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Federal Communications Commission  
Office of Secretary

Suite 1000  
1120 20th Street N.W.  
Washington, DC 20036  
202 457-3810

EX PARTE OR LATE FILED

April 28, 1997

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

Re: EX PARTE - (CC Docket No. 96-262) - Access Charge Reform

Dear Mr. Caton:

Today I met with Gregory Rosston, Patrick DeGraba and Jon Garcia, all of the Office of Plans and Policy. The purpose of this meeting was to review the attached analysis on Access Charge Reform and Universal Services.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules.

Sincerely,

A handwritten signature in cursive script that reads "Joel E. Lubin".

Joel E. Lubin  
Government Affairs  
Vice President

Attachment

CC: G. Rosston  
P. DeGraba  
J. Garcia

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**FCC PLAN  
(July 1, 1997)**

**Changes in Universal Service Fund**

**Universal Service Fund Increase:** **\$2.65B**  
(To cover cost of wiring schools, libraries, rural healthcare)

**USF Collection**

**LECs Pay:** **\$.157B**

The LECs' assigned obligation is \$1.12 billion. However, \$963 million of LEC obligation will be charged to IXCs in the form of higher access fees. **So, net LEC obligation is \$157 million.**

**IXCs Pay:** **\$2.016B**

The IXCs' assigned obligation is \$1.053 billion. However, IXCs must also pay \$963 million of the LEC obligation (see above). **IXCs' full payment is \$2.016 billion.**

**Other Carriers pay (Wireless, CAP, etc):** **\$.477B**

**TOTAL** **\$2.65B**

**Changes in IXC Access Charges**

July 1, 1997: reduction in access fees as a result of the mandatory annual price cap adjustment for large LECs regulated under price cap rules (i.e., imposition of 5.3% productivity factor).  
IXC access charges decrease: (\$ .500B)

**July 1, 1997 Net Change in IXC Payments**

IXCs new USF obligation (see above). \$2.016B

IXC access charge decrease (\$ .500B)

**Net IXC rate increase July 1, 1997** **\$1.516B**

**Customer Impact**

**Customers will see \$1.516 billion in long distance rate increases.** **\$1.516B**

**January 1, 1998**

**Changes in Universal Service Fund**

Universal Service Fund increase: **\$2.0B**  
(Includes increase of \$1.5 billion in high cost fund for small and large LECs; \$500 million for Lifeline/Linkup.)

**USF Collection**

**LECs Pay:** **\$.034B**

The LECs' assigned obligation is \$.259 billion. However, \$225 million of LEC obligation will be charged to the IXCs in the form of higher access fees. So, net LEC obligation is \$34 million.

**IXCs Pay:** **\$1.742B**

The IXC's assigned obligation is \$1.517 billion. However, IXCs must also pay \$225 million of the LEC obligation. So, full IXC payment is \$1.742 billion.

**Other Carriers Pay (Wireless, CAP, etc.):** **\$.224B**

**Changes in IXC Access Charges**

Jan. 1, 1998 - New so-called "presubscribed line charge" imposed on IXCs by LECs for every presubscribed customer (\$.75 cents for residential lines and single-line businesses; \$1.50 for non-primary residential lines; and \$4.50 for multi-line businesses). **\$3.9B**

Jan. 1, 1998 - Decrease in usage charges that will be collected as presubscribed line charges. **(\$3.9B)**

Jan. 1, 1998 - Access usage charge reduction as a result of subscriber line charge increases on multi-line businesses and non-primary residential lines. **(\$1.072B)**

Jan. 1, 1998 - Access charge reductions now collected in the new Universal Service Fund. **(1.621B)**

**January 1, 1998 Net Charges in IXC Payments**

Jan. 1, 1998 - New Universal Service payments (The IXC obligation is \$1.742 billion (see above); IXC access charges are reduced by \$2.693 billion, netting a reduction of \$.951 billion). **(\$.951B)**

**Customer Impact**

Customers will see a net increase of \$.121 billion. IXC's net payments decrease \$.951 billion on January 1, 1998, while subscriber line charges for certain customers would increase by \$1.072 billion. When \$.121 billion Jan. 1, 1998 increase is combined with the \$1.516 billion increase from July 1, 1997, **the net customer increase is \$1.637 billion.** **\$.121B**