

BELLSOUTH

Ben G. Almond
Executive Director-
Federal Regulatory

Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036
202 463-4112
Fax: 202 463-4198

October 16, 1997

EX PARTE OR LATE FILED

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RECEIVED

OCT 16 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DOCKET FILE COPY ORIGINAL

RE: Federal-State Joint Board on Universal Service, CC Docket No. 96-45
Petition for Expedited Consideration of the Cellular Telecommunications
Industry Association Ex Parte

Dear Mr. Caton:

On October 16, 1997, Claiborne Barksdale, Linda Lancaster and Ben Almond, all of BellSouth Corporation met with John Nakahata and Valerie Yates of the Common Carrier Bureau and Jeanine A. Poltronieri of the Wireless Telecommunications Bureau concerning the above referenced item. The accompanying document was used for discussion purposes.

The main issue discussed was the recovery of wireless carriers' contributions to the universal service support mechanisms. It is BellSouth's view and interpretation of the Commission's May 8, 1997 Order (FCC 97-157) that all CMRS providers have the flexibility or option to recover their contributions to the Federal Universal Service Fund by billing across their entire customer base.

This will permit BellSouth Corporation and any of its wireless affiliates that contribute to the Universal Service Fund to apply a common monthly charge to all customers' bills based on the estimated annual contribution for the purposes of cost recovery.

During the meeting, John Nakahata acknowledged that the May 8th Order grants CMRS carriers this cost recovery methodology. John indicated that CMRS providers have not traditionally been subject to interstate and intrastate separations requirements, nor have CMRS carriers been subject to rate regulation. Therefore, according to John, the Order allows CMRS providers to recover their universal service contribution by billing across their entire customer base.

The representatives of BellSouth requested that the staff provide them with the specific text references in the May 8th Order that address the traditional non-applicability of jurisdictional separations and rate of return regulations to CMRS and other carriers which supports John's

No. of Copies rec'd
List ABOVE

04

conclusion. The staff agreed to follow-up and provide BellSouth with the requested information.

Please associate this notification and accompanying documents with the referenced docket proceeding.

If you have any questions concerning this matter, please contact the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Ben G. Almond". The signature is written in a cursive style with a large initial 'B' and 'A'.

Ben G. Almond
Executive Director-Federal Regulatory

Attachment

cc: John Nakahata
Jeanine A. Poltronieri
Valerie Yates

Universal Service Cost Recovery

- Commission's May 8, 1997 Order provides for cost recovery as follows:

“Recovery of Carriers' Contributions to the High Cost and Low-Income Support Mechanisms. We have determined to continue our historical approach to recovery of universal service support mechanisms, that is, to permit carriers to recover contributions to universal service support mechanisms through rates for interstate services only.” CC 96-45, May 8 R&O, Para. 825

“Under our recovery mechanism, carriers will be permitted, but not required, to pass through their contributions to their interstate access and interexchange customers.” CC 96-45, May 8 R&O, Para. 829

“We adopt the Joint Board's recommendation that ‘universal support mechanisms for schools and libraries and rural health care providers be funded by contributions based on both the intrastate and interstate revenues of providers of interstate telecommunications services’Nonetheless, for now, we will provide for recovery of the entirety of these contributions via interstate mechanisms.” CC 96-45, May 8 R&O, Para. 837

- The Commission must clarify its order to recognize the unique characteristics of CMRS.

**** All CMRS providers who desire to pass through their contributions to Federal Universal Service must be allowed to do so across their entire customer base. ****

BellSouth Seeks Clarification to Support Recovery from our Total Customer Base

- All BellSouth CMRS customers are interstate customers
 - Base monthly service charge is bundled...there is no separate interstate and intrastate charge.
 - BSCC's Universal Service Worksheet reports a % of the monthly service charge to interstate end user revenues.
- Propose to apply a common monthly charge to all customer bills based on estimated annual contributions
- Customer billing scheduled to begin December 1997 to allow partial recovery of first contribution in January 1998