



**MCI Telecommunications
Corporation**

1801 Pennsylvania Avenue, NW
Washington, DC 20006

EX PARTE OR LATE FILED

April 26, 1999

Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

Re: Access Reform and Universal Service Recovery, CC Docket Nos. 96-262; 96-45

Dear Ms. Salas:

On Thursday, April 22, Jonathan Sallet, Michael Pelcovits and I met with Kathy Brown to discuss the pending issues in the above referenced docket. Attached is the documentation used in that meeting.

In accordance with §1.1206(b)(2) of the Commission's rules, an original and one copy of this notice are being submitted to the Secretary.

Very truly yours,

Bradley Stillman
Senior Policy Counsel
Strategic Advocacy

cc Kathy Brown

Access and Universal Service Issues

- Universal Service Funding for Non-rural LECs
 - Interim Fund: An interim fund is not needed for “low tax-base” states. There is no clear and present danger to universal service in those states.
 - Timing: Adoption of full reform package should be delayed until the HCPM has been finalized and the inputs have been selected
 - Reform: LECs should be required to recover their share of universal service fund costs directly

- Access Charge Issues
 - Productivity factor: Should be based on interstate TFP and set to at least 8.5%, reinitialized back to 1995
 - Pricing flexibility :
 - Timing: Should only be granted as part of a true reform of access charge policy.
 - Policy: Flexibility should be conditioned on availability of competitive alternatives in the majority of a geographic area

- July 1 Issues
 - MCIW is on a very tight deadline for implementing changes
 - Will the scheduled PICC increase go into effect?
 - Will the cap on funding of the schools and libraries program be raised?