



**MCI Communications Corporation**

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EX PARTE OR LATE FILED

October 18, 1996

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

Re: Ex Parte CC Docket 96-45 - Federal-State  
Joint Board On Universal Service

Dear Mr. Caton:

On Thursday, October 17, 1996, Mark Mandell and I met with Mark Nadel. The purpose of the meeting was to discuss MCI's position as stated in MCI's comments in this proceeding as well as discuss MCI's education proposal. The attached document was used during the meeting and outlines the topics discussed.

Due to the late hour of the meeting two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules the next business day.

Sincerely,

Kimberly M. Kirby

Attachment

cc: Mark Nadel

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## Connecting Students and Teachers to the Internet: An MCI Proposal

Internet Access Service Arrangement: T-1 access from school/library to Internet provider (includes channel terminal to central office and interoffice facility to ISP)

### TELRIC Monthly Estimate Cost

	Urban/Sub.	Rural
Channel Term	\$80	\$150
Interoffice	\$500	\$800
<b>Total</b>	<b>\$580</b>	<b>\$950</b>

MCI Estimate

### Breakdown of Schools and Libraries (Total =127,355)

	Urban/Suburban			Rural		
	High/Med. Income	Low Income	Total	High/Med. Income	Low Income	Total
Schools	45,569	15,190	60,759	38,045	12,682	50,726
Libraries	5,974	1,991	7,965	5,929	1,976	7,905
<b>Total</b>	<b>51,543</b>	<b>17,181</b>	<b>68,724</b>	<b>43,973</b>	<b>14,658</b>	<b>58,631</b>

Department of Education, *NCES Digest of Education Statistics*, 1995; with 25% of schools and libraries in low income areas.

### Discount Structure

	Urban/Suburban		Rural	
	High/Med. Income	Low Income	High/Med. Income	Low Income
Tiered Discounts				
(D1) Low Income	n/a	50%	n/a	40%
(D2) Rural	n/a	n/a	40%	50%
Targeted Discount				
(D3) High-Bandwidth	20%	20%	20%	20%
<b>Total Effective</b>	<b>20%</b>	<b>60%</b>	<b>52%</b>	<b>76%</b>

Formula: Effective discount =  $(1 - ((1 - D1) * (1 - D2) * (1 - D3)))$

D1=low income discount D2=rural discount D3=targeted discount.

### Effective Discounts

	Urban/Sub.	Rural
High/Med. Inc.	20%	52%
Low Income	60%	76%

### Monthly Subsidy per School/Library

	Urban/Sub.	Rural
High/Med. Inc.	\$ 120	\$ 490
Low Income	\$ 350	\$ 720

### Monthly Payment by School/Library

	Urban/Sub.	Rural
High/Med. Inc.	\$460	\$460
Low Income	\$230	\$230

Total Monthly Subsidy (assuming 100% take rate):

\$ 44,298,983

Total Annual Subsidy (assuming 100% take rate):

\$ 531,587,790