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CC DKT 96-45



Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Margaret Dunn Jones-Bateman
6901 Petworth Road
Baltimore, MD 21212

Dear Ms. Bateman:

Thank you for your letter to Chairman William E. Kennard regarding a line item that has been added by your carrier to your telephone bill to recover its contributions to the universal service support mechanisms. Chairman Kennard has asked me to respond to your inquiry.

Long distance companies have been indirectly bearing the costs of universal service for many years, but have only recently been assessing these costs through specific line items on customers' bills. I therefore urge you to look at the bottom line on your phone bills to determine the impact on your rates. Average long distance rates have continued to decrease. Thus, the appearance of a separate line item attributed to universal service does not necessarily reflect an increase in your overall cost of phone service.

On May 7, 1997, the Commission adopted an Order to implement the Federal-State Joint Board's recommendations on universal service as required by the Telecommunications Act of 1996 (1996 Act). The Commission established universal service support mechanisms that fulfill Congress's goal, as stated in Section 254 of the 1996 Act, of ensuring that affordable, quality telecommunications services are available to all American consumers, including low income consumers and those located in high cost, rural, and insular areas. Universal service support for carriers serving high cost areas and for low income consumers has been provided for decades. In the 1996 Act, Congress expanded universal service goals to ensure the nation's classrooms and libraries receive access to the vast array of educational resources that are accessible through the telecommunications network. These support systems also will link health care providers located in rural areas to urban medical centers so that patients living in rural America will have access, through the telecommunications network, to the same advanced diagnostic and other medical services that are enjoyed in urban communities.

In the 1996 Act, Congress required all telecommunications carriers that provide interstate telecommunications services to contribute on an equitable and nondiscriminatory basis to universal service. The Commission implemented this statutory provision by requiring all such telecommunications carriers to contribute to the universal service support mechanisms. Neither Congress, nor the Commission, requires such carriers to pass this contribution on to their customers. To the contrary, carriers decide how and to what extent

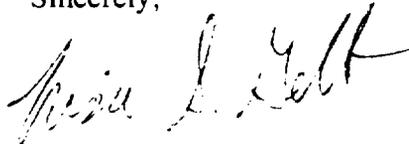
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they recover their contributions. Carriers, however, may not mislead customers as to how they recover contributions and may only recover an equitable share from any particular customer.

The Commission is monitoring the universal service support mechanisms and their impact on telephone ratepayers. This issue will be carefully reviewed as the support mechanisms are administered. Per your request, I am enclosing a copy of Section 254 of the 1996 Act concerning the universal support mechanism for schools and libraries and a list of those voting for and against the legislation. In response to your question, the 1996 Act, which included Section 254, was passed by a vote of 91 to 5. In addition, you may wish to contact your state public service commission regarding subsidies for low income consumers.

Your letter has been placed in the official public record of the universal service proceeding (CC Docket No. 96-45). I appreciate your interest and views on these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa S. Gelb". The signature is written in a cursive, flowing style.

Lisa S. Gelb
Chief
Accounting Policy Division
Common Carrier Bureau

Enclosures

980306

Margaret Dunn Jones-Bateman
6901 Petworth Road
Baltimore, Maryland 21212

June 26, 1998

Chairman William E. Kennard
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: Universal Service fund
Universal Conductivity Charge (UCC)

Dear Mr. Kennard:

I am in total shock and disgust to have today learned of the above-referenced charge (approx. 5%) of my telephone bill which will be added thereon in July 1998 by my long distance carrier. Response to my telephone inquiry was that supposedly all carriers were advised by FCC to "pass the charge along to customers." Is this true?

What's going on here??? I am a retired widowed senior citizen who spent over 40 years working for my meager pension and just eke by trying to survive. What can you do to give me "affordable telephone service" and access to advanced services such as the internet? Users who would like advanced technology services should pay!! How did such a law get enacted? It certainly didn't get my vote. Just recently the \$.95 carrier line charge was added. We're all getting stoop-shouldered paying the freight for others and it must STOP.

Why wasn't the general public advised months in advance of this assessment, well prior to any enactment date?

Please send me a copy of this law and names of those who sponsored it. Perhaps you can provide the exceptions to avoid the assessment to my phone bill, short of eliminating my long distance service.

Your furious taxpayer,

Margaret Dunn Jones-Bateman
Margaret Dunn Jones-Bateman