

to those imposed on support for incumbent LECs. Under the Commission's current rules, high-cost loop support for competitive ETCs is not capped, whereas the Commission's rules limit the overall amount of rural high-cost loop support available to incumbent LECs. Should the maximum amount of support available to a single competitive ETC have some relation to the total amount of high-cost support available to the incumbent in the same area? Should the total amount of funding available to all ETCs in a geographic area be capped in some manner? Commenters should address the potential benefits and costs of modifying these rules on the stability, predictability, and sufficiency of the fund, as well as their potential effects on competition.

17. In addition, we seek comment regarding the specific concerns raised by the Rural Task Force relating to excessive growth in the fund if incumbent rural carriers lose a significant number of lines to competitive ETCs. The Rural Task Force stated, for example, that as a rural incumbent LEC "loses" lines to a competitive ETC, the rural incumbent LEC must recover its fixed costs from fewer lines, thus increasing its average per-line costs. With higher average per-line costs, the rural incumbent LEC could receive greater per-line support, which would also be available to the competitive ETC for each of the lines that it serves. In response to these concerns, the Commission sought comment on whether to freeze per-line support amounts available to the rural incumbent LEC and any competitive ETC in competitive study areas served by rural carriers. We invite commenters to update the record and provide alternative proposals that may be appropriate to address this issue. Commenters should support their responses with data or other empirical information regarding loss of lines by rural carriers to competitive ETCs. We request that such empirical information be categorized by customer class or service, including residential and business, single and multi-line business, special access, etc.

18. We also seek comment regarding the methodology for determining the location of a line served by a mobile wireless provider, and whether modifications are warranted. Currently, competitive ETCs providing mobile wireless service use the customer's billing address for purposes of identifying the service location of a mobile wireless customer in a service area. In the Rural Task Force Order, the Commission concluded that this

approach was reasonable and the most administratively simple solution to the problem of determining the location of a wireless customer for universal service purposes, although it could be subject to abuse. The Commission also stated that it might revisit this approach "[a]s more mobile wireless carriers are designated as eligible to receive support[.]" We invite commenters to address the reasonableness of the Commission's current approach and whether it should be reevaluated. To the extent commenters assert this approach has led to unintended consequences, they should describe such situations with specificity. We ask commenters to provide suggestions regarding alternative methods of determining the location of lines served by a mobile wireless service provider. Commenters should specifically address the administrative burdens entailed by any proposed approaches.

C. Scope of Support

19. Under the Commission's current rules, all residential and business connections provided by ETCs are eligible for high-cost support. In its 1996 recommendations to the Commission regarding universal service, the Joint Board recommended that support be limited to the provision of a single connection to a subscriber's primary residence and to businesses with only a single connection. The Joint Board also recommended that support not be provided to second residences. In declining to adopt this recommendation, the Commission stated that it shared the Joint Board's concern regarding this matter, but it would continue to evaluate this recommendation as it further developed a support mechanism based on forward-looking economic costs.

20. As noted above, currently incumbent LECs and competitive ETCs collectively serve a total of 32.2 million lines in high-cost areas. What percentage of these lines, or lines in any particular geographic area, are second lines? To the extent possible, commenters should provide detailed empirical information and should address whether the percentage of lines that should be deemed "second lines" varies in any way between incumbent LECs and competitive ETCs.

21. We seek comment regarding whether the goals of section 254 would be better served if support were limited to a single connection to the residential or single-line business end-user—whether provided by the incumbent or a competitive ETC. Would limiting support to primary lines be consistent with the universal service principle

stating that access in rural and high-cost areas should be "reasonably comparable" to urban areas? How would a primary line restriction affect the implementation of federal support mechanisms based on embedded or forward-looking costs? How would such a restriction affect the implementation of the Commission's interstate access reform goals adopted in the *CALLS Order*, 65 FR 57739, September 26, 2000 and *MAG Order*, 66 FR 59719, November 30, 2001? Commenters also should address the significance of carrier of last resort obligations to these issues. What would be the impact of primary line restrictions on consumers, ETCs, and an ETC's ability to provide universal service?

22. If support were limited to a single connection, how would it be determined which line receives support? Is it administratively feasible to distinguish primary from second lines? Commenters should address whether and how primary lines should be defined. Should the end user be defined as a household, or a single individual? How would a rule limiting support to a single residential end user affect households in which two or more unrelated individuals reside? The Commission previously acknowledged the administrative difficulties associated with applying different primary and non-primary residential SLC rates. Would similar problems arise if the Commission were to limit high-cost support to primary lines? Would such problems be magnified in a multi-carrier environment? Would limiting support to primary lines reduce incentives to construct second lines in high-cost areas or create a negative financial effect on the incumbent? If the Commission limited support to primary lines, would the Commission also need to revise how it determined the amount of support per line? If so, how should the level of support be determined?

23. If support were limited to a single connection, should the end user designate the line to be supported, and if so, how would this rule be administered? How would consumers be affected by such action? How would this affect the price of services for single line subscribers and multi-line subscribers? Under such an approach, should support depend on the type of line designated by the end user?

24. Should support be provided to second residences, and if not, how would second residences be defined? Alternatively, should the number of connections eligible for high-cost support be limited in some manner other than a primary line restriction?