

- ▶ **Total Revenues × tax**, where “tax” is a carriers’ universal service obligation.
- ▶ **(Revenues × tax) - Payments to Other Carriers**.
- ▶ **(Revenues - Sales to Carriers) × tax**. This option is comparable to using retail revenues as the basis for universal service contribution.
- ▶ **(Revenues - Payments to Carriers) × tax**.

Each of these options raises unique administrative and application issues. MFS believes that the last option -- (Revenues - Payments to Carriers) × tax -- is the best methodology and most consistent with explicitly reflecting universal service payments on customers’ bills. However, MFS stresses that it is important to “match” the telecommunications revenues and payments to carriers in the calculation. For example, suppose a large customer buys \$100 in telecommunications services for both its own internal use and resells a small portion of those services for \$5. Without identifying the payments to other carriers for services used for internal purposes and services used for resale, and “matching” the resale revenues with services purchased from telecommunications carriers, the large customer would have no universal service obligation to pass along to its customer.

Some parties argued that only retail revenues or only interstate revenues^{49/} be used to apportion universal service obligations among carriers. They fail to recognize that universal service is not jurisdictionally specific. Making telephone service universally available is not

^{49/} See, e.g., Rural Telephone Coalition at pp. 27-31; NYNEX at pp. 13-19; Bell Atlantic NYNEX Mobile at pg. 2; Utah Public Service Commission at pg. 3; Illinois Commerce Commission at pg. 2; Iowa Utilities Board at pp. 5-6; New York Department of Public Service at pp. 3-5; Kentucky Public Service Commission at pg. 2; Southwestern Bell at pg. 11; Bell Atlantic at pp. 3-4; BellSouth at pg. 13; ALLTEL at pg. 6; Pacific Telesis at pg. 19; USTA at pg. 17; US WEST at pg. 16; and, Sprint at pp. 7-10.

uniquely interstate nor can it be limited to interstate services or retail services, but necessarily involves both interstate and intrastate offerings and all types of services that might take advantage of a customer's decision to subscribe to telephone service. Thus, the Commission should use a broadly defined revenue base to determine universal service obligations.

CONCLUSIONS

MFS supports many of the conclusions reached by the Joint Board in its Recommended Decision. With the modifications described in its comments and above, MFS believes that the Commission should implement the Joint Board's Recommended Decision.

Respectfully submitted,



David N. Porter
Vice President, Government Affairs

MFS COMMUNICATIONS COMPANY, INC.
3000 K Street , N.W. Suite 300
Washington, D.C. 20007
(202) 424-7709

Andrew D. Lipman
Mark Sievers

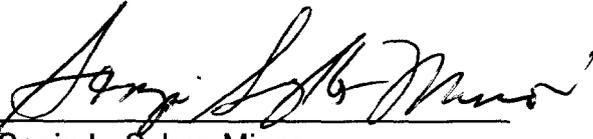
SWIDLER & BERLIN, CHARTERED
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
(202) 424-7500

Attorneys for
MFS COMMUNICATIONS COMPANY, INC.

Dated: January 10, 1997

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of January 1997, copies of the foregoing
REPLY COMMENTS OF MFS COMMUNICATIONS, INC., CC Docket No. 96-45 were
sent via Messenger** or via First-Class Mail, U.S. postage prepaid, to the persons on
the attached service list.



Sonja L. Sykes-Minor

THE HONORABLE WILLIAM F. CATON**
SECRETARY
1919 M STREET, N.W., ROOM 222
WASHINGTON, D.C. 20554

THE HONORABLE REED HUNDT, CHAIRMAN**
FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET, N.W., ROOM 814
WASHINGTON, DC 20554

THE HONORABLE RACHELLE B. CHONG**
FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET, N.W., ROOM 844
WASHINGTON, DC 20554

THE HONORABLE SUSAN NESS**
COMMISSIONER
FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET, N.W., ROOM 832
WASHINGTON, DC 20554

THE HONORABLE JULIA JOHNSON
COMMISSIONER, FLORIDA PSC
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
GERALD GUNTER BUILDING
TALLAHASSEE, FL 32399-0850

THE HONORABLE KENNETH MCCLURE
COMMISSIONER
MISSOURI PUBLIC SERVICE COMMISSION
301 W. HIGH STREET, SUITE 530
JEFFERSON CITY, MO 65101

THE HONORABLE SHARON NELSON, CHAIRMAN
WASHINGTON UTILITIES & TRANSPORTATION
COMMISSION
1300 SOUTH EVERGREEN PARK DRIVE, S.W.
OLYMPIA, WA 98504-7250

THE HONORABLE LASKA SCHOENFREKLER
COMMISSIONER, SD PUC
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
STATE CAPITOL, 500 EAST CAPITOL STREET
PIERRE, SD 57501-5070

THE HONORABLE MARTHA HOGERTY
PUBLIC COUNSEL - MO OPC SECRETARY OF NASUCA
MISSOURI OFFICE OF PUBLIC COUNCIL
301 WEST HIGH STREET
HARRY S. TRUMAN BLDG., ROOM 250
JEFFERSON CITY, MO 65101

PAUL FEDERSON
MISSOURI PUBLIC SERVICE COMMISSION
301 W. HIGH P.O. BOX 360
JEFFERSON CITY, MISSOURI 65101

LISA BOEHLEY**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8605
WASHINGTON, DC 20554

CHARLES BOLLE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSISON
STATE CAPITAL
PIERR, SOUTH DAKOTA 57501

DEONNE BRUNING
NEBRASKA PUBLIC SERVICE COMMISSION
300 THE ATRIUM
1200 N STREET, P.O. BOX 94927
LINCOLN, NE 68509-4927

LORI KENYON
ALASKA PUBLIC UTILITIES COMMISSION
1016 WEST 6TH AVENUE, SUITE 400
ANCHORAGE, AK 99501

DEBRA KRIETE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265
HARRISBURG, PA 17105-3265

MARK LONG
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0866

SAM LOUDENSLAGER
ARKANSAS PUBLIC SERVICE COMMISSION
1000 CENTER STREET, P.O. BOX 400
LITTLE ROCK, ARKANSAS 72203-0400

SANDRA MAKEEFF
IOWA UTILITIES BOARD
LUCAS STATE OFFICE BUILDING
DES MOINES, IA 50319

PHILIP MCCLELLAND
PA OFFICE OF CONSUMER ADVOCATE
1425 STRAWBERRY SQUARE
HARRISBURG, PA 17120

MICHAEL MCRAE
DC OFFICE OF THE PEOPLE'S COUNSEL
1133 15TH STREET N.W., SUITE 500
WASHINGTON, DC 20005

TERRY MONROE
NEW YORK PUBLIC SERVICE COMMISSION
3 EMPIRE STATE PLAZA
ALBANY, NY 12223

LEE PALAGYI
WASHINGTON UTILITIES AND TRANSPORTATION
1300 SOUTH EVERGREEN PARK DRIVE, S.W.
OLYMPIA, WA 98504

BARRY PAYNE
INDIANA OFFICE OF CONSUMER COUNSEL
100 NORTH SENATE AVENUE, ROOM N501
INDIANAPOLIS, INDIANA 46204-2208

JAMES BRADFORD RAMSAY
NATIONAL ASSOCIATION OF REGULATORY UTILITY
COMMISSIONERS
P.O. BOX 684
WASHINGTON, DC 20044-0684

BRIAN ROBERTS
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102

JOHN NAKAHTA**
FEDERAL COMMUNICATIONS COMMISSION
COMMISSIONER NESS' OFFICE
1919 M STREET, N.W., ROOM 814
WASHINGTON, DC 20554

JAMES CASSERLOY**
FEDERAL COMMUNICATIONS COMMISSION
COMMISSIONER NESS' OFFICE
1919 M STREET, N.W., ROOM 832
WASHINGTON, DC 20554

DANIEL GONZALEZ**
FEDERAL COMMUNICATIONS COMMISSION
COMMISSIONER NESS' OFFICE
1919 M STREET, N.W., ROOM 844
WASHINGTON, DC 20554

JOHN CLARK**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8619
WASHINGTON, DC 20554

BRYAN CLOPTON**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8615
WASHINGTON, DC 20554

EMILY HOFFMAR**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8623
WASHINGTON, DC 20554

L. CHARLES KELLER**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8918
WASHINGTON, D.C. 20554

DAVID KRECH**
FEDERAL COMMUNICATIONS COMMISSION
2025 M STREET, N.W., ROOM 7130
WASHINGTON, D.C. 20554

DIANE LAW**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, ROOM 8920
WASHINGTON, D.C. 20554

ROBERT LOUBE**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, ROOM 8914
WASHINGTON, D.C. 20554

TEJAL MAHTA**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8625
WASHINGTON, D.C. 20554

JOHN MORABITO**
DEPUTY DIVISION CHIEF, ACCOUNTING AND AUDITS
FEDERAL COMMUNICATIONS COMMISSION
2000 L STREET, N.W., SUITE 812
WASHINGTON, D.C. 20554

MARK NADEL**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8916
WASHINGTON, D.C. 20554

KIMBERLY PARKER**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8609
WASHINGTON, D.C. 20554

JEANINE POLTRONIERI**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8924
WASHINGTON, D.C. 20554

GARY SEIGEL**
FEDERAL COMMUNICATIONS COMMISSION
2000 L STREET, N.W., ROOM 812
WASHINGTON, D.C. 20554

RICHARD SMITH**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8605
WASHINGTON, D.C. 20554

PAMEL SZYMCAK**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8912
WASHINGTON, D.C. 20554

LORI WRIGHT**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8603
WASHINGTON, D.C. 20554

IRENE FLANNERY**
FEDERAL COMMUNICATIONS COMMISSION
2100 M STREET, N.W., ROOM 8922
WASHINGTON, D.C. 20554

SHERYL TODD (VIA DISKETTE)**
COMMON CARRIR BUREAU
2100 M STREET, N.W.
ROOM 8611
WASHINGTON, D.C. 20554

INTERNATIONAL TRANSCRIPTION SERVICE**
2100 M STREET, N.W.
ROOM 140
WASHINGTON, D.C. 20054