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Federal Communications Commission
Office of Secretary

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December 9, 1996

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

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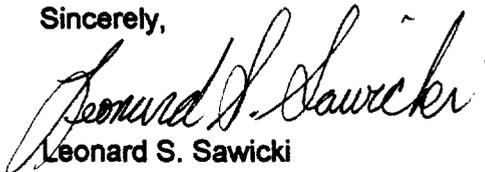
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Re: CC Docket 96-45: Universal Service

Dear Mr. Caton:

Today, Rich Clark, Joel Lubin and Brian Masterson, all of AT&T and Chris Frentrup, Michael Pelcovits and I, representing MCI, met with members of the Joint Board staff. The purpose of the meeting was to discuss the upcoming workshops that will address the use of models in evaluating the costs of universal service. We recounted experiences with workshops in the states and suggested several steps that the staff could take to facilitate the workshops. These steps include requiring written responses to questions posed in advance, limiting the workshops to discussions of the technical features of proposed models, and rejecting proprietary models. We also provided a list of topics (attached) that could be addressed during the workshops.

Sincerely,


Leonard S. Sawicki

Attachment

- cc: Mr. Bolle
- Ms. Hoffner
- Mr. Krech
- Mr. Loube
- Mr. Pederson
- Mr. Roberts
- Mr. Sharkey
- Mr. Thayer
- Mr. Wimmer

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Universal Service Investigation

Proxy Model Workshops

The following is a proposed list of topics to be addressed by Joint Board workshops.

I would suggest that parties proposing proxy models should distribute to all workshop participants several days in advance a brief paper describing how their proposed model addresses the items at issue in the particular workshop session.

1. Choice of proxy model methodology
 - a) universe of demand considered
 - b) forward-looking vs. embedded costs vs. "actual" costs
 - c) least cost?
 - d) current vs. future technologies?
 - e) definition of universal service (e.g., local/toll/access, bus/res, Internet, switched/special, etc.)
 - f) degree of geographic disaggregation
2. Adherence of proposed model to desired methodology
 - a) correct logic
 - b) correct parameters
 - c) specificity of results to particular study area circumstances
 - d) evaluated by "element" (e.g., loop distribution, concentration, feeder, local switching, transport, signaling, operator, number portability, retail, etc.)
3. Choice of data-value inputs to the model and their support
 - a) engineering sources/public
 - b) economic sources/public
4. Consistency of model with larger set of industry issues
 - a) Unbundled elements, interconnection, collocation
 - b) access reform
5. Operational characteristics of the models
 - a) hardware requirements
 - b) software requirements
 - c) user interface
 - d) output reports
6. Administration of the model
 - a) who controls edits
 - b) who performs runs