



**MCI Telecommunications Corporation**

1801 Pennsylvania Avenue, NW  
Washington, DC 20006  
202 887 2048

Leonard S. Sawicki  
Director  
FCC Affairs

EX PARTE OR LATE FILED

EX PARTE

DOCKET FILE COPY ORIGINAL

ORIGINAL

RECEIVED

FEB 27 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

February 27, 1996

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

Re: CC Docket 94-1; Price Cap Performance Review for Local Exchange Carriers

Dear Mr. Caton:

On February 26, members of Customers for Access Rate Equity (CARE) met with John Nakahata of Chairman Hundt's office. Representing CARE were Rick Whitt (LDDS Worldcom), Bruce Cox (AT&T), Doug Jarrett (API), Brad Stillman (CFA), Jim Blaszk (Ad Hoc) and I. The purpose of the meeting was to encourage the FCC to act expeditiously in this proceeding and set a new, higher "x-factor". The attached information was used during the meeting.

Sincerely,

*Leonard S. Sawicki*  
Leonard S. Sawicki

Attachment

cc: Mr. Nakahata

No. of Copies rec'd 021  
List ABCDE



**ESTIMATED PRICE CAP LEC HEADROOM  
(\$M)**

<b>O PROJECTED HEADROOM GENERATED BY 1996 FILING</b>	<b>\$136</b>
<b>O HEADROOM AVAILABLE AS OF FEBRUARY 9, 1996</b>	<b><u>\$349</u></b>
<b>O POTENTIAL RATE INCREASE</b>	<b>\$485</b>

**PROJECTION OF INDUSTRY RATE CHANGES**  
**1996 ANNUAL FILING**  
**(\$M)**

<b>O RECURRING ANNUAL PRICE CAP ADJUSTMENTS</b>		<b>(539)</b>
O INFLATION LESS PRODUCTIVITY OFFSET <i>(GDP-PI-X)</i>	(483)	
O COMMON LINE FACTOR	( 56)	
<b>O 1996 SPECIFIC ADJUSTMENTS</b>		
O OTHER FACTORS DRIVING RATES DOWN		<b>(169)</b>
o Sharing Based On 1995 Earnings	(169)	
O FACTORS DRIVING RATES UP		<b>844</b>
o REVERSAL OF :Sharing Based On 1994 Earnings	498	
Eleven Month PCI Gross Up	159	
Back Dating Of X- Factor To 5.3%	75	
<i>(AMERITECH, UNITED, CENTEL)</i>		
O OTHER EXOGENOUS COSTS	<u>112</u>	
<i>(LTS, EXC.DEF. TAXES, ITC AMORT, REG FEE, TELCOM RELAY)</i>		
<b>O INDUSTRY NET ANNUAL FILING</b>		<b>136</b>