98-07067
CC Docket 96-45

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Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. Howard Shelton
11000 Martin Road NW
Quincy, WA 98848-9677

Dear Mr. Shelton:

Thank you for your letter to President Clinton regarding a charge that may be added to some consumers' telephone bills by carriers to recover their contributions to the universal service support mechanisms. The White House has asked me to respond to your inquiry.

On May 7, 1997, the Commission adopted a first Report and 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. In addition, these mechanisms implement Congress's mandate 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.

The 1996 Act requires 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 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.

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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,

Irene M. Flannery

Irene M. Flannery
Acting Chief, Accounting Policy Division
Common Carrier Bureau