



~~DOCKET FILE~~

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ATTORNEYS AT LAW

March 31, 2000

EX PARTE – VIA HAND DELIVERY

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 Tuesday, March 21, 2000, Don Cain (SBC), Stacey Chaney (Bell Atlantic), Ed Lowry (Bell Atlantic), Paul Malandrakis (AT&T) and I (on behalf of the Coalition for Affordable Local and Long Distance Service) met with Ms. Martha Hogarty, member of the Federal State Joint Board on Universal Service, and Mr. Phil McClelland, of the Universal Service Joint Board staff. We presented points previously filed in the Memorandum in Support of the Revised Plan of the Coalition for Affordable Local and Long Distance Service, dated March 8, 2000, and the attached materials.

The universal service distribution estimates provided are based on preliminary data and are subject to change, both as companies improve the data and as states adopt deaveraged UNE prices.

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: Ms. Martha Hogarty  
Mr. Phil McClelland

# Modified CALLS Proposal

- Common Line Reform
  - Phased increase in caps on residential, single line business SLCs.
    - \$4.35 cap on 7/1/00, increasing to \$6.50 on 7/1/03.
    - Primary Res./Single Bus. SLC progressions subject to cost review proceeding after SLC reaches \$5.00 in 2001.
  - Maintains current \$9.20 cap on multi-line business SLC.
  - Eliminates residential, single line business PICC on 7/1/00.
  - Maintains multi-line business PICC cap of \$4.31 on 7/1/00.
  - “Cascades” new SLC revenues to eliminate CCL first, then multi-line business PICC, then reduce multi-line business SLC to or toward parity with residential SLC.
  - Allows geographically de-averaged SLCs once CCL and multi-line business PICC are eliminated.

# Modified CALLS Proposal

- Switched Access Reform
  - Price Cap LECs to reduce MOU charges to IXC by \$2.1 billion 7/1/00.
    - Targets common line and switched access reductions from X-factor of 6.5% to traffic sensitive switched access rates until per minute equivalent rate equals \$0.0055 for RBOC/GTE, \$0.0065 for mid-size companies.
    - Targets additional reductions based on local switching revenues necessary to achieve \$2.1 billion MOU reduction on 7/1/00.
    - Interstate X-factor for common line and switched access set equal to inflation rate once target switched access rate is reached, unless company used limited safeguards.
    - Special Access Reductions
  - Reduced via application of 3% X-factor in 2000, 6.5% through 2003.
  - Applies only to special access still subject to price regulation.

# Modified CALLS Proposal

- Create explicit federal universal service fund to replace \$650 million in implicit subsidies currently embedded in interstate access rates.
- Contributions recovered from end users.
- Regulatory “cease fire” on impacted issues.

# Interstate Access USF Fund

The CALLS Proposal

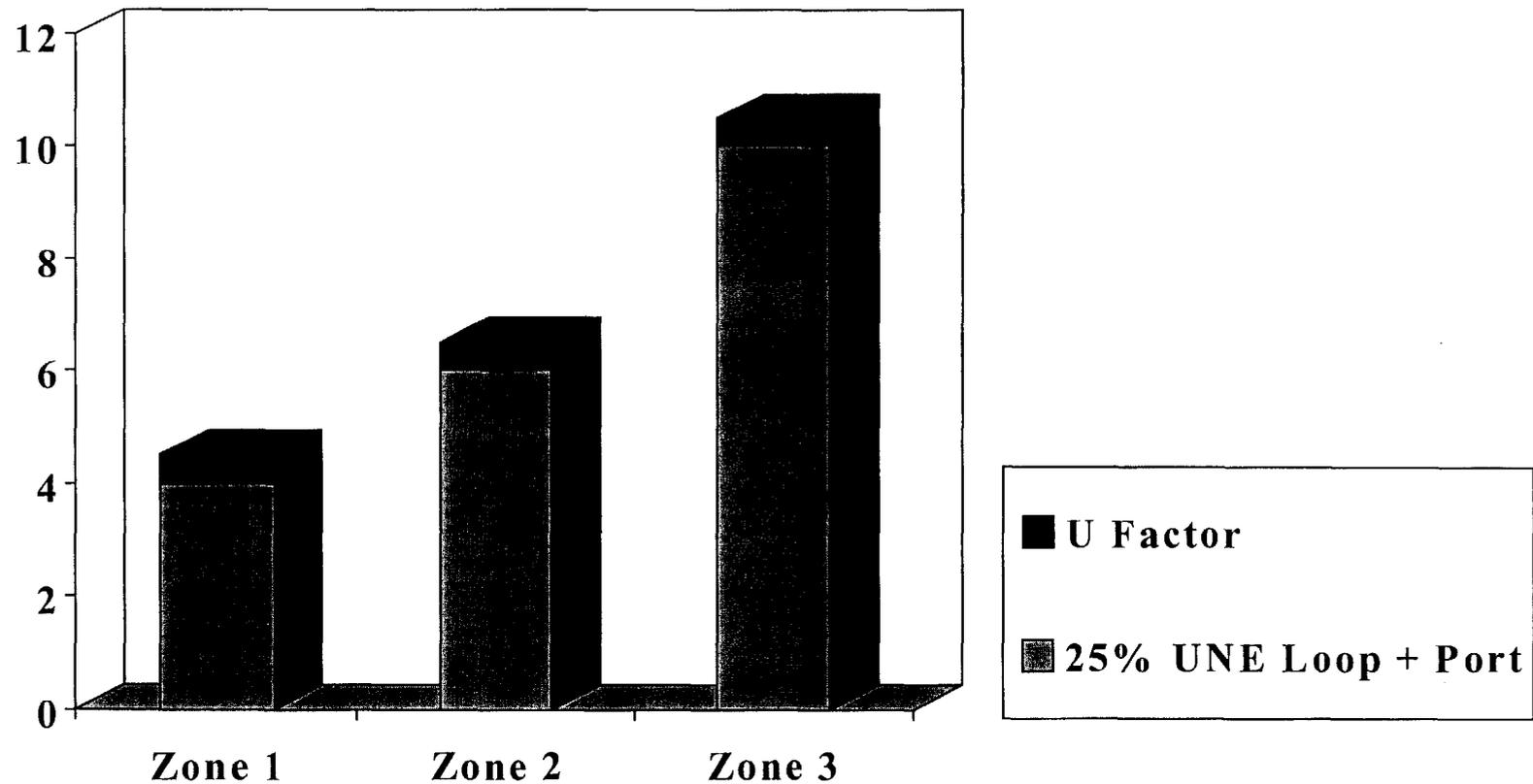
# Interstate Access USF Fund

- Interstate Access USF Fund (“Access USF”) established at \$650 million, replacing support currently implicit in interstate access charges
- Access USF size reflects balancing of interests

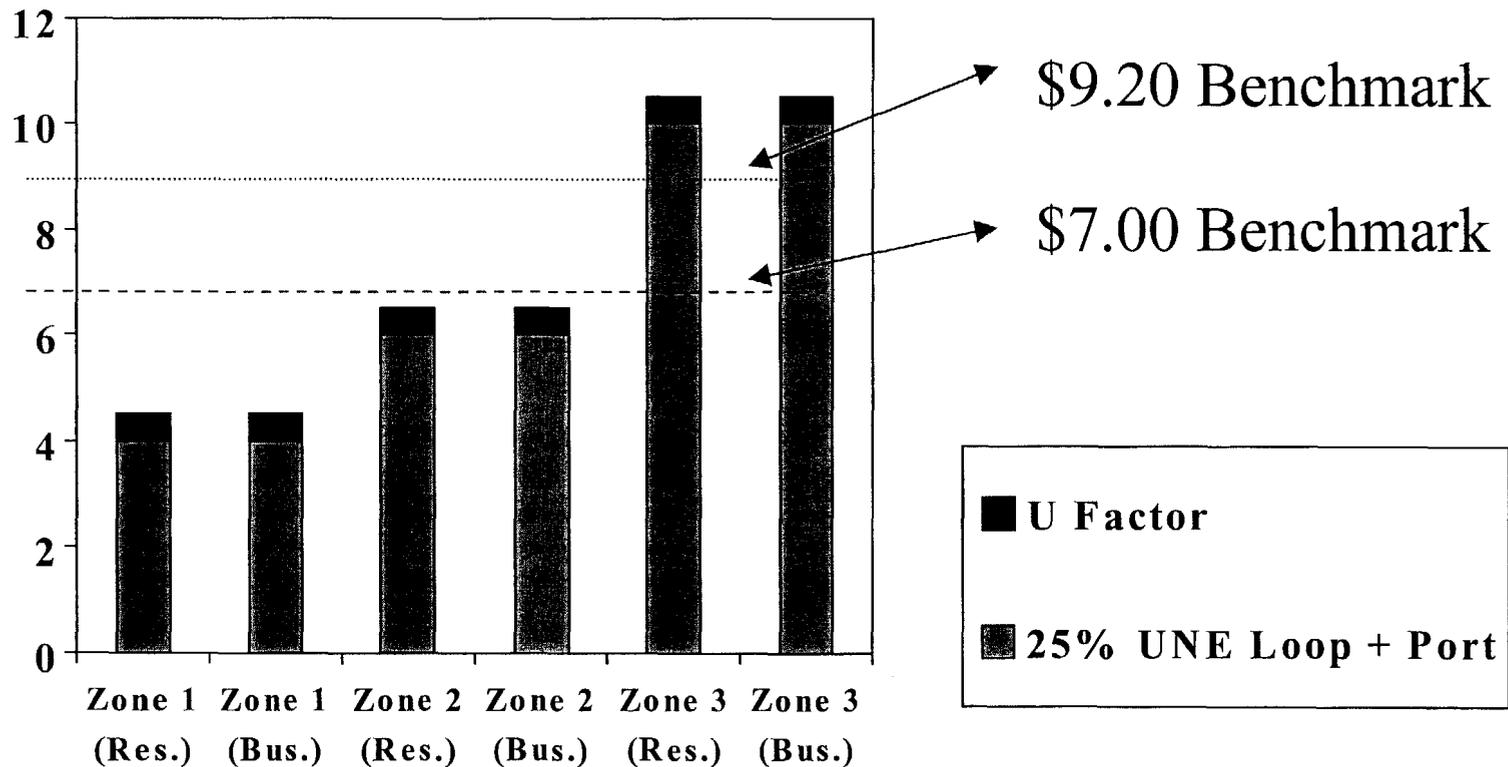
# Access USF Principles

- SLC deaveraging will be on same geographic zones as state approved UNE zones
- SLC rates should not exceed predetermined caps
- Access USF amount is portable and available to all eligible telecommunications carriers providing service in those zones receiving support

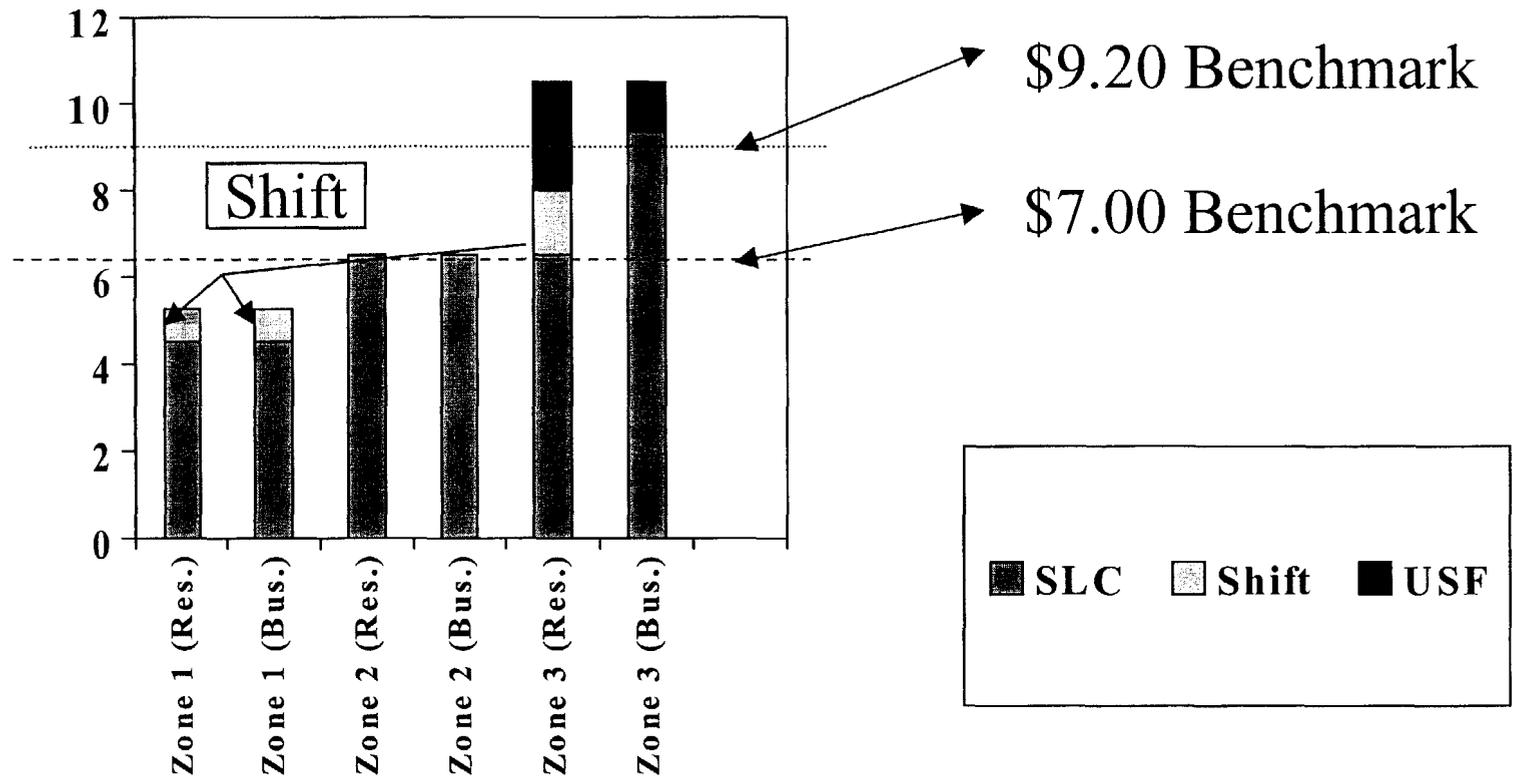
# Deaveraged Revenue Per Line



# Determining Above Benchmark Amounts (Lower Cost Area)



# Per Line Support and Recovery of Remaining Revenues Per Line



## Illustrative Interstate Access USF Support per Residence and Single-line Business Lines

Price Cap LECs

State ***	Annual Total Support	Estimate of Lines Receiving Support *	Estimated Monthly Support Per Line **
Alabama	\$14,490,554	601,385	\$2.01
Alaska	\$0	-	\$0.00
Arizona	\$3,902,814	296,472	\$1.10
Arkansas	\$4,506,719	50,722	\$7.40
California	\$33,528,644	2,374,367	\$1.18
Colorado	\$59,530,842	723,235	\$6.86
Connecticut	\$0	-	\$0.00
Delaware	\$300,079	58,369	\$0.43
District of Columbia	\$0	-	\$0.00
Florida	\$67,912,718	1,872,717	\$3.02
Georgia	\$14,770,953	1,004,731	\$1.23
Hawaii	\$3,026,232	213,871	\$1.18
Idaho	\$15,207,085	210,921	\$6.01
Illinois	\$12,021,314	222,052	\$4.51
Indiana	\$22,675,033	348,598	\$5.42
Iowa	\$591,477	150,630	\$0.33
Kansas	\$6,598,311	105,396	\$5.22
Kentucky	\$20,012,899	512,602	\$3.25
Louisiana	\$13,935,402	613,650	\$1.89
Maine	\$4,585,376	313,458	\$1.22
Maryland	\$4,290,661	371,197	\$0.96
Massachusetts	\$1,031,311	224,241	\$0.38
Michigan	\$0	-	\$0.00
Minnesota	\$5,754,901	302,270	\$1.59
Mississippi	\$16,816,732	340,713	\$4.11
Missouri	\$15,188,854	410,010	\$3.09
Montana	\$1,577,469	80,744	\$1.63
Nebraska	\$998,645	63,625	\$1.31
Nevada	\$3,453,846	62,440	\$4.61
New Hampshire	\$7,651,521	203,431	\$3.13
New Jersey	\$2,158,255	1,398,652	\$0.13
New Mexico	\$4,166,372	245,088	\$1.42
New York	\$14,710,678	2,491,516	\$0.49
North Carolina	\$44,982,651	1,230,805	\$3.05
North Dakota	\$102,311	54,757	\$0.16
Ohio	\$18,249,694	436,868	\$3.48
Oklahoma	\$5,241,319	300,201	\$1.45
Oregon	\$14,947,561	284,975	\$4.37
Pennsylvania	\$9,529,595	365,759	\$2.17
Rhode Island	\$563,726	64,173	\$0.73
South Carolina	\$20,337,130	490,486	\$3.46
South Dakota	\$616,058	57,569	\$0.89
Tennessee	\$14,164,660	737,443	\$1.60
Texas	\$29,531,338	515,149	\$4.78
Utah	\$0	-	\$0.00
Vermont	\$4,899,284	131,864	\$3.10
Virginia	\$47,205,056	804,386	\$4.89
Washington	\$20,880,737	508,169	\$3.42
West Virginia	\$9,656,697	186,598	\$4.31
Wisconsin	\$4,703,459	105,871	\$3.70
Wyoming	\$5,816,839	51,041	\$9.50
Industry	\$626,823,810	22,193,217	\$2.35

Notes:

\* Residence and single-line business lines receiving support in the high cost zones.

\*\* Reflects total support divided by residence and single-line business lines receiving support. Multi-line business lines receiving support not included.

\*\*\* This excludes about \$23.2 million of Citizens support and those lines receiving support in the Citizens' study areas.

This information has been developed without final rules and documentation that completely prescribe how the calculation should be made. In fact, no regulatory authority has approved the CALLS proposal in any form. These results are based on estimated and preliminary data, and are for illustrative purposes only.