

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of

USAC Plan of Reorganization

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CC Docket Nos. 97-21 and
96-45
DA 98-1336

AUG - 5 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

COMMENTS

MCI Telecommunications Corporation (MCI) hereby comments on the Report and Proposed Plan of Reorganization (Reorganization Plan) submitted by the Universal Service Administrative Company (USAC), the Schools and Libraries Corporation (SLC), and the Rural Health Care Corporation (RHCC) and the issues raised in the Common Carrier Bureau's Public Notice¹ on the Reorganization Plan concerning the designation of USAC as the permanent administrator and Commission review of USAC decisions.

MCI strongly supports the Commission's proposal to designate USAC as the permanent universal service fund Administrator and to require that USAC be divested from NECA. As argued by MCI previously, because NECA is composed of incumbent local exchange carriers, NECA is not and could not be a neutral administrator of universal service support mechanisms, which is critical to achieving nondiscrimination in the administration of the funds. In addition, because there are many contributors to and recipients of universal service support, administration of the programs should be conducted by an entity that is not tied to the business interests of one

¹ Public Notice, CC Docket Nos. 97-21 and 96-45, DA 98-1336, July 15, 1998.

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sector of the industry. Accordingly, the USAC should be divested from NECA as soon as possible.

The Commission also asks for comment on whether a party affected by a decision of the USAC should have to seek relief from the USAC Board or the appropriate committee of the USAC Board before filing an appeal with the Commission. MCI opposes such a requirement because it would increase the administrative burden on the affected party without providing any identified benefit and it would unnecessarily delay the final resolution on an application for support. Not only would this increase the uncertainty for the support recipient and service provider, it could result in recipients "missing out" on alternative funding sources, if federal support, ultimately, is denied or reduced.

Based on the foregoing, MCI respectfully requests that the Commission adopt the comments contained herein.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION



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August 5, 1998

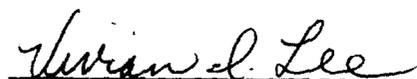
CERTIFICATE OF SERVICE

I, Vivian I. Lee do hereby certify that copies of the foregoing Comments of MCI Telecommunications Corporation were sent on this 5th day of August, 1998, via first-class mail, postage pre-paid, to the following:

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