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April 10, 1997

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Federal Communications Commission
Office of Secretary

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

**RE: Ex Parte Notice
CC Docket No. 96-262**

Dear Mr. Caton:

On April 10, 1997, a group representing the United States Telephone Association (USTA) held two meetings with FCC staff. The USTA group comprised Wendy Bluemling (SNET), Jeff Pursley (Aliant), and Mary McDermott (USTA).

At the first meeting, the USTA group met with Thomas Boasberg, Legal Advisor to Chairman Hundt. At the second meeting, the USTA group met with Dan Gonzales, Legal Advisor to Commissioner Chong.

At both meetings, the group discussed USTA's views on access charge reform and the views expressed were consistent with USTA's previous filings in this docket. USTA emphasized that, until the new Universal Service framework is in place, implicit subsidies remain in access charges and those charges should not be reduced as advocated by MCI and others. The FCC should restructure access charges to a more efficient design, including the establishment of per line recovery of non-traffic sensitive costs. The Commission should not treat residence second lines differently than primary lines for access charge purposes. USTA reiterated that "re-initializing" price cap rates to an 11.25 return is directly contrary to the FCC's goals in establishing the price cap plan. In no event should the Commission increase the price cap X factor, and it should continue to have productivity options within the plan.

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An original and one copy of this ex parte notice are being filed in the Office of the Secretary. Please include this notice in the public record of these proceedings.

Respectfully submitted,

A handwritten signature in black ink that reads "Mary McDermott". The signature is written in a cursive style with a large, prominent "M" and "D".

Mary McDermott
Vice President - Legal & Regulatory Affairs

cc: Dan Gonzales
Thomas Boasberg
Wendy Bluemling
Jeff Pursley