

**G R Evans**  
Vice President  
Federal Regulatory Affairs

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**NYNEX**

May 2, 1997

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MAY 2 1997

Federal Communications Commission  
Washington, DC

**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 29, 1997, Mr. F. Gumper and I, representing the Bell Atlantic and NYNEX Telephone Companies, met with Mr. T. Boasberg, Senior Legal Advisor to the Chairman, Ms. J. Chorney, Special Assistant to the Chairman, and Mr. J. Rubin, Special Counsel to the General Counsel. The purpose of this meeting was to discuss the implementation of the education portion of the universal service fund, as detailed in the attached letter.

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

Sincerely,



Attachment

cc: Mr. T. Boasberg  
Ms. J. Chorney  
Mr. J. Rubin



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Bell Atlantic Network Services, Inc.  
1133 Twentieth Street, N.W.  
Suite 810  
Washington, DC 20036  
202 392-6979

Joseph J. Mulieri  
Director - FCC Relations

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OFFICE OF SECRETARY

May 1, 1997

CONFIDENTIAL

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Mr. William F. Caton  
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Washington, D.C. 20554

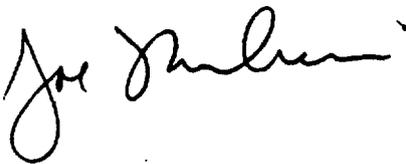
**Re: CC Docket Nos. 96-45 and 96-262**

Dear Mr. Caton:

Please be advised that the attached letter regarding the above captioned proceedings is being delivered to Chairman Reed Hundt today. The letter further clarifies the joint position of Bell Atlantic and NYNEX in the aforementioned proceedings.

Please enter this letter and attachment into the record as appropriate. Should you have any questions please do not hesitate to contact me.

Sincerely,



Attachment

cc: Hon. R. Hundt

May 1, 1997

**NYNEX**

Chairman Reed E. Hundt  
Federal Communications Commission  
1919 M Street NW, Room 814  
Washington, DC 20554

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Dear Chairman Hundt:

Bell Atlantic and NYNEX have been working with AT&T and the EdLinc Coalition to develop plans for the implementation of the Snowe-Rockefeller provisions of the Telecommunications Act of 1996 according to the guidelines recommended by the Joint Board. We encourage others to join us in this effort.

The four parties in these discussions have agreed to:

- Work together to expedite the establishment of the administrative procedures necessary to collect and distribute the funds related to the Snowe-Rockefeller provisions;
- Encourage state regulators to promptly approve the discount schedules necessary for the implementation of the Joint Board plan;
- Encourage funding at the level recommended by the Joint Board -- \$2.25 billion per year; and
- Ensure that the funds will be available as needed while avoiding the potential problems arising from the accumulation of large amounts of funds in a federal universal service account.

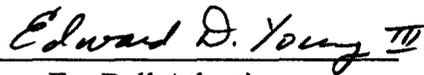
As a result of these discussions, we have developed a proposal which meets the objectives outlined above. Specifically, we propose that the program will commence on July 1, 1997, with aggressive efforts to establish the necessary infrastructure for collections and distribution to schools and libraries. Actual collection and distribution will begin on January 1, 1998 at an annual rate of \$1.25 billion for the first six months and at an annual rate of \$2.25 billion thereafter, subject to the plan administrator making quarterly reviews and adjustments as deemed appropriate based on the projected needs of the schools and libraries. If the amount expended in any twelve month period from July 1 to June 30 is less than the \$2.25 billion, as we project for the initial July 1, 1997 to June 30, 1998 period, then the difference would be rolled over for use in subsequent years if needed. To demonstrate how this plan would work, Bell Atlantic/NYNEX have

submitted to the Federal Communications Commission, for planning purposes only, an ex parte that includes the attached example of a four year funding projection. As you can see, the total expenditure during the four year period is projected to be \$2.25 billion a year, but more is projected in the third and fourth years as schools and libraries increase their usage of telecommunications services.

We look forward to the opportunity to work together with schools and libraries to implement the Snowe-Rockefeller provisions. With the adoption of these recommendations, we would also be prepared to:

- Support the recommendations of the Joint Board that both internal connections and access to the Internet be covered by the fund.
- Support the assessment of the education fund based upon total end user revenues and the recovery by local exchange carriers of their assessments based upon interstate end user revenues.
- Agree that in collecting universal service fund contributions there be no specific identification attributable to school and libraries on customer bills.
- Assuming that the Commission's order is consistent with the above principles, we will not support any legal challenge to the education portion of the Commission's order.

Thank you for the opportunity to work with you and your staff to implement this important provision of the Telecommunications Act of 1996.



For Bell Atlantic



For NYNEX

cc: Commissioner Quello  
Commissioner Ness  
Commissioner Chong  
Mr. J. Coltharp  
Mr. J. Casserly  
Mr. D. Gonzalez  
Ms. G. Keeney

