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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

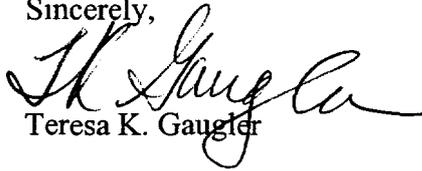
Re: **Notice of Ex Parte Presentation** in the Matter of: *Access Charge Reform*,
CC Docket No. 96-262; *Price Cap Performance Review for Local Exchange
Carriers*, CC Docket No. 94-1; *Low-Volume Long Distance Users*, CC Docket No.
99-249; *Federal-State Joint Board On Universal Service*, CC Docket No. 96-45

Dear Secretary Salas,

Pursuant to Section 1.1206(a) of the Commission's Rules, 47 C.F.R. 1.1206(a), this letter is to provide notice of an *ex parte* meeting by Jonathan Askin, John Windhausen, and Teresa Gaugler of the Association for Local Telecommunications Services ("ALTS"), and Don Shephard of Time Warner Telecom ("TWTC") in the above-referenced proceeding on Monday, April 3, 2000. The parties met with Kathryn Brown, FCC Chief of Staff, and discussed the plan proposed by ALTS/TWTC in their comments on the CALLS Modified Proposal. The attached documents were distributed and discussed during the meeting.

Should you have any questions about this matter, please contact me at (202) 969-2587. An original and one copy of this letter are being submitted to you for inclusion in the public record.

Sincerely,



Teresa K. Gaugler

CALLS vs. ALTS/TIME WARNER TELECOM ACCESS REFORM PLANS

	CALLS PLAN	ALTS/TWTC PLAN
Residential Subscriber Line Charges (SLC) and Pre-Subscribed Interexchange Carrier Charge (PICC)	Combines SLC and PICC with an increase in the SLC to \$4.35.	Combines SLC and PICC with an increase in the SLC to \$4.35.
Elimination of Implicit Subsidies	CCLC eliminated Multi-line Business PICC reduced by \$50 million	CCLC eliminated Multi-line business PICC reduced by \$350 million
Funding of Subsidy Elimination	\$650 million USF SLC cap increases each year to a maximum of \$6.50 by July 2003.	\$300 million USF and targeting of productivity gains No further SLC increases beyond \$4.35.
Universal Service Fund	Establishes \$650 million USF.	Establishes \$300 million USF. Fund size to be re-evaluated as part of SLC cost studies.
Lower Long-Distance Bills	Per-minute access charges reduced by \$2.1 billion. Per-minute target rate of \$.0055 for BOCs/GTE and \$.0065 for other price-cap companies. Full productivity gains targeted at per-minute rates.	Per-minute access charges reduced by \$1.3 billion, or nearly \$400 million more than under current price-cap rules. Same target rates. Full productivity gains targeted at per-minute rates following elimination of implicit common-line subsidies.



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CONSUMER BENEFITS OF THE ALTS/TWTC PLAN

- Eliminate the primary residential and single line business PICC and cap the residential SLC at \$4.35 throughout the life of the plan
- Lower any USF recovery line item on consumer bills because of the lower level of USF proposed by ALTS/TWTC
- Flow the benefits of ILEC productivity gains directly to consumers, whereas CALLS flows all productivity gains to the long distance carriers. AT&T and Sprint have made no commitments as to how those benefits would indirectly flow to residential consumers, particularly low-volume long distance users.
- Eliminate \$350 million, or 30%, of the multi-line business PICC subsidy paid by businesses compared to CALLS, which eliminates a mere \$50 million, or less than 5%.
- No SLC increases beyond \$4.35, while July 2000 long distance rates can be lowered by at least \$1.3 billion, nearly \$400 million more than under the current price cap rules.
- Accelerated decreases in per-minute charges in future years to the same target rates proposed by CALLS.



ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

FOR IMMEDIATE RELEASE

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**ALTS AND TIME WARNER TELECOM OFFER PRO-CONSUMER,
PRO-COMPETITIVE PLAN TO REDUCE ACCESS CHARGES**

*Proposal Will Reduce Rates and Eliminate Implicit Subsidies,
In Line With FCC's Stated Policy Objectives*

WASHINGTON, DC, APRIL 3, 2000 – The Association for Local Telecommunications Services (ALTS) and Time Warner Telecom today proposed their own plan to reduce access charges and increase consumer savings by several billion dollars. In comments to the Federal Communications Commission (FCC), ALTS and Time Warner Telecom (TWT) voiced their preference that the Commission stick to its principle that market-based forces, rather than prescriptive solutions, are best for both industry players and the consumer. Nevertheless, ALTS and TWT proposed a plan to reduce access in response to the plan submitted by a group of incumbent phone companies and two long distance companies, named “CALLS”.

“In our view, CALLS stands for the ‘Coalition for Anti-Competitive Local and Long Distance Services,’” said John D. Windhausen, Jr., President of ALTS, the leading national association representing facilities-based CLECs. “In contrast, we are offering a plan that serves consumers and competition. The ALTS/Time Warner Telecom plan is designed to ensure that consumers benefit in the short term through lower rates and in the long term through facilities-based local alternatives.”

“The CALLS Proposal is a highly flawed insider deal brokered for the purpose of advancing the specific interests of the ILEC and IXC members of CALLS,” said Kelsi Reeves, Vice President-Federal Government Relations of Time Warner Telecom. “The consumer benefits are at worst illusory and at best short-term and unsustainable, and the competitive implications were not even considered. The CALLS proposal completely ignores the goal of promoting a competitive telecommunications marketplace and should not be adopted without changes to address this critical deficiency.”

MORE

**--ALTS AND TIME WARNER TELECOM OFFER PRO-CONSUMER
PLAN TO REDUCE ACCESS CHARGES – 2**

The ALTS and TWT proposal offers the same total level of reductions as the CALLS plan. Under the current rules, access charges would be reduced by \$1.1 billion in the first year, while the ALTS and TWT plan proposes reductions of \$1.5 billion, and CALLS proposes reductions of \$1.7 billion. The ALTS and Time Warner Telecom proposal yields the same level of savings throughout the plan as CALLS.

ALTS and TWT propose a Universal Service Fund that is targeted at high cost areas and low income users. ALTS and TWT propose a \$300 million Universal Service Fund versus the excessive \$650 million fund outlined by CALLS.

The ALTS/TWT plan would:

- Restructure the common line elements by eliminating the primary residential and single line business presubscribed interexchange carrier charge (PICC) and indefinitely maintaining the residential subscriber line charge (SLC) at \$4.35. In contrast, the Modified Proposal by CALLS would allow this rate to be increased to \$6.50;
- Rather than target the rate elements in just the switching and transport baskets (the Average Traffic Sensitive or ATS rate elements), as proposed by CALLS, apply rate reductions to all access charge baskets, thus encouraging the growth of competition;
- Reduce the universal service fund proposed by CALLS by about \$350 million;
- Ultimately reduces ATS element rates to the same target level as proposed in the Modified Proposal from CALLS.

“We fundamentally object to the way that competitors were excluded from the CALLS negotiations,” said Jonathan Askin, General Counsel of ALTS. “In the event that the FCC insists upon addressing access charges, price caps and universal service in the context of an omnibus negotiated proposal, these adjustments should be made to at least increase the likelihood that the Modified Proposal will benefit consumers and permit efficient, facilities-based competition to develop.”

■ MORE –

**ALTS AND TIME WARNER TELECOM OFFER PRO-CONSUMER PLAN
TO REDUCE ACCESS CHARGES – 3**

Time Warner Telecom is a leading fiber, facilities-based integrated communications carrier offering local enterprises “last mile” broadband connections for data, high-speed Internet access and local dial tone. The Company currently offers service in 21 U.S. metropolitan areas. For more information about Time Warner Telecom visit www.twtelecom.com.

ALTS is the leading national industry association whose mission is to promote facilities-based local telecommunications competition. Created in 1987, ALTS has offices in Washington, D.C. and Irvine, California and now represents more than 200 companies that build, own, and operate competitive local networks. For more information on ALTS, contact Crawford Public Relations at 703-318-5460 or visit www.alts.org.

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