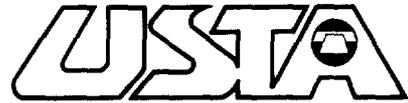


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United States Telephone Association

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March 22, 1995

Mr. William F. Caton, Secretary
Federal Communications Commission
1919 M Street NW - Room 222
Washington, D.C. 20554

RECEIVED
MAY 22 1995
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: Ex Parte Material
CC Docket No. 94-1

Dear Mr. Caton:

At the request of the FCC Tariff Division Staff, attached is an explanation of the sources of data for three USTA ex parte filings in this proceeding.

An original and one copy of this ex parte notice is being filed in the Office of the Secretary on March 22, 1995. Please include this notice in the public record of these proceedings.

Respectfully Submitted
Mary McDermott
Mary McDermott
Vice President - Legal &
Regulatory Affairs

cc: Mark Uretsky
Anthony Bush
Alexander Belinfante

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**UNITED STATES TELEPHONE ASSOCIATION
EXPLANATION OF SOURCES OF DATA FOR THREE EX PARTES
MARCH 22, 1995**

1. USTA ex parte dated February 16, 1995 setting out TFP Growth Differentials for 1979 through 1992.

The US MFP Growth for the years 1979 through 1984 was not part of the BLS Multifactor Productivity data contrary to the column title on the table. They were from the September 1986 update to the article "U.S. Real Product and Real Factor Input, 1929-1967," by L.R. Christensen and D.W. Jorgenson, Review of Income and Wealth, Series 16, March 1970. The remaining years are from the BLS data. The Christensen-Jorgenson numbers are consistent with other Christensen Associates work on TFP and are comparable to the BLS data.

2. The Tariff Staff asked for an explanation of the difference between the input price change time series shown in the USTA ex parte dated January 13, 1995 which supports the attachment prepared by NERA for the USTA reply comments in this proceeding and the LEC input price change time series included in the Christensen affidavit regarding the inappropriateness of an input price adjustment for a LEC TFP offset filed ex parte by USTA on February 1, 1995.

The LEC input price adjustment is a result of a calculation in the development of the TFP offset. The input price series would change if the base data is updated, which may be done periodically. The January 13 NERA series is based upon the TFP Study filed by USTA in its comments in this proceeding filed May 9, 1994. The February 1 series is based upon the 1993 updated TFP Study filed by USTA on January 20, 1995