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LAW OFFICES

DRINKER BIDDLE & REATH LLP

PHILADELPHIA NATIONAL BANK BUILDING  
1345 CHESTNUT STREET  
PHILADELPHIA, PA 19107-3496  
(215) 988-2700

SUITE 900  
901 FIFTEENTH STREET, N.W.  
WASHINGTON, D.C. 20005-2333  
TELEPHONE: (202) 842-8800  
FAX: (202) 842-8465

SUITE 300  
105 COLLEGE ROAD EAST  
P.O. BOX 627  
PRINCETON, NJ 08542-0627  
(609) 716-6500

MARK F. DEVER  
202-842-8820  
DEVERMF@DBR.COM

SUITE 300  
1000 WESTLAKES DRIVE  
BERWYN, PA 19312-2409  
(610) 993-2200

EX PARTE OR LATE FILED

March 30, 1998

BY HAND DELIVERY

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

RECEIVED  
MAR 30 1998  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Written Ex Parte Presentations -  
WT Docket No. 96-162

Dear Ms. Salas:

Puerto Rico Telephone Company ("PRTC") hereby gives notice of written ex parte presentations in the above-referenced proceeding. PRTC's presentations were made in the form of the attached letters, mailed on March 27, 1998.

PRTC's letters were mailed to Chairman Kennard and to Commissioners Ness, Powell, Tristani, and Furchtgott-Roth.

Two copies of each letter are submitted with herewith pursuant to Section 1.1206(b)(1) of the Commission's Rules, 47 C.F.R. § 1.1206(b)(1).

Sincerely,



Mark F. Dever

Enclosures

No. of Copies rec'd 04  
List A B C D E

**PRTC** Puerto Rico Telephone Company

*Carmen Ana Culpajox*  
*President*

March 26, 1998

The Honorable Gloria Tristani  
Commissioner  
Federal Communications Commission  
1919 M Street, N.W., Room 826  
Washington, DC 20554

Dear Mrs. Tristani:

The purpose of this letter is to express my appreciation for the opportunity of meeting with you and your staff to present the Puerto Rico Telephone Company's (PRTC) concerns and pending matters with FCC.

As we expressed in our meeting, PRTC is extremely concerned about the adverse economic consequences to Puerto Rico that would result from the adoption by the Commission of any one of the econometrics models currently being considered for computing the national Universal Service funding needs. PRTC currently receives \$80 million in long-term support as well as \$27 million in USP support. As of January 1, 1999, total federal Universal Service support will be calculated for non-rural local exchange carriers, such as PRTC, using costs estimated by a proxy model. Under the Hatfield and BCPM models, these payments would be reduced to \$107,000 and \$9 million, respectively. However as a result of PRTC's obligation to contribute approximately \$9 million to the federal fund beginning in 1999, PRTC's real net loss from the current level of federal support will amount to \$116 million under the Hatfield model and \$107 million under the BCPM model. Clearly, none of these models truly and faithfully reflect Puerto Rico's cost structure. Such a drastic and disproportionate reduction in support would have severe consequences on PRTC's operations.

PRTC has used its federal long-term and USF support to extend telephone service throughout the island at an affordable level. (Puerto Rico's per capita income is only one-half of the national per capita income.) When the Government of Puerto Rico acquired PRTC from IT&T in 1974, the service penetration rate only amounted to 24%. Since then, the company has made great strides in extending its network to most communities in the urban and rural areas of Puerto Rico. Currently, our service penetration rate is still only 76% and we continue to increase it by approximately 2% per year. Much remains to be done; however, the elimination of PRTC's long-term and USF support will significantly restrict our future plans to continue the expansion of our network to isolated communities.

1515 F.D. Roosevelt Ave. 12th Floor  
P.O. Box 360998 San Juan, Puerto Rico 00936-0998 Tel. 793-1818 / 793-1819

The Honorable Gloria Tristani  
Federal Communications Commission

March 26, 1998  
Page 2

We sincerely believe that the best solution is to treat Puerto Rico as an insular area under Section 254 (b) (3) of the Communications Act of 1934, as amended, and to subject the island to the same schedule for transition to a proxy model methodology that was established for rural carriers. In paragraph 78 of its USF Fourth Order on Reconsideration, the Commission delayed transition for rural carriers "because the cost models in the record of this proceeding produced a higher margin of error for rural carriers". We have seen that the models currently under consideration by the Commission similarly produce a higher margin of error for insular carriers such as PRTC. We respectfully urge the commission to treat Puerto Rico as an insular area and to place it on the same schedule for transition to a proxy model as has been established for rural carriers.

Another concern that I expressed relates to the pendency of our Section 214 Application for Authority to Resell International Long-Distance Service. This Application was originally filed February 15, 1996, and has now been pending for over two years. PRTC would appreciate the Commission's prompt consideration of this Application.

We were very pleased to receive an extension of time for complying with the Commission's rules on separate CMRS affiliates. As we explained, PRTC is still waiting for a response from the Internal Revenue Service regarding its Ruling Request relating to the federal tax consequences of the company's proposed restructuring, in part, to comply with the Commission's CMRS affiliate rules. We understand from our counsel that, while the Service is currently working on the Ruling Request, it may not be issued prior to the April 11, 1998 deadline set forth in the commission's original extension. Therefore, we formally request an additional extension of time to allow for the Ruling to be issued.

I would like to close by again expressing our pleasure in meeting and discussing particularly the matters related to Universal Service. I would also like to extend an invitation for you and your staff to come to Puerto Rico, at your convenience. This would provide you a better opportunity to familiarize yourself with the particular and unique circumstances faced by telecommunication carriers operating on the island. It would also afford you an opportunity to enjoy the beauty of our island and to experience the hospitality of our people.

With best personal regards, I remain

Sincerely yours,



**PRTC** Puerto Rico Telephone Company

*Carmen Ana Culpheper*  
*President*

March 26, 1998

The Honorable Michael K. Powell  
Commissioner  
Federal Communications Commission  
1919 M Street, N.W., Room 844  
Washington, DC 20554

Dear Mr. Powell:

The purpose of this letter is to express my appreciation for the opportunity of meeting with you and your staff to present the Puerto Rico Telephone Company's (PRTC) concerns and pending matters with FCC.

As we expressed in our meeting, PRTC is extremely concerned about the adverse economic consequences to Puerto Rico that would result from the adoption by the Commission of any one of the econometrics models currently being considered for computing the national Universal Service funding needs. PRTC currently receives \$80 million in long-term support as well as \$27 million in USP support. As of January 1, 1999, total federal Universal Service support will be calculated for non-rural local exchange carriers, such as PRTC, using costs estimated by a proxy model. Under the Hatfield and BCPM models, these payments would be reduced to \$107,000 and \$9 million, respectively. However as a result of PRTC's obligation to contribute approximately \$9 million to the federal fund beginning in 1999, PRTC's real net loss from the current level of federal support will amount to \$116 million under the Hatfield model and \$107 million under the BCPM model. Clearly, none of these models truly and faithfully reflect Puerto Rico's cost structure. Such a drastic and disproportionate reduction in support would have severe consequences on PRTC's operations.

PRTC has used its federal long-term and USF support to extend telephone service throughout the island at an affordable level. (Puerto Rico's per capita income is only one-half of the national per capita income.) When the Government of Puerto Rico acquired PRTC from IT&T in 1974, the service penetration rate only amounted to 24%. Since then, the company has made great strides in extending its network to most communities in the urban and rural areas of Puerto Rico. Currently, our service penetration rate is still only 76% and we continue to increase it by approximately 2% per year. Much remains to be done; however, the elimination of PRTC's long-term and USF support will significantly restrict our future plans to continue the expansion of our network to isolated communities.

*1515 F.D. Roosevelt Ave. 12th Floor*  
*P.O. Box 360998 San Juan, Puerto Rico 00936-0998 Tel. 793-1818 / 793-1819*

We sincerely believe that the best solution is to treat Puerto Rico as an insular area under Section 254 (b) (3) of the Communications Act of 1934, as amended, and to subject the island to the same schedule for transition to a proxy model methodology that was established for rural carriers. In paragraph 78 of its USF Fourth Order on Reconsideration, the Commission delayed transition for rural carriers "because the cost models in the record of this proceeding produced a higher margin of error for rural carriers". We have seen that the models currently under consideration by the Commission similarly produce a higher margin of error for insular carriers such as PRTC. We respectfully urge the commission to treat Puerto Rico as an insular area and to place it on the same schedule for transition to a proxy model as has been established for rural carriers.

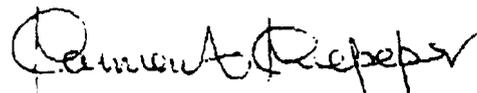
Another concern that I expressed relates to the pendency of our Section 214 Application for Authority to Resell International Long-Distance Service. This Application was originally filed February 15, 1996, and has now been pending for over two years. PRTC would appreciate the Commission's prompt consideration of this Application.

We were very pleased to receive an extension of time for complying with the Commission's rules on separate CMRS affiliates. As we explained, PRTC is still waiting for a response from the Internal Revenue Service regarding its Ruling Request relating to the federal tax consequences of the company's proposed restructuring, in part, to comply with the Commission's CMRS affiliate rules. We understand from our counsel that, while the Service is currently working on the Ruling Request, it may not be issued prior to the April 11, 1998 deadline set forth in the commission's original extension. Therefore, we formally request an additional extension of time to allow for the Ruling to be issued.

I would like to close by again expressing our pleasure in meeting and discussing particularly the matters related to Universal Service. I would also like to extend an invitation for you and your staff to come to Puerto Rico, at your convenience. This would provide you a better opportunity to familiarize yourself with the particular and unique circumstances faced by telecommunications carriers operating on the island. It would also afford you an opportunity to enjoy the beauty of our island and to experience the hospitality of our people.

With best personal regards, I remain

Sincerely yours,



**PRTC** Puerto Rico Telephone Company

*Carmen Ana Culpeser*  
*President*

March 26, 1998

The Honorable Susan Ness  
Commissioner  
Federal Communications Commission  
1919 M Street, N.W., Room 832  
Washington, DC 20554

Dear Mrs. Ness:

The purpose of this letter is to express my appreciation for the opportunity of meeting with you and your staff to present the Puerto Rico Telephone Company's (PRTC) concerns and pending matters with FCC.

As we expressed in our meeting, PRTC is extremely concerned about the adverse economic consequences to Puerto Rico that would result from the adoption by the Commission of any one of the econometrics models currently being considered for computing the national Universal Service funding needs. PRTC currently receives \$80 million in long-term support as well as \$27 million in USF support. As of January 1, 1999, total federal Universal Service support will be calculated for non-rural local exchange carriers, such as PRTC, using costs estimated by a proxy model. Under the Hatfield and BCPM models, these payments would be reduced to \$107,000 and \$9 million, respectively. However as a result of PRTC's obligation to contribute approximately \$9 million to the federal fund beginning in 1999, PRTC's real net loss from the current level of federal support will amount to \$116 million under the Hatfield model and \$107 million under the BCPM model. Clearly, none of these models truly and faithfully reflect Puerto Rico's cost structure. Such a drastic and disproportionate reduction in support would have severe consequences on PRTC's operations.

PRTC has used its federal long-term and USF support to extend telephone service throughout the island at an affordable level. (Puerto Rico's per capita income is only one-half of the national per capita income.) When the Government of Puerto Rico acquired PRTC from IT&T in 1974, the service penetration rate only amounted to 24%. Since then, the company has made great strides in extending its network to most communities in the urban and rural areas of Puerto Rico. Currently, our service penetration rate is still only 76% and we continue to increase it by approximately 2% per year. Much remains to be done; however, the elimination of PRTC's long-term and USF support will significantly restrict our future plans to continue the expansion of our network to isolated communities.

*1515 F.D. Roosevelt Ave. 18th Floor*  
*P.O. Box 360998 San Juan, Puerto Rico 00936-0998 Tel. 793-1818 / 793-1819*

We sincerely believe that the best solution is to treat Puerto Rico as an insular area under Section 254 (b) (3) of the Communications Act of 1934, as amended, and to subject the island to the same schedule for transition to a proxy model methodology that was established for rural carriers. In paragraph 78 of its USF Fourth Order on Reconsideration, the Commission delayed transition for rural carriers "because the cost models in the record of this proceeding produced a higher margin of error for rural carriers". We have seen that the models currently under consideration by the Commission similarly produce a higher margin of error for insular carriers such as PRTC. We respectfully urge the commission to treat Puerto Rico as an insular area and to place it on the same schedule for transition to a proxy model as has been established for rural carriers.

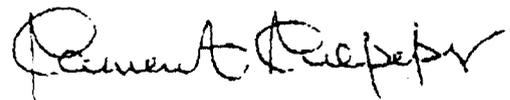
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We were very pleased to receive an extension of time for complying with the Commission's rules on separate CMRS affiliates. As we explained, PRTC is still waiting for a response from the Internal Revenue Service regarding its Ruling Request relating to the federal tax consequences of the company's proposed restructuring, in part, to comply with the Commission's CMRS affiliate rules. We understand from our counsel that, while the Service is currently working on the Ruling Request, it may not be issued prior to the April 11, 1998 deadline set forth in the commission's original extension. Therefore, we formally request an additional extension of time to allow for the Ruling to be issued.

I would like to close by again expressing our pleasure in meeting and discussing particularly the matters related to Universal Service. I would also like to extend an invitation for you and your staff to come to Puerto Rico, at your convenience. This would provide you a better opportunity to familiarize yourself with the particular and unique circumstances faced by telecommunications carriers operating on the island. It would also afford you an opportunity to enjoy the beauty of our island and to experience the hospitality of our people.

With best personal regards, I remain

Sincerely yours,





*Carmen Ana Culperez*  
*President*

March 26, 1998

The Honorable Harold Furchtgott-Roth  
Commissioner  
Federal Communications Commission  
1919 M Street, N.W., Room 802  
Washington, DC 20554

Dear Mr. Furchtgott-Roth:

The purpose of this letter is to express my appreciation for the opportunity of meeting with you and your staff to present the Puerto Rico Telephone Company's (PRTC) concerns and pending matters with FCC.

As we expressed in our meeting, PRTC is extremely concerned about the adverse economic consequences to Puerto Rico that would result from the adoption by the Commission of any one of the econometrics models currently being considered for computing the national Universal Service funding needs. PRTC currently receives \$80 million in long-term support as well as \$27 million in USF support. As of January 1, 1999, total federal Universal Service support will be calculated for non-rural local exchange carriers, such as PRTC, using costs estimated by a proxy model. Under the Hatfield and BCPM models, these payments would be reduced to \$107,000 and \$9 million, respectively. However as a result of PRTC's obligation to contribute approximately \$9 million to the federal fund beginning in 1999, PRTC's real net loss from the current level of federal support will amount to \$116 million under the Hatfield model and \$107 million under the BCPM model. Clearly, none of these models truly and faithfully reflect Puerto Rico's cost structure. Such a drastic and disproportionate reduction in support would have severe consequences on PRTC's operations.

PRTC has used its federal long-term and USF support to extend telephone service throughout the island at an affordable level. (Puerto Rico's per capita income is only one-half of the national per capita income.) When the Government of Puerto Rico acquired PRTC from IT&T in 1974, the service penetration rate only amounted to 24%. Since then, the company has made great strides in extending its network to most communities in the urban and rural areas of Puerto Rico. Currently, our service penetration rate is still only 76% and we continue to increase it by approximately 2% per year. Much remains to be done; however, the elimination of PRTC's long-term and USF support will significantly restrict our future plans to continue the expansion of our network to isolated communities.

*1515 F.D. Roosevelt Ave. 12th Floor*  
*P.O. Box 360998 San Juan, Puerto Rico 00936-0998 Tel. 793-1818 / 793-1819*

We sincerely believe that the best solution is to treat Puerto Rico as an insular area under Section 254 (b) (3) of the Communications Act of 1934, as amended, and to subject the island to the same schedule for transition to a proxy model methodology that was established for rural carriers. In paragraph 78 of its USF Fourth Order on Reconsideration, the Commission delayed transition for rural carriers "because the cost models in the record of this proceeding produced a higher margin of error for rural carriers". We have seen that the models currently under consideration by the Commission similarly produce a higher margin of error for insular carriers such as PRTC. We respectfully urge the commission to treat Puerto Rico as an insular area and to place it on the same schedule for transition to a proxy model as has been established for rural carriers.

Another concern that I expressed relates to the pendency of our Section 214 Application for Authority to Resell International Long-Distance Service. This Application was originally filed February 15, 1996, and has now been pending for over two years. PRTC would appreciate the Commission's prompt consideration of this Application.

We were very pleased to receive an extension of time for complying with the Commission's rules on separate CMRS affiliates. As we explained, PRTC is still waiting for a response from the Internal Revenue Service regarding its Ruling Request relating to the federal tax consequences of the company's proposed restructuring, in part, to comply with the Commission's CMRS affiliate rules. We understand from our counsel that, while the Service is currently working on the Ruling Request, it may not be issued prior to the April 11, 1998 deadline set forth in the commission's original extension. Therefore, we formally request an additional extension of time to allow for the Ruling to be issued.

I would like to close by again expressing our pleasure in meeting and discussing particularly the matters related to Universal Service. I would also like to extend an invitation for you and your staff to come to Puerto Rico, at your convenience. This would provide you a better opportunity to familiarize yourself with the particular and unique circumstances faced by telecommunications carriers operating on the island. It would also afford you an opportunity to enjoy the beauty of our island and to experience the hospitality of our people.

With best personal regards, I remain

Sincerely yours,



**PRTC** Puerto Rico Telephone Company

*Carmen Ana Culpeper*  
*President*

March 26, 1998

The Honorable William E. Kernard  
Chairman  
Federal Communications Commission  
1919 M Street, N.W., Room. 814  
Washington, DC 20554

Dear Mr. Chairman:

The purpose of this letter is to express my appreciation for the opportunity of meeting with you and your staff to present the Puerto Rico Telephone Company's (PRTC) concerns and pending matters with FCC.

As we expressed in our meeting, PRTC is extremely concerned about the potential economic consequences to Puerto Rico that would result from the adoption of any one of the econometrics models currently being considered for computing the national Universal Service funding needs. PRTC currently receives \$80 million in long-term support as well as \$27 million in USP support. As of January 1, 1999, total federal Universal Service support will be calculated for non-rural local exchange carriers, such as PRTC, using costs estimated by a proxy model. Under the Hatfield and BCPM models, these payments would be reduced to \$107,000 and \$9 million, respectively. However as a result of PRTC's obligation to contribute approximately \$9 million to the federal fund beginning in 1999, PRTC's real net loss from the current level of federal support will amount to \$116 million under the Hatfield model and \$107 million under the BCPM model. Clearly, none of these models truly and faithfully reflect Puerto Rico's cost structure. Such a drastic and disproportionate reduction in support would have severe consequences on PRTC's operations.

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The Honorable William E. Kennard  
Federal Communications Commission

March 26, 1998  
Page 2

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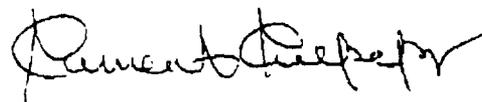
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With best personal regards, I remain

Sincerely yours,



c: Phoebe Forsythe Isaacs, Esq.