



Federal Communications Commission
Washington, D.C. 20554

96-45
DOCKET FILE COPY ORIGINAL

June 1, 1998

EX BUREAU OR LATE FILED

Via Facsimile Transmission

Mr. John Hoffman
Sprint Communications Company
Suite 1100
1850 M Street, N.W.
Washington, DC 20036

RECEIVED

JUN 16 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket Numbers 96-262, 96-45

Dear Mr. Hoffman:

I am writing to request that Sprint Communications Company (Sprint) respond to the questions set forth in the attached letter that Chairman Kennard received today from Senators Dorgan and Daschle. As you will see, the Senators' questions concern a pending proposal for the recovery of universal service obligations by affected carriers. Because the Senators' questions ask the Commission to address how Sprint and other interexchange carriers would react to the proposal, I am asking that Sprint respond to these questions.

The Commission faces considerable time constraints with respect to these issues. Any action that the Commission takes will affect the access tariffs that local exchange carriers must file with the Commission later this month. Senators Dorgan and Daschle, however, have asked that the Commission not take further action until we have responded to their inquiries. Accordingly, I ask that Sprint respond no later than noon, Wednesday, June 3. In addition, I request that your responses be specific, comprehensive, and definitive.

I appreciate your cooperation in responding to this request.

Sincerely,

A. Richard Metzger, Jr.
Chief
Common Carrier Bureau

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Federal Communications Commission
Washington, D.C. 20554

June 1, 1998

Via Facsimile Transmission

Mr. Jonathan Sallet
MCI
1801 Pennsylvania Avenue, NW
Washington, DC 20006

Re: CC Docket Numbers 96-262, 96-45

Dear Mr. Sallet:

I am writing to request that MCI respond to the questions set forth in the attached letter that Chairman Kennard received today from Senators Dorgan and Daschle. As you will see, the Senators' questions concern a pending proposal for the recovery of universal service obligations by affected carriers. Because the Senators' questions ask the Commission to address how MCI and other interexchange carriers would react to the proposal, I am asking that MCI respond to these questions.

The Commission faces considerable time constraints with respect to these issues. Any action that the Commission takes will affect the access tariffs that local exchange carriers must file with the Commission later this month. Senators Dorgan and Daschle, however, have asked that the Commission not take further action until we have responded to their inquiries. Accordingly, I ask that MCI respond no later than noon, Wednesday, June 3. In addition, I request that your responses be specific, comprehensive, and definitive.

I appreciate your cooperation in responding to this request.

Sincerely,

A handwritten signature in black ink that reads "A. Richard Metzger, Jr." with a stylized flourish at the end.

A. Richard Metzger, Jr.
Chief
Common Carrier Bureau

Original sent by first class mail



Federal Communications Commission
Washington, D.C. 20554

June 1, 1998

Via Facsimile Transmission

Mr. Rick D. Bailey
AT&T
Suite 1000
1120 20th Street, N.W.
Washington, DC 20036

Re: CC Docket Numbers 96-262, 96-45

Dear Mr. Bailey:

I am writing to request that AT&T respond to the questions set forth in the attached letter that Chairman Kennard received today from Senators Dorgan and Daschle. As you will see, the Senators' questions concern a pending proposal for the recovery of universal service obligations by affected carriers. Because the Senators' questions ask the Commission to address how AT&T and other interexchange carriers would react to the proposal, I am asking that AT&T respond to these questions.

The Commission faces considerable time constraints with respect to these issues. Any action that the Commission takes will affect the access tariffs that local exchange carriers must file with the Commission later this month. Senators Dorgan and Daschle, however, have asked that the Commission not take further action until we have responded to their inquiries. Accordingly, I ask that AT&T respond no later than noon, Wednesday, June 3. In addition, I request that your responses be specific, comprehensive, and definitive.

I appreciate your cooperation in responding to this request.

Sincerely,

A handwritten signature in black ink that reads "A. Richard Metzger, Jr." with a stylized flourish at the end.

A. Richard Metzger, Jr.
Chief
Common Carrier Bureau

Original sent by first class mail

United States Senate

WASHINGTON, DC 20510

June 1, 1998

The Honorable William Kennard
Chairman
The Federal Communications Committee
1919 M Street, NW
Washington, D.C. 20554

Dear Chairman Kennard:

It is our understanding that the Commission is considering a range of options that would change the collection mechanisms for universal service and that several carriers have proposed various alternatives. As you know, the new collection mechanisms and billing descriptions recently imposed by some telecommunications carriers have confused consumers and raised concerns about present and future representations of universal service programs. We are encouraged by the fact that both the Commission and several carriers recognize the need to further refine universal service collection mechanisms and have demonstrated good faith efforts to address concerns that we and others have raised.

Any changes ought to advance the goal of better fulfilling the statutory requirement that universal service contributions be recovered in a way that is equitable and nondiscriminatory as well as alleviate consumer confusion. The Commission should remain mindful of the fact that the Commission has already provided over \$3 billion in access charge reductions. Despite the fact that collection requirements for the new universal service programs has been less than the amount of savings awarded to interexchange carriers, consumers have been confused because the billing information provided by some carriers has included a line item detailing the new charges, but no information about their access charge reductions.

It is our understanding that the Commission is considering revisions to the current process by which local telephone companies recover their universal service fund assessments through access charges, which in turn are paid primarily by long distance companies. We also understand that the Commission is considering a plan that would terminate the current practice of local telephone companies passing their direct universal service obligations through to long distance companies in the form of access charge increases. We are not taking a position on whether this is an advisable change. But we feel strongly that if the Commission takes this approach, it would result in significant reductions in access charges and we want to ensure that those reductions benefit consumers. These reductions would amount to about \$1 billion in addition to the more than \$3 billion reduction in access charges provided to long distance carriers since last year. If the Commission is going to take action to further reduce access charges, it is imperative that these reductions be passed on to consumers and that the appropriate billing issues are addressed.

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Before taking such action, we would like the Commission to respond to the following questions:

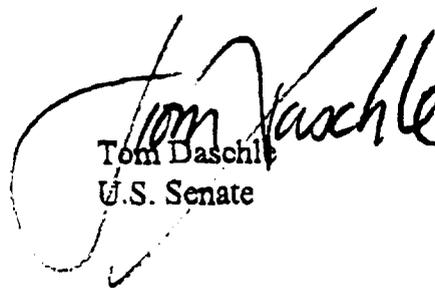
- (1) Can the Commission ensure that the long distance companies pass through to their customers the full benefit of these access reductions? Further, will residential customers, including basic schedule residential customers, receive proportionate reductions in their long distance rates?
- (2) The various changes in customer's long distance bills in the last year have created a great deal of confusion among consumers. If the Commission were to direct local telephone companies to recover their universal service contributions directly rather than through increasing access charges on long distance carriers, what changes, if any, will long distance carriers make to their bills? For example, will carriers continue placing line items identifying costs for universal service programs on long distance carriers' bills? If so, which customer's bill's?

It is imperative that these questions be answered before the Commission take any action to alter the collection mechanisms for universal service. Our primary objective in raising these questions is to ensure that any further access reductions translate into lower rates for all categories of consumers and that the recent confusion with respect to billing practices be rectified in concert with whatever changes imposed by the Commission. In the end, we want consumers to see lower rates and less confusion.

Thank you for your consideration.

Sincerely,


Byron L. Dorgan
U.S. Senate


Tom Daschle
U.S. Senate