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Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, Room 222
Washington, D.C. 20554

RE: CC Docket 96-45, Universal Service

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Ms. Salas:

This is to inform the Commission and interested parties that today, Kathleen Abernathy and Chuck Cosson, representing AirTouch Communications, met to discuss universal service reporting guidelines with the following individuals: Irene Flannery, David Krech, Tejal Mehta, Jeanine Poltronieri, and Lori Wright. AirTouch discussed with Ms. Flannery the degree to which CMRS carriers are able to respond to schools and libraries' requests for bids on telecommunications services supported by the schools and libraries fund.

The remainder of the discussion concerned the extent to which CMRS carriers are able to separate interstate from intrastate revenues for purposes of reporting those revenues to the Universal Service administrator or for other purposes such as the Telecommunications Relay Service. AirTouch explained that it was able to track, with a reasonable degree of accuracy, whether a particular cellular call was interstate or intrastate through the databases used in its system for other tax purposes. AirTouch emphasized, however, that network information to assess the jurisdictional nature of a paging call is simply unavailable due to the technical design of a paging system. AirTouch also noted that in either case airtime usage, or even billed usage, is not identical to revenues for a number of reasons.

AirTouch cellular systems forward data received from the switch to databases system used in billing. The databases compiled from this data can be queried to compare the originating switch location with the terminating NPA. For example, a call from Los Angeles to San Francisco (area code 415) would be recognized as intrastate, while a call from Los Angeles to Chicago (area code 312) would be recognized as interstate. AirTouch billing systems use this information to determine whether to impose certain taxes. For example, the California universal service surcharges are a separately identified charge calculated by imposing a set percentage on the total amount of in-state services listed in the bill.

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Ex Parte

For the revenue reporting required under the federal universal service fund, AirTouch uses this function to estimate a percentage of interstate airtime usage. This percentage is then applied to an estimate of total end-user revenues to yield interstate revenues. The total revenues estimate include charges for airtime revenue, as well as monthly access charges, less non-telecommunications revenues and an allowance for fraud. Revenues from long-distance resale are then added to arrive at the total interstate revenue figure reported.

The process is admittedly not perfect. For example, a cellular call may begin as intrastate and conclude when the user is across a state boundary –something that frequently occurs in the Washington, D.C. area. The interstate portion of this call would not be captured. Mobile-to-mobile calls pose similar problems. Nonetheless, AirTouch believes this estimate yields a reasonable approximation of interstate revenues and that CMRS carriers who have this capability should be permitted to continue reporting revenues on this basis.

AirTouch also discussed with Commission staff the fact that paging networks do not operate in a manner that would allow them to track network airtime usage. A paging network terminates communications at all locations in its service area simultaneously, since the paging unit does not “talk” to the network to identify its location as with a cellular or PCS phone. This, of course, does not permit the network to identify the NPA of the location where the page is actually received by the customer.

AirTouch also discussed the need for the Commission to request comment on the appropriate treatment of roaming revenues. Where a cellular carrier elects to report revenues based on network usage, the carrier actually providing the service to a visiting cellular customer (“serving carrier”) is in the best position to gather that information, rather than the “home carrier” who actually bills the end-user. As noted before, however, not all CMRS carriers will have this ability. To account for the fact that some serving carriers may not have this ability, the Commission should also explore other options.

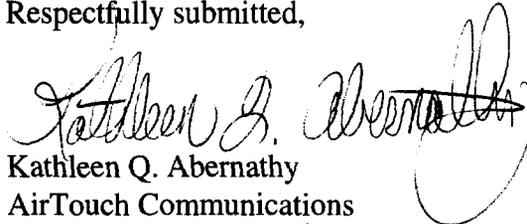
One option would be for the home carrier to report the billed revenue and apply a set assumed percentage of interstate usage to the total. This would eliminate the need for extensive information exchanges between serving carriers and home carriers. It would also reflect the fact that in a competitive market, CMRS carriers price airtime usage differently – thus, usage does not translate into revenue uniformly between carriers. A home carrier may, for example, receive a bill from a serving carrier for usage, but assess its customer the roaming airtime at a lower rate than that used by the serving carrier, as part of the home carrier’s competitive marketing strategy.

Two copies of this notice are being submitted to the Secretary in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Ex Parte

Please stamp and return the provided copy to confirm your receipt. Please contact me at 202-293-4960 should you have any questions or require additional information concerning this matter.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kathleen Q. Abernathy". The signature is written in black ink and is positioned above the printed name and address.

Kathleen Q. Abernathy
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cc: Irene Flannery
David Krech
Tejal Mehta
Jeanine Poltronieri
Lori Wright