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September 25, 1998

Ex Parte

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Federal-State Joint Board on Universal Service
CC Docket No. 96-45

Dear Ms. Salas:

The purpose of this letter is to reiterate Comcast's request that the Commission provide a definitive and uniform mechanism for estimates of "interstate" end user revenues by wireless carriers for universal service purposes as soon as possible. On several occasions during the past year, Comcast has filed letters and comments in this proceeding to emphasize the importance of establishing accurate "interstate" revenue estimates that apply fairly to wireless carriers in order to eliminate certain inequities among competitors.

Under the guidance previously given by the Commission, wireless carriers have been allowed too much discretion in establishing "good faith" estimates of interstate revenues. This has undermined the fundamental fairness of contributions to the Universal Service Fund among competing carriers. The existing confusion and uncertainty has adverse competitive implications as carriers implement varying charges and attempt to recover universal service assessments based on inconsistent assumptions and methodologies.

Comcast has asked the Commission to set fair distinctions between "interstate" and "intrastate" revenues based on the relevant market – which, for wireless reporting purposes, is the MTA. Comcast has also asked the Commission to recognize that it is difficult, if not impossible, to distinguish "interstate" and "intrastate" revenues in the context of mobile services that are neither licensed nor constructed with reference to state boundaries. We believe that to establish a competitively neutral universal service mechanism, the Commission must recognize that (1) the geographic markets licensed to wireless carriers often serve multiple states, (2) wireless carriers generally have not been required to maintain accounts on an intrastate basis, (3) a wireless caller's location may change mid-call by traveling from state to state, (4) the point of origin for incoming

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calls is not readily captured, and (5) the requisite information for roaming calls is uncertain and in the control of a third party.

By filing petitions and comments outlining these basic concerns, and through a series of meetings with Commission staff, Comcast has sought to assist the Commission in developing a workable methodology by which all CMRS carriers can fairly contribute to the federal Universal Service Fund. Due to the need for prompt guidance, the Commission should adopt an interim measure, and should select a reasonable proxy to minimize the discrepancy in universal service assessments among competing wireless carriers until a more accurate methodology is established.

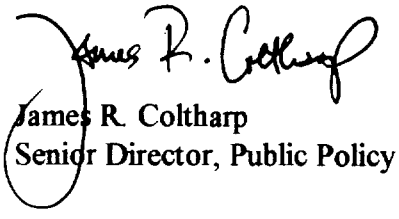
The FCC could choose an interim mechanism from among a number of options. For instance, an interim proxy could be based on an estimated value of 15%, which would correspond to the average percentage of interstate wireline traffic reported for the purposes of DEM weighting. This proxy would be reasonable given that the 15% factor apparently has been used in estimates by various wireless carriers. (See Letter to William H. Caton from Teresa M. Schmitz, Counsel for Omnipoint Communications, Inc., dated August 21, 1997). Alternatively, the Commission could base its interim proxy on the average of wireless interstate estimates already submitted by carriers in their Form 457 filings

To the extent that the interim proxy mechanism might give carriers the discretion to make interstate revenue estimates below the proxy, the Commission should take steps to ensure that carriers do not have the opportunity to average the values for diverse markets or MTAs in order to artificially reduce their universal service contribution in markets with higher interstate state traffic.

Comcast also has encouraged the Commission to develop a simple framework for a "true-up" to permit carriers that have overestimated and overpaid contributions relative to their competitors – as a result of the existing confusion -- to be made whole. Once it has established a proxy, or upon establishing a more accurate permanent mechanism, the Commission should move ahead to "true up" past assessments. For ease of administration, the value of the true up could be applied as a credit toward future contributions until the credit is exhausted.

If you have any questions, please contact the undersigned.

Sincerely,



James R. Coltharp
Senior Director, Public Policy

cc: Ms. Kathryn C. Brown
Ms. Katherine Schroeder
Ms. Lori Wright