

requirement would provide a competitive advantage to wireline carriers, due to the different cost structures of wireless and wireline technologies. No party provided additional information to address this issue in response to the *Notice of Proposed Rulemaking*. Accordingly, the Commission concurs with the Joint Board's recommendation regarding unlimited local usage.

10. The Commission is not persuaded by comments filed by the National Association of State Utility Consumer Advocates (NASUCA) and the Montana Universal Service Task Force (MUST) that unlimited local usage should be added to the list. NASUCA and MUST assert unlimited local usage should be included in the definition of supported services simply because it is widely available and subscribed to by a majority of residential consumers when offered. They believe that concerns regarding the competitive neutrality of such a requirement should not outweigh the fact that it is provided to many, if not most, residential consumers. Both parties, however, fail to consider all of the statutory criteria. MUST does not consider, much less rebut, the Joint Board's finding that unlimited local usage is not essential to education, public health and public safety. Moreover, both NASUCA and MUST fail to consider that the Joint Board concluded it would preclude state experimentation with calling plans and, therefore, not serve the public interest. Based on our consideration of all of the factors, specifically that it is not essential, that it would not serve the public interest, and that the Commission have no basis to determine whether it is competitively neutral, we find that unlimited local usage should not be added to the list of core services at this time.

C. Soft Dial Tone/Warm Line Service

11. The Commission agrees with the Joint Board that the definition of the services supported by universal service should not be expanded to include soft dial tone/warm line service. Soft dial tone/warm line service enables a consumer without local service to utilize an otherwise disconnected line to contact emergency services and the local exchange carrier's central business office. Such services, however, are not subscribed to by any residential consumers. Additionally, the Commission finds the record does not contain sufficient information to indicate that adding soft dial tone/warm line service to the list of supported services would serve the public interest. In response to the *Notice of Proposed*

Rulemaking, no commenter provided estimates of the cost of adding soft dial tone or warm line service to the list of supported services or addressed in detail the implementation and administration of such a requirement.

12. Although the Commission agrees with USCCB *et al.* that soft dial tone/warm line service can improve the ability of certain low-income consumers to reach emergency services, we also agree with the Joint Board that states are in a better position to establish these programs because states maintain closer ties to local public safety organizations. The vast majority of commenters support the Joint Board's recommendation and believe the establishment of soft dial tone or warm line programs would be better left to the individual states. In fact, the New York Department of Public Service stated that a national solution, and the commitment costs that would be incurred, would conflict with its state program and eliminate the flexibility required to meet local needs. Accordingly, we adopt the Joint Board's recommendation that these services not be added to the list of supported services at this time. However, given the importance of such services, we do agree with NASUCA that we should continue to monitor the development of state soft dial tone and warm line programs.

D. Prepaid Calling

13. The Commission agrees with the Joint Board that the services supported by universal service should not be expanded to include prepaid services. In response to the *Notice of Proposed Rulemaking*, USCCB *et al.* proposes to add prepaid services generally to the list of supported services. It argued its proposal—which encompasses wireline and wireless technologies—meets the section 254(c) criteria and is competitively neutral.

14. Based on the record before us, USCCB *et al.*'s proposal does not appear to meet three of the statutory criteria. First, the record does not indicate that a substantial majority of residential consumers subscribe to prepaid services. Although the Commission agree with USCCB *et al.* that consumers receive the same telecommunications functionalities, *i.e.* voice grade access to the public switched network, regardless of when they pay for services, pre- and postpaid services utilize different billing practices. USCCB *et al.* has failed to provide any information regarding the number of consumers who select the prepaid billing option. Second, no party has submitted information in the record regarding the extent to which wireline

and wireless carriers have billing systems capable of providing prepaid services, so the record is insufficient to determine whether carriers have deployed prepaid service billing equipment in their networks.

15. Third, the Commission question whether adding prepaid services to the list of supported services would be in the public interest. The record does not contain information about how much it would cost for carriers that do not already have prepaid functionalities to acquire such capabilities. Therefore, it is difficult to balance implementation costs with the potential benefits of increased subscribership. In addition, NASUCA asserts that because the requirement would apply to all ETCs, it would require some carriers that serve areas with high penetration rates to implement billing changes without any significant benefit. Because the record does not indicate whether wireline carriers have systems equipped for prepaid plans, the Commission also are concerned that USCCB *et al.*'s proposal may place wireline carriers at a competitive disadvantage vis-à-vis wireless carriers that may already offer prepaid plans. NASUCA also points out that prepaid pricing plans today are often significantly higher than those for post-paid services, and, therefore, may not be within the financial reach of some consumers. For these reasons, the Commission conclude that prepaid services should not be added to the list of supported services.

E. Payphone Lines

16. The Commission agrees with the Joint Board that payphone lines should not be included in the definition of supported services at this time. Although payphones play an important role in the public communications network, the Commission are persuaded by the Joint Board's finding that payphone lines are not subscribed to by a substantial majority of residential consumers. In addition, the Commission agrees with the Joint Board that the record is insufficient to determine whether adding payphone lines to the list of supported services would serve the public interest. There is no evidence in the record that additional federal support for payphone lines in high cost areas is needed for all payphone lines or would be necessary to ensure the continued availability of particular payphones. Moreover, including payphones in the list of core services could reduce the number of potential competitive providers of the core services because many competitive LECs and CMRS carriers do not offer payphone service throughout their