

DOCKET FILED COPY ORIGINAL



Patrick H. Merrick, Esq.  
Director - Regulatory Affairs  
AT&T Federal Government Affairs

Suite 1000  
1120 20th St. NW  
Washington, DC 20036  
202 457-3815  
FAX 202 457-3110

December 22, 1999

RECEIVED

DEC 22 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Proposed First Quarter 2000 Universal Service  
Contribution Factor (CC Docket No. 96-45)

Dear Ms. Salas:

On December 10, 1999, the Commission released a Public Notice (DA 99-2780) in this proceeding setting forth the proposed universal service contribution factor for the first quarter of calendar year 2000 pursuant to Section 54.709(a) of the Commission's Rules, 47 C.F.R. § 54.709(a). The contribution factor proposed there was apparently predicated in significant part on the new high-cost universal service support mechanism for non-rural carriers adopted by the Commission on October 21, 1999 in its High-Cost Methodology Order.<sup>1</sup> That newly-adopted mechanism will calculate support based on forward-looking costs for certain states, using the Commission's cost model.<sup>2</sup>

<sup>1</sup> Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Ninth Report and Order and Eighteenth Order on Reconsideration, FCC 99-306, released November 2, 1999 ("High-Cost Methodology Order").

<sup>2</sup> Id., ¶¶ 10, 55. Non-rural carriers in states in which the statewide average forward-looking cost per line exceeds the national benchmark (i.e., 135 percent of the national average forward-looking cost per line) will receive support under this new mechanism.

No. of Copies rec'd 0+1  
List ABCDE



Recycled Paper

However, on December 17, 1999, the Commission adopted and released its Nineteenth Reconsideration Order in this proceeding,<sup>3</sup> in which the Commission concluded that targeting of high-cost support to individual wire centers during the first and second quarters of calendar year 2000 will not be feasible in light of the fact that non-rural carriers will not file wire center line count data until December 30, 1999. The Commission found that it would have insufficient time to review and verify those data prior to the scheduled commencement of targeting with the first quarter of 2000. Accordingly, the Commission deferred the commencement of support payments targeted to the wire center level until the third quarter of 2000.<sup>4</sup> Interim hold-harmless support will be provided at the study area level (rather than the wire center level) until targeted support at the wire center level begins in the third quarter of 2000.<sup>5</sup>

The Commission's action in the Nineteenth Reconsideration Order postponing the previously-scheduled commencement of support targeted to the wire center level appears to have resulted in a material overstatement of the universal service contribution factor for the first quarter of 2000. Absent Commission action to revise the proposed factor, premature collection of amounts based on the originally contemplated support mechanism will unnecessarily burden contributors. Any such failure to modify the proposed contribution factor would also be inconsistent with the Commission's previous efforts to adjust the contribution factor to reflect relevant regulatory and legal changes in the universal service program.<sup>6</sup> AT&T therefore requests the Commission to immediately revise the first quarter 2000 contribution factor as proposed on December 10 to account for the deferral of support targeted to the wire center level in the Nineteenth Reconsideration Order.

Pursuant to Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, AT&T is submitting to copies of this letter for filing in the above-referenced docketed proceeding.

---

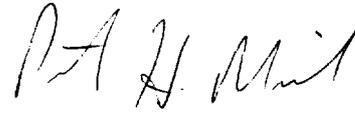
<sup>3</sup> Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Nineteenth Order on Reconsideration, FCC 99-396, released December 17, 1999 ("Nineteenth Reconsideration Order").

<sup>4</sup> Id., ¶10. The effective date of the Commission's new mechanism remains unaltered, as does the aggregate amount of support provided to each non-rural carrier under that mechanism. Specifically, provided that a state files the requisite certification, carriers subject to that certification will receive forward-looking support for the first and third quarters of 2000 in the third quarter of that year, and will receive support for the second and fourth quarters of 2000 in the fourth quarter of that year. Id., ¶ 11.

<sup>5</sup> Id., ¶¶ 10-11.

<sup>6</sup> See, e.g., Federal-State Joint Board on Universal Service; Access Charge Reform, CC Docket Nos. 96-45 and 96-262, Sixteenth Order on Reconsideration (CC Docket No. 96-45), Eighth Report and Order (CC Docket no. 96-45) and Sixth Report and Order (CC Docket No. 96-262) FCC 99-290, released October 8, 1999).

Very truly yours,

A handwritten signature in black ink, appearing to read "P. H. Merrick". The signature is written in a cursive, slightly slanted style.

Patrick H. Merrick

cc: Irene Flannery  
Lawrence Strickling  
Yog Varma  
Jack Zinman