenhold and the undersigned, representing the Association of Tele-Services International, Inc. (ATSI), met with various officials of the Wireline Competition Bureau concerning the contribution methodology for funding the Universal Service Fund (USF). The Commission officials attending the meeting included Vickie Robinson, Cindy Spiers, Carol Pomponio and Erica Myers.

ATSI first summarized information concerning the industry represented by ATSI set forth in its Comments on Further Notice of Proposed Rulemaking filed in the above-referenced proceeding on November 26, 2008 (the “Comments”), and in prior ex parte memoranda in the same docket. The ATSI representatives then reviewed their concerns, as also stated in their Comments, about proposals to convert USF contributions to a numbers-based system, and outlined the substantial adverse impact such a contribution methodology, if applied on a uniform, per-number basis, would have on the industry represented by ATSI. The ATSI representatives noted that ATSI members use a disproportionate amount of telephone numbers because significant blocks of Direct Inward Dial (DID) numbers are employed in their businesses for network signaling and call distribution purposes (referred to as “Proxy” numbers). The average ATSI member has approximately 2,000 DID numbers assigned to it by Local Exchange Carriers (LECs) generating less than three minutes of network use each per day (which is overwhelmingly local usage, rather than interstate), compared to 25-30 minutes of use associated with the typical wireless or wireline telephone number. The current USF contribution by ATSI members translates to approximately six cents per DID number per month.

At the publicly discussed contribution levels on the order of \$1.20 to \$1.50 per number, the USF contribution for the industry represented by ATSI would dramatically increase, and would approach 10% of a member’s entire gross revenue. The ATSI representatives expressed the view that AT&T and Verizon have exaggerated the alleged decline in interstate revenues as a predicate for changing the contribution methodology, and that they appear to have their own agendas for advocating the change. ATSI agreed with NTCA that a “Numbers” contribution methodology would be archaic in the broadband world of tomorrow.

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ATSI also reminded the Commission that if a “tax” is assessed on the use of telephone numbers for internal network routing and distribution purposes, such as the “proxy” numbers largely used by ATSI members, an incentive will be created to find other signaling and routing techniques to avoid or minimize the “tax”. The resultant decline in assessable telephone numbers would cause the initial monthly USF contribution assessment to increase, perhaps dramatically, creating an upward spiraling of the USF monthly rate.

ATSI stated that its preference would be to retain the current method of assessing contributions based on a percentage of interstate revenues. However, if that is not tenable, ATSI stated that its second choice would be a properly structured methodology based upon connections to the network. In ATSI’s view such a methodology would retain at least a rough correlation to network usage, which is the principal virtue of the existing revenues system. Additionally, the facilities on which the contribution methodology would be based are indifferent to whether they are used to provide “telecommunications” or “information services”. Contributions also would be based on coaxial cable connections provided by cable television companies under such a methodology.

Attached are copies of the handouts provided to the Commission officials during the meetings.

Respectfully submitted,

s/Kenneth E. Hardman

Enclosures

cc: Vickie Robinson
Cindy Spiers
Carol Pomponio
Erica Myers

The United States at Night
as seen from space



Image by the NOAA's National Geophysical Data Center, Defense Meteorological Satellite Program

In the dark silence of the night...



2,746 Private Sector Critical Response Centers (PSCRC) answer America's critical calls around the clock.

...there are a few lights forever burning ...

...a few voices never stilled.



AMERICA'S PRIVATE SECTOR CRITICAL RESPONSE CENTERS

In the dark silence of the night, there are a few lights forever burning – a few voices never stilled.

Those lights are your community's Private Sector Critical Response Centers. The voices are those of 40,000 skilled agents.

For nearly 100 years, PSCRC agents have faithfully answered America's critical calls around the clock, every day and night. Their caring voices bring a feeling of security, whatever the need or the hour.

9-1-1 centers are well understood by the public to be government entities handling calls from the public for first responders – fire, police and ambulance.

Yet when trouble strikes, 9-1-1 is not the only telephone number Americans dial for assistance. Citizens understand less about how other types of emergency calls are handled – and by whom.

Many of the critical elements of America's vital infrastructure – government, not-for-profit, professional, healthcare and commercial entities – contract with America's Private Sector Critical Response Centers (PSCRC) to handle emergency calls.

PSCRCs are local businesses, and most have less than 25 employees. Many are woman-owned small businesses, often owned by the same family for multiple generations. Some are operated by not-for-profit organizations such as medical societies and charity hospitals.

The business requires an extremely high level of technical knowledge and competence, especially in the operations and functionality of the Public

Switched Telephone Network (PSTN) and the Internet. Today's PSCRC physical plant is impressive in its disaster readiness and notable for the extensive technology required to interface both voice and data communications with hundreds of subscribers.

Owners and senior managers are experts at analyzing, planning and implementing routine, critical and emergency communications protocols.

PSCRC agents undergo extensive screening to gain entry-level positions and must complete intensive training in technical and soft skills, followed by routine evaluations – typically on a bi-weekly basis.

As they handle emergency calls, agents evaluate each contact and execute sophisticated relay protocols that often vary as circumstances develop. Callers may be routed via the PSTN or Internet directly to client personnel or a contact record may be created for subsequent dispatch, escalation and broadcast.

The technology and public networks that carry calls and data between subscribers and PSCRC agents have changed dramatically since the early 20th century. People haven't. Private Sector Critical Response Centers remain critical to callers in distress.

PSCRC agents provide essential services for 21st century Americans.

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- . **2,746** PSCRCs across the 50 United States
 - . **44,711** U.S. citizen employees
 - . **3.6** billion call transactions handled annually
 - . **1.4** million government, not-for-profit, professional, healthcare and commercial subscribers
 - . **\$552,170** – average annual gross revenues per business
 - . **45** percent of average gross revenues goes to direct payroll expenses
 - . **\$1.5** billion annual gross revenues – industry-wide
-

TYPICAL PSCRC SUBSCRIBERS

Commercial Continuity

Banks
Fuel Delivery Services (emergency generators)

Communications

Cable (MSO) Service Providers
Internet Service Providers
Telephone Carriers
Wireless Messaging Carriers
Wireless Telephone Carriers

Disaster Relief / Crisis Assistance

Rape Crisis Centers
Red Cross
Search & Rescue Leagues
Suicide Hotlines

Environmental Services

Environmental Agencies
Environmental Contamination & Cleanup Services
Hazardous Material Response Services
HazMat Decontamination Teams

Federal and State Government

Federal Reserve Bank Branches
Homeland Security Regional Offices
Immigration and Customs Enforcement
Field Offices
OSHA Field Offices
State Regulatory Commissions

Foreign Government

Consulates
Embassies

Industrial Operations

Chemical Plants
Gas Distribution Companies
Petrochemical Plants
Pipeline Operations

Healthcare

Ambulance Services (private sector)
Blood Centers
Burn Centers
Clinics
Funeral Homes, Crematoriums
Home Health Services
Hospices
Hospitals — General, Specialty, Pediatric
Infusion Therapists
Oxygen Supply Delivery
Public Health Clinics
Physicians
Surgeons
Trauma Centers & Emergency Rooms

Miscellaneous Services

Animal Control Services
ASPCA
Veterinary Services

Public Safety

9-1-1 Public Safety Answering Points
Alcohol, Tobacco & Firearms Field Offices
Emergency Auto Removal (mass evacuations)
Emergency Operations Centers (local and state)
Federal Bureau of Investigation Field Offices
Law Enforcement (county, state, highway)
Police (local)
Sheriff and Constable Offices
Volunteer Fire Departments

Public Utilities

Electrical Power Utilities
Heating Oil Delivery
Natural Gas Utilities
Propane/Butane Delivery
Water Companies

Transportation

Airfreight
Airport Operations
Flight Base Operations Units
Marine Freight & Shipping
Rail Freight
Rail Operations Centers
Regional Traffic Control Centers
Sea Ports



Potential changes to Federal Universal Service Fund could unintentionally devastate over 2,000 small businesses and costs tens of thousands of jobs!

With Congress considering long awaited changes to the Universal Service Fund (USF), there are many unforeseen issues that will have a direct impact on the business sector that relies heavily on direct inward dial (DID) numbers.

The Association of TeleServices International (ATSI) does not oppose changes to the USF but asks Congress to ensure that any additional costs assessed to the contributors, AND ESPECIALLY the end rate users, is **FAIR, EQUITABLE** and **NON DISCRIMINATORY** and does not place an unfair burden on this industry. A straight “numbers” based methodology would inadvertently cost small businesses in our industry thousands of dollars more EACH MONTH!

By the numbers:

- The industry provides services to an estimated **1,388,893 customers**, each of these accounts requiring the use of a direct inward dial (DID) number.
- The industry processes an estimated **3.6 billion** call transactions annually.
- The industry estimates there are over **2,700 companies** operating businesses in the United States.
- The industry estimates the average sales of an individual company in the telephone answering service industry is **\$552,170**.
- Estimated gross sales of the industry are **\$1,516,216,000 annually**.
- There are an estimated **44,711** full-time employees in the industry.
- The estimated annualized telephone charges are **\$152,273,925**.

Founded in 1942, the Association of TeleServices International (ATSI) represents 400 of the most sophisticated telephone answering service companies in the world. With over 350,000 customers in the U.S. alone, the members generate revenue in excess of \$1.5 billion. The industry provides vital diligence to the 24/7 communications links required between the public and professional, commercial and government clients of the industry and includes telephone answering services, voice-mail services and any other business which provides enhanced communication services.