

U S WEST, Inc.  
1020 Nineteenth Street NW  
Suite 700  
Washington, DC 20036  
202 429-3131  
fax: 202 296-5157

**USWEST**

John W. Kure  
Executive Director - Federal Regulatory

*Ex Parte*

April 28, 2000

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Room TW-A325  
445 12th Street, S.W.  
Washington, DC 20554

RECEIVED

APR 28 2000

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: CC Docket Nos. 96-262, 94-1, 99-249 and 96-45/ Coalition for Affordable Local and Long Distance Service

Dear Ms. Roman Salas:

The Federal Communications Commission ("Commission") recently solicited comments on the modified proposal of the Coalition for Affordable Local and Long Distance Service ("CALLS") for interstate access charge and universal service reform. U S WEST Communications, Inc. ("U S WEST") filed comments expressing its concern that the CALLS plan does not provide sufficient universal service support for Americans living in very high-cost, low-density areas. As a result, the plan also does not move quickly enough to eliminate subsidies currently implicit in interstate access charges, such as the subsidy flowing from multiline business customers to primary residential customers. Indeed, U S WEST has shown that multiline business customers will be the last to benefit (if they benefit at all) from the CALLS plan's approach to reducing implicit subsidies.

The purpose of this letter is to reiterate U S WEST's universal service concerns and its position that the CALLS plan must continue to be voluntary. After reviewing the comments and reply comments filed on the CALLS plan, U S WEST is still the only commenter to actually calculate the amount of universal service support needed in the highest-cost, lowest-density areas of the country using the Commission's own Synthesis Model from the universal service proceeding. Although AT&T Corp. and others also used forward-looking cost data from the Synthesis Model in their calculations, they relied on flawed, highly-averaged methodologies which drastically underestimate the cost of providing service in very high-cost, low-density areas.

U S WEST also demonstrated that the lack of sufficient and predictable universal service has a particularly harmful impact in its territory, which has a disproportionate share of the highest-cost, lowest-density areas of the country. Under the Commission's Synthesis Model, the lowest-density zone is defined as those areas with an average of zero to five lines per square mile. Approximately 25% of the lines in this lowest-density zone are in U S WEST's territory. The problem is that the current CALLS plan does not provide sufficient universal service support or target such support to very high-cost, low-density areas, but rather allocates the \$650 million of universal service support based on deaveraged unbundled network element rates. U S WEST will have an extremely difficult time serving such areas in its territory without sufficient universal service funding. To address this significant problem, the CALLS plan's allocation methodology should be modified so that the highest-cost, lowest-density areas receive priority universal service funding.

The CALLS participants have freely acknowledged that the \$650 million universal service fund established under the plan is the result of negotiation among the participants. As a result, it does not address the unique needs of U S WEST in providing service to very high-cost, low-density areas. The universal service issue demonstrates why the Commission should not attempt to bind non-signatories to the negotiated terms of the CALLS plan. Indeed, the CALLS participants themselves have consistently taken the position that the CALLS plan is a "social compact" which is the product of voluntary negotiation and mutual concessions among the participants.<sup>1</sup> Bell Atlantic (a CALLS participant) correctly pointed out that this entire proceeding has been conducted as if the CALLS plan is a voluntary agreement and that, if the CALLS plan was not a voluntary agreement, then incumbent local exchange carriers would have presented "other evidence opposing the magnitude of individual rate cuts included in CALLS."<sup>2</sup>

U S WEST believes that the appropriate role of the Commission is to make an independent finding that the voluntary CALLS plan is in the public interest, not to adopt the CALLS plan as a mandatory access reform plan for all carriers. The issue of whether the universal service fund established under the CALLS plan to replace the support implicit in interstate access charges is sufficient and predictable for all carriers and all areas of the country should be a primary consideration in conducting this public interest review.

---

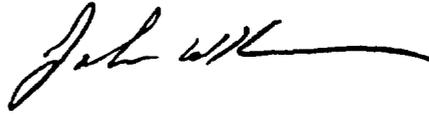
<sup>1</sup> See Memorandum in Support of the Coalition for Affordable Local and Long Distance Service Plan, CC Docket Nos. 96-262, 94-1, 99-249 and 96-45, filed Aug. 20, 1999 at 3.

<sup>2</sup> See Bell Atlantic Reply Comments, CC Docket Nos. 96-262, 94-1, 99-249 and 96-45, filed Apr. 17, 2000 at 6-7.

Ms. Magalie Roman Salas  
April 28, 2000  
Page 3

Please do not hesitate to call if you have any questions or desire any additional information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Kure", with a long horizontal flourish extending to the right.

John Kure  
Executive Director –  
Federal Regulatory

cc: Larry Strickling  
Yog Varma  
Jane Jackson  
Kathy Brown  
Kyle Dixon  
Dorothy Attwood  
Jordan Goldstein  
Rebecca Beynon  
Sarah Whitesell