

The Honorable Reed Hundt
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universal service contributions – their networks are not a part of the public switched telephone network and they are not eligible to receive support from the Universal Service Fund.

I also understand that the FCC intends to require paging companies to contribute to the Universal Service Fund on the same basis as other telecommunications service providers. Such a result would conflict, however, with the express mandate in Section 254(d) that telecommunications carriers shall contribute to universal service support on an equitable and nondiscriminatory basis. As the FCC recognized last summer, paging companies do not use the public switched telephone network in the same way as "LECs and other voice carriers."⁶ Accordingly, the FCC recommended that paging companies' rates for transport and termination be calculated separately from those of LECs. I urge the FCC to follow this logic again when considering the appropriate measure of any universal service support obligations imposed on paging companies. Moreover, requiring lower levels of universal service support from paging companies is the only equitable and nondiscriminatory solution because such companies are ineligible to receive funds from the Universal Service Fund.

When Congress enacted the Telecommunications Act of 1996, it intended to deregulate the telecommunications industry and create competition, which would result in lower rates and advanced services for all Americans. As we near the conclusion of the implementation timetable contemplated by the Act, I fear that the FCC appears to have lost sight of these goals and instead created for itself a new regulatory mission. As a result, it appears that the nation's telecommunications customers may experience increased local or long distance rates. This is simply unacceptable, and I call on the FCC to reverse course to prevent any such rate increases. In particular, I believe the FCC is compelled to refrain from adopting new rules increasing local rates (SLC increases) and permitting competitors using unbundled elements to avoid paying interstate access charges until implicit universal service support is made explicit and guaranteed in the Universal Service Fund provided for by Section 254 of the Act.

Sincerely,



BILLY TAUZIN
Chairman

Subcommittee on Telecommunications,
Trade, and Consumer Protection

⁶ Local Competition Order, 11 FCC Red at 16043 ¶1092.