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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 12, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M St. NW -- Room 222
Washington, D.C. 20554

Re: **EX PARTE** in CC Docket No. 94-1 (Price Cap Review), CC Docket No. 96-45 (Universal Service Reform), and CC Docket No. 96-262 (Access Charge Reform)

Dear Ms. Salas:

On behalf of MCI, John Nolan, Director of Planning for Mass Markets, J. Christopher Frentrup, staff economist, Gene Van Slyke, Director of Planning for Corporate Finance, and I met with Paul Gallant of Commissioner Tristani's office to discuss MCI's pass through of interstate access reductions from the July 1, 1997 and January 1, 1998 access tariffs, as well as MCI's National Access Fee and Federal Universal Service Fee. The purpose of the meeting was limited to a review of MCI's changes in our customer pricing in response to the implementation in access tariffs of Commission decisions in the above-captioned dockets.

We stated that MCI has more than flowed through access savings received. With respect to MCI's National Access Fee, a line item that MCI has elected to use to recover flat per line charges that we must pay to most incumbent local exchange carriers (ILECs), MCI has created a rate structure for small business customers that we believe most accurately assesses average users with an average number of lines in each spending category, and that best ensures that the low-end users who make up the bulk of our small business customer base are billed correctly. We further stated that we hoped to be able to move to a per line charge for this segment that would be even more accurate for the customer base overall, but had been stymied by the absence of auditable line count information that would help us determine when incumbent local exchange carriers will bill us for a single-line charge or multi-line charge.

Sincerely,


Mary L. Brown

CC: Paul Gallant, Room 826