

# USAC

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January 28, 2000

RECEIVED

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
12<sup>th</sup> Street Lobby, TW-A325  
Washington, D.C. 20554

RE: Revision to the Methodology for Allocating Costs Among the Four Universal Service Support Mechanisms that was filed on December 31, 1998 and March 25, 1999 (**CC Docket Nos. 97-21 and 96-45**)

Dear Ms. Salas:

On December 31, 1998, the Universal Service Administrative Company (USAC) filed a method for allocating costs to each of the four Universal Service support mechanisms, in compliance with the Commission's November 20, 1998 Order.<sup>1</sup> On March 25, 1999, USAC submitted a revision to incorporate recommendations in our March 5, 1999 Report to the FCC and Evaluation of the Rural Health Care Program (Report).<sup>2</sup> In the Report, USAC also recommended that the Commission change the allocation for Billing and Collection.

The attached Method for Allocating Costs has been revised to comply with the Commission Order<sup>3</sup> to allocate Billing and Collection costs based on the Program Size allocator. The changes to the March 25, 1999 filing are enclosed with this filing.

<sup>1</sup> Changes to the Board of Directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service, Third Report and Order and Fourth Order on Reconsideration and Eighth Order on Reconsideration, CC Docket Nos. 97-21 and 96-45, FCC 98-306, released on November 20, 1998 at ¶61 ("FCC Order").

<sup>2</sup> Letter from Robert Haga to Magalie Salas on March 5, 1999, Filing of Rural Health Care Evaluation Report in Response to Public Notice (CC Docket Nos. 96-45 and 97-21).

<sup>3</sup> Changes to the Board of Directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service, Sixth Order on Reconsideration and Fifteenth Order on Reconsideration, CC Docket Nos. 97-21 and 96-45, FCC 99-269, released on November 1, 1999 at ¶63.

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Ms. Magalie Roman Salas  
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In accordance with Commission rules, I am submitting two copies of this notice for each docket to the Office of the Secretary. Please acknowledge receipt hereof by affixing a notation on a duplicate copy of this letter furnished herewith for such purposes and remitting same to the bearer.

Sincerely,

A handwritten signature in black ink, appearing to read 'RH', with a large, sweeping flourish on the left side that loops around the letters.

Robert Haga

Enclosure

cc: Carol Matthey, FCC  
Irene Flannery, FCC



## REVISION TO THE METHOD FOR ALLOCATING COSTS

January 1, 2000

### **Common Expense Categories and Apportionment Method**

Change the allocator as follows:

Billing and Collection – From 25% to each program to the Program Size allocator. In the March 5, 1999 Report to the FCC and Evaluation of the Rural Health Care Program USAC proposed that the Commission take action to revise its May 1999 Order which allocated Billing and Collection costs 25% to each program to the Program Size allocator.<sup>1</sup> On November 1, 1999, the FCC released an Order adopting the proposed revision to USAC's cost allocation effective January 1, 2000.<sup>2</sup>

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<sup>1</sup> Letter from Robert Haga to Magalie Salas on March 5, 1999, Filing of Rural Health Care Evaluation Report in Response to Public Notice (CC Docket Nos. 96-45 and 97-21).

<sup>2</sup> Changes to the Board of Directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service, Sixth Order on Reconsideration and Fifteenth Order on Reconsideration, CC Docket Nos. 97-21 and 96-45, FCC 99-269, released on November 1, 1999 at ¶ 63.