

94-262

EX PARTE OR LATE FILED

From: Milan Vydareny <webmaster@digisplay.com>
To: James Quello <jquello@fcc.gov>
Date: 5/5/97 11:22am
Subject: Opposition to Proposed "Modem" Tax

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MAY 5 1997

Federal Communications Commission
Office of Secretary

Folk,

It has come to my attention that there is before the Commission a proposal to provide Internet access to certain preferred subscribers (schools, libraries and health care facilities) at a substantially reduced rate. Further, this subsidy would be financed by yet another massive tax (\$2.5 billion) on the already overburdened US consumer and businessperson.

I would like to voice my unequivocal opposition to this plan, and urge than you defeat this proposal when it comes to a vote in the near future.

Sincerely,

Milan Vydareny, Webmaster webmaster@digisplay.com <http://www.digisplay.com>

CC: Chuck Goes <chuck@digisplay.com>

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MAY 5 1997

April 29, 1997

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W., Room, 814
Washington, D.C. 20554

Re: CC Docket No. 96-45 and
CC Docket No. 96-262

Dear Chairman Hundt:

As the time for resolution of the crucial Universal Service and Access Reform Dockets approaches, the Rural Telephone Coalition (RTC) wishes to respond to the State Members' Second Report on the Use of Cost Proxy Models. In their report the State Members evaluate the models and make comments on the basis of the criteria in the Recommended Decision.

The RTC agrees with the following points in the State Members Report:

1 The State Members conclude that both the Benchmark Cost Proxy Model (BCPM) and Hatfield models have failed several facets of criterion seven, one of the measures the Joint Board recommended to evaluate the proxy models. They specifically conclude that critical input data have not been verified, and outputs have not been demonstrated to be plausible. The RTC agrees and has previously filed comments stating that any proxy model that is chosen must be proven to predict that which it purports to predict. The RTC wishes to point out, however, that more than plausibility of outputs is required. Plausibility implies only the possibility of adequate support rather than proof of verity and accuracy of prediction, requirements in the critical analysis that the models must involve.¹

¹ See RTC Comments at 4-5, CC Docket No. 96-45, December 19, 1996 where we explained that the word *plausible* is insufficiently rigorous to describe the measure of scrutiny that is needed to gauge the accuracy of the results produced by the proposed models. The first given meaning of *plausible* in *Webster's New Collegiate Dictionary* is: 1. *superficially fair, reasonable, or valuable, but often specious <a ~ pretext>*." (emphasis added)

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2. The State Members recommend a cost-based benchmark instead of one that is based on national average revenues. The RTC agrees that a cost based model is more appropriate and has previously made the point that the recommended benchmark based on nationwide average LEC revenues for local exchange, access and “discretionary” services misses the mark as an identifier of the level of high cost support which Section 254 of the Telecommunications Act of 1996 requires. A revenue benchmark (a) irrationally compares backward looking revenues with hypothetical forward looking costs, (b) uses historic revenues in a radically changing regulatory environment to identify the revenue streams an ILEC can “expect” in the future, and (c) has no discernable bearing on whether federal support will pass statutory muster as “sufficient,” “predictable” and “specific.”²

Despite our agreement with these two aspects of the State Members’ Report, the RTC wishes to point out that it disagrees with the Report in some respects. The Report recommends an overall rate of return of 10.05 as an input value for the BCPM, which it would then recommend as the vehicle to be perfected. It also recommends changes which extend the depreciation lives used in the BCPM model. The RTC disagrees with both of these recommendations. Regardless of what model is chosen, the proper overall rate of return is the prescribed interstate rate of return. That return properly accounts for the risks that are included in the policy making decision that a prescription proceeding involves. There is no factual or legal basis upon which any model should assume or factor into its input a rate of return other than this legally authorized rate established by the Commission in a proceeding providing ample opportunity for public participation under the Administrative Procedures Act.

² *RTC comments at 23-24, December 19, 1996*

Similarly, the extension of depreciation lives to the suggested parameters is unjustified. Instead, of using extended lives, the models should use shorter lives as inputs. The proponents of forward looking cost models assert that telecommunications is a declining cost industry. To be consistent, any model which purports to be forward looking and accepts that premise should therefore use some form of accelerated depreciation. It is also clear that the pace of technology change is increasing and that a competitive environment necessarily means shorter lives. Accordingly, accelerated depreciation is necessary to model risk properly for high cost companies that will be required to operate in a competitive environment and at the same time to meet universal service obligations that necessitate adequate recovery of their legitimate costs.

Respectfully submitted,
THE RURAL TELEPHONE COALITION

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NTCA

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FAX Cover Sheet

Date: May 5, 1997

This transmission consists of 2 pages (including this cover sheet) and is sent to
FAX Number 202-418-2820

To: The Honorable Rachelle B. Chong, Commissioner
Federal Communications Commission

From: Dr. Thomas P. Carey, Executive Director
ARIN IU 28

Message:

Note: If a page was not received, please contact me at 412/463-5300



STONEHILL
COLLEGE

May 2, 1997

Rachelle B. Chong, Commissioner
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Ex Parte Communications in CC Docket No. 96-262

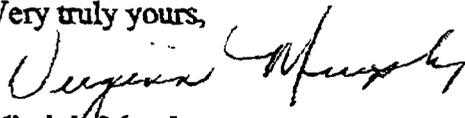
Dear Ms. Chong:

I am writing in regards to the proposed increase to the monthly Subscriber Line Charge and the new Pre-subscribed Line Charge. I would like to voice my opposition to this proposal.

The College is attempting to keep tuition fees reasonable, and each year more and more of our annual budget is set aside for financial aid. These increases will impact our budget and our ability to give as much financial aid as possible. At a time when more and more students are having trouble affording higher education, anything that takes away from the College's ability to give financial aid is a major concern.

I hope you will reconsider the proposed changes due to their potential impact on students seeking higher education.

Very truly yours,


Virginia Murphy
Telecommunications Coordinator

cc: Brian Moir, Esq.
Jeri Semer, Executive Director, ACUTA