

CC 96-45



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OFFICE OF THE COUNTY EXECUTIVE DOCKET FILE COPY ORIGINAL
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan
County Executive

May 7, 1997

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MAY 27 1997
Federal Communications Commission
Office of Secretary

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20544

Dear Chairman Hundt:

I am writing to express concern regarding the Universal Service high cost assistance fund proposals presently under consideration by the Federal Communications Commission. In particular, I want to urge the Commission to reject any variation that increases the size of the Joint Board's Recommended High Cost Fund Proposal.

Under most variations, Maryland is a net contributor to the high cost fund, and some variations would increase the bills of Maryland ratepayers by up to approximately \$2.00 per month. This is simply unfair. Maryland ratepayers should not be required to subsidize telecommunications providers in other states.

I have seen the April 22, 1997 letter from Chairman Russell Frisby of the Maryland Public Service Commission, and I support the views expressed in that letter. I strongly urge the entire Commission to consider Chairman Frisby's positions.

Thank you for the opportunity to submit these comments. If you have any questions, please do not to hesitate to contact me.

Sincerely,

Douglas M. Duncan
County Executive

DMD:jp

cc: Commissioner James H. Quello
Commissioner Susan Ness
Commissioner Rachelle B. Chong

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LEHMAN BROTHERS

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May 15, 1997

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MAY 27 1997

Federal Communications Commission
Office of Secretary

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

Dear Chairman Hundt:

It has been brought to our attention that the FCC is considering a proposal to increase the business line Subscriber Line Charge and to impose a new charge of at least \$4.50 per line per month to support extending new telecommunications capabilities to schools, libraries and rural health care facilities. At the same time that it is considering imposing these new costs, we are told that the Commission will not take the long overdue step of bringing rates closer to the true economic cost of local access services.

We urge you not to adopt the foregoing proposals which would, in effect, impose a new tax on American businesses. With all due respect, we believe that the imposition of such taxes is the business of the people's representatives, not appointed officials. Moreover, nationwide educational and health care initiatives should be considered on a comprehensive basis by all interested authorities, not just as a telecommunications matter by the FCC.

The time has come for the Commission to reform its rules governing access charges, which are more than \$3 billion a year higher than they should be. All consumers, businesses as well as residential, deserve protection from excessive monopoly prices. The Administration's social policy agenda should be addressed in other ways and not get in the way of these reforms.

Sincerely,

Diane Monda

Diane Monda
Vice President
Technology Services

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CC96-48

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Lexington & Buena Vista • Bath County

Mrs. Linda L. Krantz
Library Director

ROCKBRIDGE REGIONAL LIBRARY

138 S. Main Street
Lexington, VA 24450
(540) 463-4324
FAX (540) 464-4824

Lexington & Buena Vista • Bath County

EX PARTE OR LATE FILED

15 May 1997

RECEIVED

MAY 27 1997

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

Federal Communications Commission
Office of Secretary

Dear Mr. Hundt:

I appreciate very much last week's announcement of the FCC plan to implement the Universal Service provision in the 1996 Telecommunications Act. In particular, providing discounts for schools and libraries will be an enormous boon to us in this relatively poor, rural section of western Virginia.

However, I fear that the focus on ability to pay (as measured by eligibility for the national school lunch program) obscures a major problem faced by us and other rural libraries and schools: being billed double, triple, even quadruple as a result of using phone lines passing through the territory of more than one phone company. This problem is not one easily addressed by putting pressure on specific phone companies, because they can hardly be expected to lower their rates dramatically simply because we also have to pay another phone company.

Let me briefly summarize our situation and then give you the specific numbers causing us such distress. The Rockbridge Regional Library consists of a headquarters, four branches, and a bookmobile. We serve two counties (Bath and Rockbridge) and two independent cities (Buena Vista and Lexington), with a total population of 37,000 spread out over 1,145 square miles.

Recognizing the importance of a telecommunications infrastructure both locally and nationally, we coordinated three years ago with the schools and colleges in this area to

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win a U.S. Department of Commerce Telecommunications and Information Infrastructure Assistance Program (TIIAP) planning grant, followed the next year by a grant to implement our plan. We are now in the last two months of that TIIAP project, which has made a tremendous difference to this community.

All 22 public schools and libraries in our service area now belong to a consortium (Rockbridge Area Networking Group - RANG) that provides a wide area network (via a Sprint frame relay switch in Lexington) allowing us to interact electronically with each other and to obtain speedy Internet access. The wide area network (WAN) is connected to the Internet with a T1 line; each individual site is connected to the WAN with a 56-kbps line.

The RANG network is in place and operating well, providing hundreds of individual workstations with Internet access for students, teachers, and the general public. Our problem is the cost of the telecommunications lines. Our Internet service provider is Sprint, which is also the local phone company for 16 of the sites. The annual cost for each of those 56-kbps lines is \$1,520.28 -- a significant amount for our weakened budgets, but one we can manage, especially with the FCC-assisted discount.

More out of line are the annual costs for the other six sites:

<u>Site</u>	<u>Cost</u>	<u>Phone companies</u>
Bath Co. High School	\$5,911.54	Vir. Tel., MGW, Sprint, Bell Atl.
Valley Elem. (Bath Co.)	5,890.53	Vir. Tel., MGW, Sprint, Bell Atl.
Millboro Elem. (Bath Co.)	4,409.43	Bell Atlantic, Sprint
Fairfield Elem. (Rock. Co.)	5,375.36	GTE, Sprint, Bell Atlantic
Bath Co. Public Library	5,911.54	Vir. Tel., MGW, Sprint, Bell Atl.
Goshen Public Library	4,409.43	Bell Atlantic, Sprint

Each of those costs borders on the cost for a full T1 line, and is insupportable in the long term. As an example, the Goshen Public Library is a tiny one-room branch with one part-time librarian, but its two Internet workstations provide the only public Internet access in western Rockbridge County and eastern Bath County. Still, the Rockbridge Regional Library system cannot long afford to pay \$4,400 each year for that access.

I do not have an answer to the problem. But it seems to us that more than discounts are needed; rather, a fundamental change in the rate structure is required to address situations such as ours where sites are spread out and can achieve Internet access only through multiple phone companies.

Can you help us, please? We would be very grateful for any assistance or ideas you can give us.

Yours truly,



Linda L. Krantz (Mrs.)
Library Director

Cc: Mr. Theodore V. Morrison, Jr.,
Chairman, State Corporation Commission
U.S. Sen. John W. Warner
U.S. Sen. Charles S. Robb
U.S. Rep. Robert W. Goodlatte
State Sen. Emmett Hanger
State Sen. Bo Trumbo
Del. S. Vance Wilkins, Jr.
Del. Lacey Putney
Del. R. Creigh Deeds

DENNIS JAMES TONOZAH
2117 L STREET N.W.
SUITE 281
WASHINGTON D.C. 20037

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Docket CCB
Universal
Service

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MY DEAR MOST HONORED
CHAIRMAN MR REED

RECEIVED
MAY 27 1997

Federal Communications Commission
Office of Secretary

I AM ENCLOSEING AN ARTICLE
THAT SAYS YOUR A CROOK, THAT THE FCC
STANDS FOR THE FEDERAL CRAPOLA COMMISSION.
NAMELY IN THE ARTICLE, YOU PROMISED A
PHONE IN EVERY HOME AND APARTMENT.
YOU PROMISED FREE PHONE AND INTERNET
SERVICES TO SCHOOLS, HOSPITALS, LIBRARIES
AND MENTAL HOSPITALS, THIS PROMISE IS
A CENTURY OLD, AND LIKE IT IS CRAPOLA,
FOR ALL PEOPLE GET IS PAY PHONES, WHICH
DRUG USERS OR CRIMINALS USE SO, THAT
THE POLICE CANNOT WIRE TAP THEM, NOW
I WISH YOU WILL LOOK AT THE ENCLOSED
ARTICLE. NOW I HAVE A GENIUS 145 IQ.
I WILL MAKE ABSOLUTELY NO PROFIT OFF
THIS AT ALL NOT ONE SINGLE CENT BUT I
EXCEL AT ECONOMICS, PROGRAM CREATION,
PLANNING, MARKET STUDIES, RESEARCH AND DEVELOPE-
MENT, I CAN COMPARE 2 EXISTING ITEMS, TO CREATE
A NEW THIRD TECHNOLOGY. PLEASE TURN

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SO I HAVE THIS POLICY TO LOOK INTO
 FIRST IS TO WORK TO BRING THE PHONES
 AND REMOVE THEM COMPLETELY, EXCEPT IN
 GOVERNMENT BUILDINGS, HOTELS, HOSPITALS,
 AIRPORTS BUS TRAIN STOPS AND SHOPPING
 CENTERS. FOR DRUG PUSHERS FROM CRIMINALS
 HEAVILY DEPEND ON THE PHONES TO MAKE
 DRUG DEALS, SO AS TO AVOID POLICE INTERFERENCE
 SECOND POLICY IS TO HAVE LOCAL PHONE
 SERVICE COMPANIES. SET A POLICY TO
 INSTALL LOCAL SERVICE PHONES, THAT
 TO MAKE A LONG DISTANCE CALL YOU HAVE
 TO PUSH IN A PRE-PAID PHONE CARD NUMBER,
 AND THESE LOCAL PHONE SERVICE TELEPHONES
 WILL BE INSTALLED, INTO EVERY APARTMENT
 AND HOME, WITH FREE SERVICE TO PATIENTS
 ON A SCALE, UP TO FULL PAYMENT, ACCORDING
 TO HOUSE HOLD INCOMES. NEXT FREE PHONE
 SERVICE AND FREE INTERNET SERVICE TO GO
 TO HOSPITALS, LIBRARIES, SCHOOLS, MENTAL
 HOSPITALS, AND FREE PHONE SERVICE TO MENTAL
 PATIENTS IN HOSPITALS, TO CALL FRIENDS AND
 RELATIVES, AND EMPLOYERS. TO PAY FOR ALL
 THIS FREE, TO REDUCE PHONE SERVICE COST
 WITH LOCAL PHONE COMPANIES AND THIS
 "POLICY"

RECEIVED
 10/11/01
 FEDERAL BUREAU OF INVESTIGATION
 U.S. DEPARTMENT OF JUSTICE

FIRST IS, THE RHOVE CALL POOLMEAT
 WORKS LIKE THIS THE LOCAL PHOVE
 COMPANY, SETS A RHOVE OR UNIFORM
 BILL FOR OR RATE FOR EACH PHOVE.
 SECOND IS THE PHOVE COMPANY TAKES
 ALL THE LOCAL PHOVES INSTALLED IN
 HOTELS, BUSINESSES, OFFICES, HOSPITALS,
 SCHOOLS, LIBRARIES, CENTRAL HOSPITALS, STORES
 RESTAURANTS, BUSINESSES, ALL THESE PHOVES
 ARE THAW AND EN UP. LETS SAY ONE CITY
 HAS 10,000 PHOVES. THE LOCAL PHOVE
 COMPANY, SETS A FLAT LOCAL PHOVE SERVICE
 RATE OF \$20 A MONTH, THAT MEANS THE
 PHOVE COMPANY, EARNS \$20,000 DOLLARS
 A MONTH.
 THIRD IS OUT OF THIS \$20,000 A MONTH
 IS FREE PHOVE SERVICE, TO HOSPITALS,
 SCHOOLS, LIBRARIES, CENTRAL HOSPITALS, POOR,
 AND PARTIAL PATIENTS, BASED ON LOCATION,
 LIKE A WORKING POOR PERSON, ONLY PAYS
 MAYBE 10 A MONTH, ALSO SENIOR
 CITIZENS WOULD ONLY PAY \$5 MAXIMUM
 A MONTH FOR LOCAL SERVICE, SO, ALL THE
 MONEY LEFT, LIKE \$15 A FREE PHOVE
 SERVICE, TO A NON WORKING PERSON, THE
 LOSS IS LISTED AS NOT A BUSINESS TURN

OR IF A SENIOR CITIZEN PAYS ONLY \$5
 THE LOSS IS \$15. OUT OF THE TOTAL
 FIRM RATE, IF A WORKING PERSON THAT
 IS BOOR AND ONLY PAY \$10, THE
 LOSS IS \$10. NOW ALL THE MONEY
 THAT IS LOST, IS TURN ADDED TO THE
 AMOUNT OF MONEY, THAT THE PHON
 COMPANY IS TO COLLECT, IN THE EXAMPLE
 OF 10,000 PHONES, THAT WITH A FIRM
 RATE PHONE SERVICE THE PHONE COMPANY
 IS TO COLLECT \$200,000, BUT SINCE SOME
 PHONE SERVICE IS FREE OR AT A REDUCED
 RATE, THE PHONE COMPANY WILL LOOSE
 \$50,000, SO, THAT \$150,000, IS TURN ADDED
 TO THE \$200,000, \$150,000, THE \$250,000
 IS SUBDIVIDED, EQUALLY, AMOUNT, THE REST
 OF THE PHONE CUSTOMER PAY, LETS SAY
 IN THE FIGURE IN THE EXAMPLE OF 10,000
 PHONES, 3,000 PHONES ARE FREE OR AT
 A REDUCED RATE, SO THAT LEAVES 7,000
 PHONE WHO PAY FULL RATE, BUT INSTEAD OF
 PAYING A FIRM RATE OF \$20, THEY PAY WITH
 IS CALLED A POOLED RATE, WHICH IS THE
~~7000 PHONES~~, ARE DIVIDED, INTO \$200,000
 OR \$200,000 THAT ARE PLUS \$50,000 IN COST
 FEES, DO TO FREE OR REDUCED PHONE RATE.

SO THE POOLED FEE IS THE 7,000 PAYMENT
DIVIDED INTO THE \$250,000 COST, SO EACH
POOLED PHONE BILL WILL BE \$35.71,

SO EACH FULL PAYING CUSTOMER DOES NOT

PAY HIS OWN FEE, BUT A "POOLED FEE"

WE HAVE, AND THE REASON FOR A POOLED

FEE IS ALL LOCAL CUSTOMERS GO INTO ONE

POOL, SO EVERYONE HAS A LOCAL PHONE,

FROM FREE TO PARTIAL PAYMENT, TO FULL

PAYMENT, BASED ON USAGE, THIS IS NOT

COMMUNITY OR SOCIALLY, IT IS INDIVIDUAL,

FOR INSURABLE COMPANIES, LIKE BLUE CROSS

BUT ALL CUSTOMERS INTO VARIOUS POOLS, TO

THAT YOU CUSTOMER, HIGH PREMIUM

TO COVER COST AND PREMIUMS FOR THE

ELDERLY,

2) THE SECOND COMPLAINT IS THE FEE CUT

LOCAL DISTANCE RATE FEES BY 8 PERCENT

WHICH IS TO BE PASSED ON TO THE CUSTOMER

NOW INSTEAD OF 10 PERCENT, FOR ALL THE

CUSTOMERS GET IS 10 PERCENT AND 10 PERCENT, SO

WHY NOT PASS AN OPTION OF ALLOWING

LOCAL SCHOOL DISTRICTS, TO PASS A LAW THAT

THE MONEY FROM THE LOCAL DISTANCE RATE

PRICE CUTS, PLEASE TURN

61

GO TO A LOCAL SCHOOL DISTRICT TO PAY OFF
BONDS FLOATED, SO, AS TO PAY FOR NEW
SCHOOL CONSTRUCTION, NOW THE SCHOOL
DISTRICT CAN CHARGE, THIS TAX, TO PICK UP
MONEY, ON LONG DISTANCE RATE CUTS, ON
ANY AND ALL LONG DISTANCE PHONE CALLS
MADE IN A SCHOOL DISTRICT'S BOUNDARIES,

SO, I HOPE I AM VERY VERY HELPFUL
TO YOU, THANK YOU MOST HUMBLLY

SINCERELY YOURS

Frank G. C.

FCC Approves Restructuring Of Nation's Telephone Rates

Consumers to See Cuts of About 8% on Long-Distance Bills

By Mike Mills

Washington Post Staff Writer

Consumers can look forward to price cuts of about 8 percent off their long-distance bills starting as early as August, while price increases await most people who have multiple phone lines.

Those are the most immediate effects of action taken yesterday by the Federal Communications Commission, which approved the largest restructuring of telephone rates since the breakup of the AT&T Corp. monopoly in 1984. The new rules carry out a key component of a law enacted last year to bring new competition to the nation's fast-growing telecommunications market.

The FCC also updated and expanded upon a century-old promise that every American, regardless of income or geography, will have access to affordable basic telephone service. It included in that promise the nation's schools, libraries and health care facilities, which were given a federal guarantee of not only telephone service but also discounted rates for Internet access.

"For most schools and libraries, the cost of both telephone and Internet access will be cut in half," Vice President Gore said in a statement. "For our poorest schools, access will be almost free."

The vote means an end to months of nasty and confusing advertising by long-distance and local telephone companies.

But even those ads could not compare to the lobbying free-for-all at FCC headquarters on M Street NW. Through it all, the agency received 125,000 pages of comments, 10,000 visits by lobbyists and 7,000 letters from members of Congress, according to staff members. "This was the most hotly contested issue to come before me in my 23 years at the FCC," said retiring commissioner James H. Quello.

Setting the stage for what analysts say are inevitable lawsuits to block the decision, the regional Bell companies and other local phone firms quickly attacked the plan. They said it cut too deeply into revenue they collect from

\$2 Billion in Discounts to Aid Schools' Access to Internet

By Rene Sanchez

Washington Post Staff Writer

It is a landmark subsidy for the nation's schools: more than \$2 billion a year in discounts to help educators plug their students into the computer age.

That pool of cash, which would be created under a plan adopted yesterday by the Federal Communications Commission, could provide a much-needed boost to school districts scrambling to connect their classrooms to the Internet but lacking the resources to do it.

Under the FCC plan, more than 110,000 schools nationwide, most of them public, will be eligible beginning next year for discount rates that range from 20 percent to 90 percent for connection to the Internet and service charges. The size of the discounts will depend

largely on how economically disadvantaged a school's enrollment is. Some libraries also will be eligible for lower rates. In all, more than 50 million students could benefit.

Education Secretary Richard W. Riley hailed the discount plan yesterday as a "giant step" into the next century for the nation's schools. However, several studies recently have estimated the total costs of infusing classrooms with new technology to be much greater than the amount of the subsidy that the FCC has approved. By some measures, meeting that goal could cost \$109 billion over the next decade.

Even with the new discounts, many state and local governments could struggle to come up with the money needed to fully enter the information age. Schools that

See SCHOOLS, E3, Col. 1

long-distance companies and may force local telephone rates to go up. "We are disappointed," said Edward D. Young, vice president at Bell Atlantic Corp., which provides local phone service in the Washington area.

Rep. John D. Dingell (D-Mich.) warned that the new rules will lead to "higher prices and fewer jobs" as local phone companies try to absorb the cuts in long-distance fees.

But FCC Chairman Reed E. Hundt said there is little reason for states to raise local rates as a result of the new rules. The profits of the country's big local phone companies are at "record heights," he said.

The Bells' critics said the cutting didn't go far enough. "This begins to cut the fat out of telephone network pricing and moves prices down toward competitive market levels," said Gene Kimmelman, Washington co-director of Consumers Union.

The task Congress gave the FCC was gargantuan: Help create a new, competitive local telephone market by overhauling a system of subsidies created during the AT&T monopoly era. Those subsidies inflate some users' charges to meet the goal of giving everyone access to low-cost local telephone service.

See FCC, E2, Col. 1

OTHER SLIDE →

Bond Prices Push Dow Down 140

charges that they defrauded the federal government of \$3.5 million.

If convicted on all six charges in the indictment returned by the Jacksonville, Fla., federal grand jury, Ryland could receive a fine of \$1.5 million. The three executives—Walter Riggsbee, Lavon Lattner and Barry Stricklin—could receive prison sentences of up to 30 years and fines of \$1.5 million, according to the U.S. Attorney's office in Jacksonville. A Ryland spokeswoman said the company and the three executives believe they will be found innocent of the charges.

agency responsible for cleaning up failed savings and loans. The agency put together pools of thousands of mortgages from the S&Ls and resold them to investors. Servicing companies such as Ryland collected payments from homeowners, passed them through to investors and kept records for the government.

Since each multimillion-dollar pool was made up of mortgages from a number of S&Ls, there was an accounting reconciliation when the servicing company took over each pool—it added up payments turned over by previous servicers and com-

land conspired to cheat the government during the reconciliation of several pools, saying they had collected less money from previous servicing companies than they really had. The indictment made no mention of what the government believes happened to the \$3.5 million.

According to the indictment, the money the government paid Ryland went into a company account, and then was wired to accounts associated with other mortgage pools.

"Ryland and the current and former employees will be vindicated through the judicial process," said

Telco Communications Profit Soars in F Va.-Based Long-Distance Company Cites Strong Growth in Sales; GSE S

Telco Communications Group Inc., one of the nation's 10 largest long-distance companies, reported net income of \$6.9 million (20 cents a share) for the first quarter, a 109 percent increase over earnings of \$6.3 million (12 cents) in the same period last year.

Revenue for the Chantilly-based company was \$122.9 million, a 34 percent increase over revenue of \$91.9 million in the quarter last year.

The company attributed the strong showing to growth in billed customer minutes in both its commercial and consumer divisions. Minutes in use rose to 922.2 million from 653.1 million in the same quarter of 1996.

Telco Chief Executive Donald A. Burns said he was optimistic about continued strong results for the rest of the year but said "increased competition will reduce the consumer division's growth rate," adding that

the company anticipates that "the revenue mix will include more revenue from the commercial division and less from the consumer division."

GSE Systems Inc., a Columbia-based systems integration company, reported a loss of \$1.99 million in its first quarter, compared with earnings of \$1.1 million for the same quarter in 1996. Revenue also fell for the quarter, dropping 14 percent to \$19.3 million, from \$22.3 million.

Commenting on the results, Mike Cromwell, GSE vice chairman, said "the recent shrinkage of the nuclear simulation market was earlier than anticipated and had a major impact on our business."

The company has implemented cost-cutting strategies and expects to see benefit from consolidations underway at Maryland plants. In addition, GSE recently received several significant orders, Cromwell said,

adding that while second-quarter results also may be poor the company anticipates improvement throughout the year.

Spacehab Inc., a Vienna-based manufacturer of space modules, reported earnings of \$3.2 million (29 cents a share) in its fiscal third quarter, ended March 31, compared with a loss of \$6 million in the same period last year. The company reported revenue of \$15 million for the quarter in the wake of no sales during the same period in the prior year.

The revenue was associated primarily with NASA's use of Spacehab's Logistics Double Module in January to resupply the Russian space station Mir.

Spacehab Chief Executive Shelley A. Harrison said the company's strategy of developing products with space-based applications comes at a time

PLEASE NOTE Long-Distance Phone Bills Could Drop as Early

FCC, Front 21

The new rules by no means end the subsidies. In general, local phone service for homes in this country will continue to be priced below cost. But the objective is that in the future, the difference will be made up from a separate subsidy fund rather than from artificially high rates for such things as long-distance, business phone links and special services such as Caller ID.

This fund will be fed by contributions from all telecommunications carriers, which will be allowed to pass those charges on to consumers.

So yesterday, the FCC created a new, \$4.6 billion annual federal universal service fund, which includes the \$2.25 billion for Internet access. Another \$400 million will provide aid to nonprofit rural clinics for Internet access and data links to major hospitals.

The remaining money, less than \$2 billion, represents current funding used to subsidize the consumer price of rural phone service. The FCC delayed a battle over whether phone companies in more urbanized states should subsidize companies in rural states.

As part of the changes, the FCC

cut the annual payment by about \$18.5 billion by 2002.

This is the source of the promised cuts in long-distance rates, assuming that long-distance companies make good on pledges to pass through these cuts to their customers. If that happens, the FCC estimates that average monthly long-distance bills will fall by \$2 per month, from \$22.50 to \$20.65, when the cuts take effect July 1.

But to offset the revenue losses that local phone companies will suffer, the FCC authorized them to increase the flat monthly rates charged to people with second tele-

MARCUS W. SISK, JR.
ATTORNEY AT LAW

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AMERICAN SAMOA GOVERNMENT
PAGO PAGO, AMERICAN SAMOA 96799
OFFICE OF COMMUNICATIONS

In reply refer to:

Serial: 136-97
COM: 11
May 6, 1997

EX PARTE OR LATE FILED

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1990 M Street, N.W.
Washington, D.C. 20036

RECEIVED

MAY 27 1997

Federal Communications Commission
Office of Secretary

Re: Federal-State Board on
Universal Service
CC Docket No. 96-45

Dear Chairman Hundt:

The Governor of American Samoa has asked the Office of Communications to submit comments on the matter of universal service, particularly on the need for schools, libraries and health care providers to have access to advanced telecommunications services as provided in S254(b) (6) of the new Telecommunications Act. Our office acts as the local telephone exchange in American Samoa and also provides outbound interstate service by agreement with major long-distance carriers. The major carriers provide inbound interstate service.

To satisfy S254(b) (6), we believe that discounts in charges for both local and interstate service can and should be provided for schools, libraries, and health care facilities in American Samoa in order to facilitate the use of advanced telecommunications services and techniques. With regard to interstate service, we believe that the discounts should apply to both inbound and outbound traffic and that all long-distance carriers serving American Samoa should offer such discounts.

The Office of Communications is prepared to take the lead in offering discounts for schools, libraries, and health care providers, and we are also prepared to work with our major long-distance carriers in arranging a rational and comprehensive package of such discounts. Our preliminary assessment is that the discounts for schools, libraries, and health care providers could range up to 50 percent of the normal charges for local and long-distance service.

Very truly yours,

Handwritten signature of Aleki Sene in cursive.

ALEKI SENE
Director of Communications

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cc: Honorable Tauese P.F. Sunia
Governor of American Samoa