DOCKET FILE COPY ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

OCT - 2 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Changes to the Board of Directors of the National Exchange Carrier Association, Inc.	)	CC Docket No. 97-21
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45

COMMENTS OF AMERITECH IN RESPONSE TO PETITIONS FOR RECONSIDERATION

Ameritech[1] submits these comments in support of petitions for reconsideration filed with respect to the Commission's recent Report and Order and Second Order on Reconsideration in the above proceeding.[2]

I. CARRIERS' INSIDE WIRE REVENUES SHOULD NOT BE INCLUDED IN THE CONTRIBUTION BASE FOR UNIVERSAL SERVICE SUPPORT.

Ameritech supports the joint petition for reconsideration filed by Nevada Bell, Pacific Bell, and Southwestern Bell Telephone Company ("SBC") and the

[1] Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

[2] *In the Matters of Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Federal-State Joint Board on Universal Service,* CC Docket Nos. 97-21, 96-45, Report and Order and Second Order on Reconsideration, FCC 97-253 (released July 18, 1997) ("Order").

petition for partial reconsideration filed by Bell Atlantic, both of which object to the inclusion of inside wire revenues in line 34 of the Universal Service Worksheet, FCC Form 457, adopted in Appendix C of the Order, as part of the contribution base that would determine carriers' contributions to the federal universal support fund. Inclusion of those non-telecommunications service revenues in a carrier's contribution base is inconsistent with both the Commission's prior rulings and the law itself.

That inside wire revenues are not "telecommunications revenues" is clear from the Commission's now decade-old decisions detariffing the installation and maintenance of inside wiring.[3] Thus, the inclusion of these revenues as part of the contribution base is inconsistent with the Commission's rules that the contribution base shall be "end-user telecommunications revenues."[4] Moreover, the Commission specifically noted:

> Neither telecommunications carriers nor non-telecommunications carriers will be required, however, to contribute to federal universal service support mechanisms based on their provision of Internet access and non-telecommunications internal connections.[5] (Emphasis added.)

In addition, requiring carriers to contribute on a basis of non-telecommunications revenues is contrary to the statute which requires only that a

---

[3] See, *In the Matter of Detariffing the Installation and Maintenance of Inside Wiring*, CC Docket No. 79-105, 1 FCC Rcd. 1190 (1986).

[4] See, §§54.703(b) and (c) of the Commission's rules.

[5] *In the Matter of Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, Report and Order, FCC 97-157 (released May 8, 1997) ("Universal Service Order") at ¶597.

"telecommunications carrier that provides interstate telecommunications services" contribute to universal service support.[6] Clearly, an entity can be a carrier for some purposes and not for others.[7] Thus, the statute can only be interpreted as permitting carriers to be taxed only on the basis of their telecommunications service activities.

In this light, the Commission should eliminate inside wire revenues from line 34 of Form 457 and, therefore, from a carrier's contribution base.

II. THE BOARD MEMBERSHIP OF THE SCHOOLS AND LIBRARIES AND RURAL HEALTH CARE CORPORATIONS SHOULD BE MORE NEUTRALLY CONFIGURED.

Ameritech supports MCI's request that the Commission reconsider the composition of the boards of directors of the Schools and Libraries Corporation and the Rural Health Care Corporation.

In the Order, the Commission has determined that four of the seven board members of the Schools and Libraries Corporation are chosen explicitly to represent school and library interests. Similarly, two of the five members of the Rural Health Care board will represent rural health clinics. The makeup of those two boards would appear to violate the Joint Board's recommendation that they be neutral, not associated with any particular industry segment and not have a

---

[6] §254(d).

[7] See, *National Assn. Of Regulatory Utility Commissioners v. F.C.C.*, 533 F.2d 601, 608 (D.C. Cir., 1976).

direct financial interest in the support mechanism. At the very least, the composition creates the appearance of impropriety.

Therefore, Ameritech supports MCI's recommendation that the board of the Schools and Libraries Corporation be reconfigured to have one representative in each category: schools, libraries, CLEC, ILEC, service provider, independent director, and CEO. Similarly, the board of the Rural Health Care Corporation should be restructured to include one representative in each category: rural health care, industry, service provider, independent director, and CEO. These reconfigurations would help establish each board's credibility as a neutral administrator of the universal service support funding mechanism over which it has jurisdiction.

Respectfully submitted,

Michael S. Pabian
Counsel for Ameritech
Room 4H82
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025
(847) 248-6044

Dated: October 2, 1997

[MSP0068.doc]

CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Comments of Ameritech In Response to Petitions for Reconsideration has been served on all parties listed on the attached service list, via first class mail, postage prepaid, on this 2nd day of October, 1997.

By: _____
Todd H. Bond

LAWRENCE FENSTER
MCI TELECOMMUNICATIONS CORPORATION
1801 PENNSYLVANIA AVENUE NW
WASHINGTON DC 20006

LAWRENCE W KATZ
ATTORNEY FOR
THE BELL ATLANTIC TELEPHONE COMPANIE
8TH FLOOR
1320 NORTH COURT HOUSE ROAD
ARLINGTON VA 22201

NANCY WOOLF
ATTORNEY FOR
PACIFIC BELL
NEVADA BELL
ROOM 1523
140 NEW MONTGOMERY STREET
SAN FRANCISCO CA 94105

ROBERT M LYNCH
DURWARD D DUPRE
MICHAEL J ZPEVAK
DARRYL W HOWARD
ATTORNEYS FOR SOUTHWESTERN BELL
TELEPHONE COMPANY
ONE BELL CENTER SUITE 3520
ST LOUIS MO 63101

LEONARD J KENNEDY LAURA H PHILLIPS
CHRISTINA H BURROW
RAYMOND G BENDER JR
J G HARRINGTON
ATTORNEYS FOR COMCAST CELLULAR
COMMUNICATIONS INC & VANGUARD
CELLULAR SYSTEMS, INC.
1200 NEW HAMPSHIRE AVENUE NW STE 800
WASHINGTON DC 20036