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JUN 11 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

June 11, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
Washington DC 20554

Re: EX PARTE in Universal Service Reform, CC Docket No. 96-45; Price Cap Performance Review, CC Docket No. 94-1; Access Charge Reform, CC Docket No. 96-262; Tariffs Implementing Access Charge Reform, CC Docket No. 97-250

Dear Ms. Salas:

On June 11, 1998, Jonathan B. Sallet, MCI's Chief Policy Counsel, discussed universal service recovery issues related to the above-captioned dockets with Tom Power, Common Carrier Assistant to Chairman Kennard. Mr. Sallet noted an ex parte filed June 10, 1998, from the U.S. Department of Agriculture, which expressed the view that a voluntary per account charge of \$0.95 on long distance carrier bills would be needed to recover universal service obligations.

Mr. Sallet stated that a mismatch in revenue assessment and revenue recovery would result in distortions that would adversely and discriminatorily impact individual long distance carriers and their customers. If long distance carriers' obligations are derived on a percent of revenues basis, recovering those revenues from end users on a per line or per account basis requires low-spending customers to shoulder more of the universal service burden than they create, and has the further effect of causing long distance carriers with substantial revenue unrelated to presubscribed lines (e.g., so-called "casual" revenue) to create per line or per account charges substantially higher than those carriers who do not have a substantial share of casual revenue. Recovery methods need to match assessment methods.

Sincerely,

Mary L. Brown

CC: Tom Power