

February 1, 2000

EX PARTE – By Electronic Filing

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 12th Street, SW  
Washington, DC 20554

Re: Coalition for Affordable Local and Long Distance Service Proposal –  
CC Dockets 96-262, 94-1, 96-45, 99-249

Dear Ms. Salas:

On January 27, 2000, Whit Jordan (of BellSouth), Dennis Weller (of GTE), Jay Bennett (of SBC), Robert McDonnell (of Bell Atlantic) and Paul Malandrakis and Saikat Sen (of AT&T) and I (on behalf of the Coalition for Affordable Local and Long Distance Service) met with Jim Eisner, Jim Zolnierek, Jack Zinman, Aaron Goldschmidt, Rich Lerner, Tom Navin, Katherine Schroder and Jay Atkinson of the Common Carrier Bureau. We discussed the integrated universal service and interstate access charge proposal by the Coalition for Affordable Local and Long Distance Service. The points addressed are those previously submitted in the Memorandum in Support of the Coalition for Affordable Local and Long Distance Service Proposal, submitted August 20, 1999, see Letter of John T. Nakahata to Magalie Roman Salas, Secretary, FCC, dated August 20, 1999, filed in CC Dockets 96-262, 94-1, 96-45, 99-249, in CALLS comments filed November 12, 1999, and in Reply Comments filed December 3, 1999. We particularly discussed how the universal service provisions of the CALLS proposal would operate, that the per line support amounts would be subject to periodic recalculation and the operation of the minimum universal service support.

During the discussion, the attached handout was referenced to further explain the methodology for calculating per line universal service support. We told the CCB staff that the universal service provisions within the CALLS proposal can be implemented by July 1, 2000, even in the absence of line count data for CLECs. There would be no impediment to CLECs that are eligible telecommunications carriers beginning to receive support for lines they serve in areas where ILEC lines are also receiving support. We also stated that historic line counts should be adjusted by a uniform percentage to account for anticipated line growth and keep the access universal service support to \$650 million per year.

Ms. Magalie Roman Salas  
February 1, 2000  
Page 2 of 2

In accordance with FCC rules, I am filing copies of this letter in each of the above-captioned dockets.

Sincerely,



John T. Nakahata

Counsel to the Coalition for Affordable Local and  
Long Distance Service

JTN/krs

cc: Mr. Whit Jordan  
Mr. Dennis Weller  
Mr. Jay Bennett  
Mr. Robert McDonnell  
Mr. Paul Malandrakis  
Mr. Saikat Sen  
Mr. Jim Eisner  
Mr. Jim Zolnierak  
Mr. Jim Zinman  
Mr. Aaron Goldschmidt  
Mr. Rich Lerner  
Mr. Tom Navin  
Ms. Katherine Schroder  
Mr. Jay Atkinson

First Year

State_A; High-Cost State							
Ln No.	ILEC						
	Description	Zone 1	Zone 2	Zone 3	Total	Average	Source
1	ILEC Residence Access Lines (SLC Lines)	800,000	600,000	600,000	2,000,000		Step 1
		40%	30%	30%			
2	25% of UNE Loop and Port Rates by Zone	\$ 5.00	\$ 7.00	\$ 12.00			Step 1 and 2
3	UNE Revenues by Zones (Monthly)	\$4,000,000	\$4,200,000	\$7,200,000	\$15,400,000		Ln 1 * Ln 2; Step 2
4	Price Cap CMT Revenues (Monthly)				\$17,000,000		Step 3
5	Delta; CMT Rev. minus UNE Rev.				\$1,600,000		Ln 4 - Ln 3; Step 4
6	Uniform Adjustment Factor (U)					\$0.80	Ln 5 / Ln 1; Step 4
7	Zone Average Revenue Per Line	\$5.80	\$7.80	\$12.80			Ln 6 + Ln 2; Step 5
8	Average Price Cap CMT Revenue Per Line (Monthly)					\$8.50	Ln 4 / Ln 1; Step 6
9	Minimum Study Area Delta per Line					\$1.50	Ln 8 - \$7.00, if Ln 8 > \$7.00; Step 6
10	Preliminary Minimum Access USF (Annualized)				\$36,000,000		Ln 9 * Ln 1 * 12; Step 6
11	Zone Above EUCL Cap Revenues Per Line (Monthly)	\$0.00	\$0.80	\$5.80			Ln 7 - \$7, if Ln 7 > \$7.00; Step 7
12	Study Area Above Cap Revenues (Annualized)	\$0.00	\$5,760,000	\$41,760,000	\$47,520,000		Ln 11 * Ln 1 * 12; Step 7
CLEC ETC							
		Zone 1	Zone 2	Zone 3	Total	Average	Source
13	CLEC ETC Res. Access Lines	0	0	0	0		Step 8
14	CLEC ETC Total Preliminary Minimum Access USF				N/A		N/A
15	CLEC ETC Total Above Cap Revenues	\$0.00	\$0.00	\$0	\$0.00		Ln 13 * Ln 11 * 12; Step 8
Summary							
		Minimum USF	Above Cap Rev.				
16	ILEC	\$36,000,000	\$47,520,000				Ln 10 and Ln 12
17	CLEC ETC	N/A	\$0				Ln 14 and Ln 15
18	Total State	\$36,000,000	\$47,520,000				

USF Receipts First Year

State_A; High-Cost State			
			Distribution of the \$650 Million Among States
	Description	Amount	Source
1	Industry Access USF Cap	\$650,000,000	Capped, Given
2	Nationwide Total Above Cap Revenues	\$1,101,032,519	the sum of all states maximum USF; Page 1 Ln 18; Step 9
3	Adjustment Factor	59.04%	Ln 1 / Ln 2
4	Study Area Above Cap Revenues	\$47,520,000	Page 1 Ln 18
5	Prelim. Study Area Universal Service Support (PSAUSS)	\$28,053,667	Ln 3 * Ln 4; to maintain a cap of \$650m; Step 9
6	Prelim. Minimum Access USF (study area)	\$36,000,000	Page 1 Ln 18
7	Minimum Adjustment Amount (MAA)	\$2,468,031	A share of the \$75 million (50% of \$75 million first year).
8	Minimum Support Requirement (MSR)	\$30,521,698	if Ln 7 >0, Ln 7 + Ln 5
9	Total National MSR	N/A	Total support for States that qualify for \$75 million; States with Ln 7>0
10	Total PSAUSS of States that do not qualify For MAA	N/A	Sum of States PSAUSS with zero MAA; States with Ln 7=0
11	Support For Study Areas with no MAA	N/A	Ln 1 - Ln 9
12	Second Adjustment Factor	N/A	Ln 11 / Ln 10; Step 11
13	Study Area Access USF Support (SAAUS)	\$30,521,698	Ln 8 if Ln 8>0, otherwise Ln 12 * Ln 5; Step 11
			Distribution of USF Receipts among the ILEC and the CLEC in the State
	State		
			<b>Lines in Zone 3</b>
14	ILEC	600,000	Page 1, Ln 1
15	CLEC ETC	-	Page1 , Ln 13
16	Total State Lines in Zone 3	600,000	Ln 14 + Ln 15
17	Support Per Line ***	\$4.24	Ln 13 / Ln 16
			<b>USF Receipts</b>
18	ILEC USF Receipts	\$30,521,698	Ln 14 *Ln 17 * 12
19	CLEC ETC USF Receipts	\$0	Ln 15 * Ln 17 * 12
20	Total State Support ****	\$30,521,698	Ln 18 + Ln 19
Notes:			
*** An ETC CLEC receives the same amount per line as the ILEC in Zone 3			
**** No support available for Zone 2 lines.			

State_A; High-Cost State							
Ln No.	ILEC						
	Description	Zone 1	Zone 2	Zone 3	Total	Average	Source
1	ILEC Residence Access Lines (SLC Lines)	840,000	612,000	612,000	2,064,000		Step 1
		41%	30%	30%			
2	25% of UNE Loop and Port Rates by Zone	\$ 5.00	\$ 7.00	\$ 12.00			Step 1 and 2
3	UNE Revenues by Zones (Monthly)	\$4,200,000	\$4,284,000	\$7,344,000	\$15,828,000		Ln 1 * Ln 2; Step 2
4	Price Cap CMT Revenues (Monthly)				\$17,544,000		Step 3
5	Delta; CMT Rev. minus UNE Rev.				\$1,716,000		Ln 4 - Ln 3; Step 4
6	Uniform Adjustment Factor (U)					\$0.83	Ln 5 / Ln 1; Step 4
7	Zone Average Revenue Per Line	\$ 5.83	\$ 7.83	\$ 12.83			Ln 6 + Ln 2; Step 5
8	Average Price Cap CMT Revenue Per Line (Monthly)					\$8.50	Fixed from First Year; Page 1 Ln 8
9	Minimum Study Area Delta per Line					\$1.50	Ln 8 - \$7.00, if Ln 8 > \$7.00; Step 6
10	Preliminary Minimum Access USF (Annualized)				\$37,152,000		Ln 9 * Ln 1 * 12; Step 6
11	Zone Above EUCL Cap Revenues Per Line (Monthly)	\$0.00	\$0.83	\$5.83			Ln 7 - \$7, if Ln 7 > \$7.00; Step 7
12	Study Area Above Cap Revenues (Annualized)	\$0.00	\$6,105,767	\$42,825,767	\$48,931,535		Ln 11 * Ln 1 * 12; Step 7
	CLEC ETC	Zone 1	Zone 2	Zone 3	Total	Average	Source
13	CLEC ETC Res. Access Lines	320,527	36,424	7,285	364,235		Step 8
		88%	10%	2%			
14	CLEC ETC Total Prelinary Minimum Access USF				N/A		N/A
15	CLEC ETC Total Above Cap Revenues	\$ -	\$ 363,388	\$509,760	\$873,148		Ln 13 * Ln 11 * 12; Step 8
	Summary	Minimum USF	Above Cap Rev.				
16	ILEC	\$37,152,000	\$48,931,535				Ln 10 and Ln 12
17	CLEC ETC	N/A	\$873,148				Ln 14 and Ln 15
18	Total State	\$37,152,000	\$49,804,683				

USF Receipts Second Year

State A; High-Cost State			
			Distribution of the \$650 Million Among States
Description	Amount	Source	
1 Industry Access USF Cap	\$650,000,000	Capped, Given	
2 Nationwide Total Above Cap Revenues	\$1,103,630,095	the sum of all states maximum USF; Page 1 Ln 18; Step 9	
3 Adjustment Factor	58.90%	Ln 1 / Ln 2	
4 Study Area Above Cap Revenues	\$49,804,683	Page 3 Ln 18	
5 Prelim. Study Area Universal Service Support (PSAUSS)	\$29,333,238	Ln 3 * Ln 4; to maintain a cap of \$650m; Step 9	
6 Prelim. Minimum Access USF (study area)	\$37,152,000	Page 3 Ln 18	
7 Minimum Adjustment Amount (MAA)	\$3,631,848	A share of the \$75 million (75% of \$75 million first year).	
8 Minimum Support Requirement (MSR)	\$32,965,086	if Ln 7 >0, Ln 7 + Ln 5	
9 Total National MSR	N/A	Total support for States that qualify for \$75 million; States with Ln 7>0	
10 Total PSAUSS of States that do not qualify For MAA	N/A	Sum of States PSAUSS with zero MAA; States with Ln 7=0	
11 Support For Study Areas with no MAA	N/A	Ln 1 - Ln 9	
12 Second Adjustment Factor	N/A	Ln 11 / Ln 10; Step 11	
13 Study Area Access USF Support (SAAUS)	\$32,965,086	Ln 8 if Ln 8>0, otherwise Ln 12 * Ln 5; Step 11	
			Distribution of USF Receipts among the ILEC and the CLEC in the State
State	Lines in Zone 3		
14 ILEC	612,000	Page 3, Ln 1	
15 CLEC ETC	7,285	Page 3, Ln 13	
16 Total State Lines in Zone 3	619,285	Ln 14 + Ln 15	
17 Support Per Line ***	\$4.44	Ln 13 / Ln 16	
			USF Receipts
18 ILEC USF Receipts	\$32,577,315	Ln 14 * Ln 17 * 12	
19 CLEC ETC USF Receipts	\$387,771	Ln 15 * Ln 17 * 12	
20 Total State Support ****	\$32,965,086	Ln 18 + Ln 19	
Notes:			
*** An ETC CLEC receives the same amount per line as the ILEC in Zone 3			
**** No support available for Zone 2 lines.			

## Assumptions

### Second Year

#### ILEC Lines

- 1 Zone 1 increases by 5%
- 2 Zone 2 and Zone 3 increase by 2%
- 3 ILEC has 85% of the state access lines.

#### CLEC Lines

- 1 CLEC has 15% of the state access lines.

#### UNE Rates

- 1 UNE rates remain unchanged for this example.

First Year

State_B; Low-Cost State							
Ln No.	ILEC						
	Description	Zone 1	Zone 2	Zone 3	Total	Average	Source
1	ILEC Residence Access Lines (SLC Lines)	3,500,000	1,000,000	500,000	5,000,000		Step 1
		70%	20%	10%			
2	25% of UNE Loop and Port Rates by Zone	\$ 4.00	\$ 5.00	\$ 6.50			Step 1 and 2
3	UNE Revenues by Zones (Monthly)	\$14,000,000	\$5,000,000	\$3,250,000	\$22,250,000		Ln 1 * Ln 2; Step 2
4	Price Cap CMT Revenues (Monthly)				\$28,500,000		Step 3
5	Delta; CMT Rev. minus UNE Rev.				\$6,250,000		Ln 4 - Ln 3; Step 4
6	Uniform Adjustment Factor (U)					\$1.25	Ln 5 / Ln 1; Step 4
7	Zone Average Revenue Per Line	\$5.25	\$6.25	\$7.75			Ln 6 + Ln 2; Step 5
8	Average Price Cap CMT Revenue Per Line (Monthly)					\$5.70	Ln 4 / Ln 1; Step 6
9	Minimum Study Area Delta per Line					\$0.00	Ln 8 - \$7.00, if Ln 8 > \$7.00; Step 6
10	Preliminary Minimum Access USF (Annualized)				\$0		Ln 9 * Ln 1 * 12; Step 6
11	Zone Above EUCL Cap Revenues Per Line (Monthly)	\$0.00	\$0.00	\$0.75			Ln 7 - \$7, if Ln 7 > \$7.00; Step 7
12	Study Area Above Cap Revenues (Annualized)	\$0.00	\$0	\$4,500,000	\$4,500,000		Ln 11 * Ln 1 * 12; Step 7
<b>CLEC ETC</b>							
		Zone 1	Zone 2	Zone 3	Total	Average	Source
13	CLEC ETC Res. Access Lines	0	0	0	0		Step 8
14	CLEC ETC Total Prelinary Minimum Access USF				N/A		N/A
15	CLEC ETC Total Above Cap Revenues	\$0.00	\$0.00	\$0	\$0.00		Ln 13 * Ln 11 * 12; Step 8
<b>Summary</b>							
		Minimum USF	Above Cap Rev.				
16	ILEC	\$0	\$4,500,000				Ln 10 and Ln 12
17	CLEC ETC	N/A	\$0				Ln 14 and Ln 15
18	Total State	\$0	\$4,500,000				

USF Receipts First Year

State_B; Low-Cost State		
Distribution of the \$650 Million Among States		
Description	Amount	Source
1 Industry Access USF Cap	\$650,000,000	<i>Capped, Given</i>
2 Nationwide Total Above Cap Revenues	\$1,101,032,519	<i>the sum of all states maximum USF; Page 1 Ln 18; Step 9</i>
3 Adjustment Factor	59.04%	<i>Ln 1 / Ln 2</i>
4 Study Area Above Cap Revenues	\$4,500,000	<i>Page 1 Ln 18</i>
5 Prelim. Study Area Universal Service Support (PSAUSS)	\$2,656,597	<i>Ln 3 * Ln 4; to maintain a cap of \$650m; Step 9</i>
6 Prelim. Minimum Access USF (study area)	\$0	<i>Page 1 Ln 18</i>
7 Minimum Adjustment Amount (MAA)	\$0	<i>A share of the \$75 million (50% of \$75 million first year).</i>
8 Minimum Support Requirement (MSR)	\$0	<i>if Ln 7 &gt;0, Ln 7 + Ln 5</i>
9 Total National MSR	\$271,817,299	<i>Total support for States that qualify for \$75 million; States with Ln 7&gt;0</i>
10 Total PSAUSS of States that do not qualify For MAA	\$415,682,701	<i>Sum of States PSAUSS with zero MAA; States with Ln 7=0</i>
11 Support For Study Areas with no MAA	\$378,182,701	<i>Ln 1 - Ln 9</i>
12 Second Adjustment Factor	90.98%	<i>Ln 11 / Ln 10; Step 11</i>
13 Study Area Access USF Support (SAAUS)	\$2,416,938	<i>Ln 8 if Ln 8&gt;0, otherwise Ln 12 * Ln 5; Step 11</i>
Distribution of USF Receipts among the ILEC and the CLEC in the State		
State		
<b>Lines in Zone 3</b>		
14 ILEC	500,000	<i>Page 1, Ln 1</i>
15 CLEC ETC	-	<i>Page1, Ln 13</i>
16 Total State Lines in Zone 3	500,000	<i>Ln 14 + Ln 15</i>
17 Support Per Line ***	\$0.40	<i>Ln 13 / Ln 16</i>
<b>USF Receipts</b>		
18 ILEC USF Receipts	\$2,416,938	<i>Ln 14 *Ln 17 * 12</i>
19 CLEC ETC USF Receipts	\$0	<i>Ln 15 * Ln 17 * 12</i>
20 Total State Support ****	\$2,416,938	<i>Ln 18 + Ln 19</i>
Notes:		
*** An ETC CLEC receives the same amount per line as the ILEC in Zone 3		
**** No support available for Zone 2 lines.		

State_B; Low-Cost State							
Ln No.	ILEC						
	Description	Zone 1	Zone 2	Zone 3	Total	Average	Source
1	ILEC Residence Access Lines (SLC Lines)	3,675,000	1,020,000	510,000	5,205,000		Step 1
		70.6%	19.6%	9.8%			
2	25% of UNE Loop and Port Rates by Zone	\$ 4.00	\$ 5.00	\$ 6.50			Step 1 and 2
3	UNE Revenues by Zones (Monthly)	\$14,700,000	\$5,100,000	\$3,315,000	\$23,115,000		Ln 1 * Ln 2; Step 2
4	Price Cap CMT Revenues (Monthly)				\$29,668,500		Step 3
5	Delta; CMT Rev. minus UNE Rev.				\$6,553,500		Ln 4 - Ln 3; Step 4
6	Uniform Adjustment Factor (U)					\$1.26	Ln 5 / Ln 1; Step 4
7	Zone Average Revenue Per Line	\$ 5.26	\$ 6.26	\$ 7.76			Ln 6 + Ln 2; Step 5
8	Average Price Cap CMT Revenue Per Line (Monthly)					\$5.70	Fixed from First Year; Page 1 Ln 8
9	Minimum Study Area Delta per Line					\$0.00	Ln 8 - \$7.00, if Ln 8 > \$7.00; Step 6
10	Preliminary Minimum Access USF (Annualized)				\$0		Ln 9 * Ln 1 * 12; Step 6
11	Zone Above EUCL Cap Revenues Per Line (Monthly)	\$0.00	\$0.00	\$0.76			Ln 7 - \$7, if Ln 7 > \$7.00; Step 7
12	Study Area Above Cap Revenues (Annualized)	\$0.00	\$0	\$4,645,556	\$4,645,556		Ln 11 * Ln 1 * 12; Step 7
<b>CLEC ETC</b>							
		Zone 1	Zone 2	Zone 3	Total	Average	Source
13	CLEC ETC Res. Access Lines	808,306	91,853	18,371	918,529		Step 8
		88%	10%	2%			
14	CLEC ETC Total Preliminary Minimum Access USF				N/A		N/A
15	CLEC ETC Total Above Cap Revenues	\$ -	\$ -	\$167,336	\$167,336		Ln 13 * Ln 11 * 12; Step 8
<b>Summary</b>							
		Minimum USF	Above Cap Rev.				
16	ILEC	\$0	\$4,645,556				Ln 10 and Ln 12
17	CLEC ETC	N/A	\$167,336				Ln 14 and Ln 15
18	Total State	\$0	\$4,812,893				



## Assumptions

### Second Year

#### ILEC Lines

- 1 Zone 1 increases by 5%
- 2 Zone 2 and Zone 3 increase by 2%
- 3 ILEC has 85% of the state access lines.

#### CLEC Lines

- 1 CLEC has 15% of the state access lines.

#### UNE Rates

- 1 UNE rates remain unchanged for this example.

Summary\_Details\_options

Industry; Price Cap Companies  
Residence Cap at \$7.00; Multi-line Cap at \$9.20

Company	USF Minimum A	Study Area Zone Above Cap Revenue B	Adjusted PSAUSS C	MSAUSS D	TNMD E	MAF F	Support TNMSR For Areas with Min. Req. G	No Min. Req. areas PSAUSS H	Support No Min. Req. areas I = H * 90.98%	Total Support J = I + G
10 State_A	\$36,000,000	\$47,520,000	\$28,053,667	\$36,000,000	\$7,946,333	\$2,468,031	\$30,521,698	\$0	\$0	\$30,521,698
11 State_B	\$0	\$4,500,000	\$2,656,597	\$0	\$0	\$0	\$0	\$2,656,597	\$2,416,938	\$2,416,938
Others	\$407,200,806	\$1,049,012,519	\$619,289,735	\$407,200,806	\$112,792,611	\$35,031,969	\$241,295,601	\$413,026,103	\$375,765,763	\$617,061,364
12 Total	\$443,200,806	\$1,101,032,519	\$650,000,000 59.04%	\$443,200,806	\$120,738,944	\$37,500,000	\$271,817,299	\$415,682,701	\$378,182,701	\$650,000,000
13 USF Cap	\$650,000,000					\$37,500,000				

			Phase In Percentages		MAF		Factor Dev. For study Areas with no Minimum Support			
15	Nationwide Above Cap Revenues	\$1,101,032,519	January 1, 2000	0.50		\$37,500,000	20	Maximum USF	\$650,000,000	Given
16	Adjustment Factor 8B_1	59.04%	January 1, 2001	0.75	First Year	\$120,738,944	21	TNMSR	\$271,817,299	Col. G; Ln 12
			July 1, 2002	1.00	TNMD		22	Fund for No Min. Req. Areas	\$378,182,701	Ln 20 - Ln 21
					MAF Fac.	31.06%	23	PSAUSS of No. Min. Req. Areas	\$415,682,701	Col. H; Ln 12
							24	PSAUSS Factor	90.98%	Ln 22 / Ln 23