

EX PARTE OR LATE FILED



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October 14, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
Office of the Secretary
1919 M. Street, NW Room 200
Washington, DC 20554

Re: Ex parte - CC Docket No. 96-45 (Universal Service)

Dear Ms. Salas:

On October 13, 1998, Joel Lubin, of AT&T, and I met with Jim Schlichting, Rich Lerner, Craig Brown, and Jay Atkinson of the Common Carrier Bureau. During our meeting, we discussed the United States Telephone Association's ("USTA's") universal service plan for non-rural companies, as described in USTA's ex parte filing in this proceeding dated September 18, 1998. In particular, we questioned the size of the fund that would result from taking revenue currently collected through CCL and PICC charges, and making that the size of the fund for high cost support. To the contrary, a more reasonable and sustainable approach would be to adopt a principled basis for determining the size of the need to be met by a high cost fund. We also discussed how the plan would effectively deaverage CCL and PICC inappropriately, resulting in support money being made available in areas where it was not really necessary, and potentially inefficient entry decisions by new entrants.

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Two copies of this Notice are being submitted to the Secretary of the Commission in accordance with Section 1.1206(a)(2) of the Commission's Rules.

Very truly yours,

A handwritten signature in black ink, appearing to read "Al Lewis". The signature is written in a cursive style with a large initial "A".

Enclosure

cc: Mr. J. Schlichting
Mr. R. Lerner
Mr. C. Brown
Mr. J. Atkinson