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March 29, 2000

EX PARTE

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

Re: CC Docket 94-1; CC Docket 96-45; CC Docket 96-262; CC Docket 99-249; and CC Docket 96-98

Dear Ms. Salas:

On March 28, 2000, Lisa Zaina and I spoke by telephone with Kathy Brown, Chief of Staff to Chairman William E. Kennard. We offered a clarification to the March 8, 2000 Memorandum in Support of the Revised Plan of the Coalition for Affordable Local and Long Distance Service, and the Modified Universal Service and Access Reform Plan, respectively.

Specifically footnote 8 of the Memorandum stated:

"If the Commission acts to establish a SLC cap lower than the proposed SLC caps, it may result in a higher CCL rate than would otherwise occur. The Commission should adjust the multiline PICC to the extent necessary to mitigate the change in CCL rates.";

and

Section 2.1.2.2.3 of the Revised Plan stated:

"In a zone where the Commission has taken such action to change the applicable cap, the difference between the SLC cap that originally would have been applicable and the new SLC cap set by the Commission will not be included in the maximum permitted Averaged SLC for purposes of section 2.1.6., and that difference will be recovered through other common line elements. In that event, the Commission should adjust the multiline PICC caps to the extent necessary to mitigate any changes in CCL rates."

We explained that we were aware of concerns raised by consumer groups about this language. We clarified that the submission intended only to confirm that nothing in the CALLS proposal changes the current "cascade" mechanism for assigning revenues to the SLC, multiline PICC and CCL. We also clarified our understanding that some parties may wish to argue for changes in these rules in a future proceeding, such as in the Commission's cost proceeding. We acknowledged that such parties would not be foreclosed, of course, from raising such arguments, nor other parties from rebutting them.

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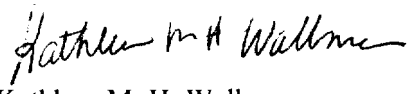
Also, in response to concerns raised by consumer representatives, the ILEC members would willingly

of universal service charges into a unified percentage of the customer's bill. Further, in response to the consumer representatives' concerns, with respect to the USF charges outlined in the CALLS proposal, we explained that ILEC members of CALLS would be willing not to assess these charges to Lifeline customers. Furthermore, the ILEC members agreed that the Commission's cost proceeding would cover all residential and single-line business lines and, in response, the ILECs would submit cost studies pertaining to all residential and single-line business lines, deaveraged by UNE zone or combinations of zones.

I submit two copies of this letter.

Very truly yours,



Kathleen M. H. Wallman

cc: Kathy Brown