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NYNEX

April 29, 1997

Ex Parte

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

RE: CC Docket 96-45 and 96-262

Dear Mr. Caton:

On April 28, 1997, Mr. T. Tauke, Mr. F. Gumper, and I, representing the NYNEX Telephone Companies, met with Chairman R. Hundt, and Messrs. B. Levin, J. Garcia and L. Atlas of his staff. The purpose of this meeting was to discuss the FCC staff's proposal for access reform and universal service and to suggest several areas of concern. As a result of these discussions, and at the request of staff, Bell Atlantic and NYNEX will shortly submit a detailed numerical analysis and assessment of the impacts of Staff's access reform and universal service proposals. The NYNEX representatives addressed the following issues:

The impact of all the anticipated changes, effective July 1, will result in a net increase in costs to long distance carriers. These changes can be offset by certain other adjustments that can be made to reduce the costs to long distance carriers and which consequently can avoid a need for long distance rate increases. First, the universal service fund for schools and libraries can be set at the \$2.25 billion proposed by the Joint Board but for purposes of collecting the necessary fund requirements from rates, the amount collected should correspond to the first year actual claims anticipated as these programs are implemented. Since the actual claims in the start up year would not be expected to reach the \$2.25 level immediately, the difference would be carried over to subsequent years. Second, the amounts assessed on carriers for rural health care should also be set to reflect the anticipated actual claims. Third, another reduction to the IXC's access bill would be to implement the proposed multi-line subscriber line increase on July 1.

The NYNEX representatives expressed concerns about the potential impact of access restructuring on business customers. The FCC was asked to recognize that states would likely follow the FCC's approach in access reform, thus causing much larger impacts, especially on business customers, than if only interstate access charges were changed. Another problem noted by the NYNEX representatives is that many large customers use either NYNEX-provided, Bell Atlantic-provided or a competitive special access facility to transport traffic directly to an interexchange carrier's point of presence. This arrangement does not rely on presubscription to a particular interexchange carrier, and consequently a presubscribed line

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charge imputed to these situations would not result in actual additional revenue being collected.

The NYNEX representatives discussed concerns with the proposal to reduce terminating access before any reductions are taken in originating access. A preferred approach would be to lower originating and terminating together or in a set ratio (e.g., a 2:1 ratio). This would have the effect of providing some reductions for the more competitive originating access service.

Any questions on the above should be directed to me at either the address or telephone number shown above.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Evans". The signature is fluid and cursive, with the first letter "R" being particularly large and stylized.

cc: Chairman Hundt
Mr. B. Levin
Mr. J. Garcia
Mr. L. Atlas