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May 25, 2000

EX PARTE – Via 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:

The attached letter was hand delivered to Jack Zinman today.

In accordance with the rules, a copy of this letter and the attachment are being filed electronically in the above-captioned dockets.

Sincerely,

John T. Nakahata

Counsel to the Coalition for Affordable Local and Long Distance Service

JTN/krs
Attachment
cc: Mr. Larry Strickling, Chief, Common Carrier Bureau
Ms. Jane Jackson, Chief, Competitive Pricing Division
Ms. Dorothy Attwood, Legal Advisor to the Chairman
Ms. Sarah Whitesell, Legal Advisor to Commissioner Tristani
Mr. Kyle Dixon, Legal Advisor to Commissioner Powell
Ms. Rebecca Beynon, Legal Advisor to Commissioner Furchtgott-Roth
Mr. Jordan Goldstein, Legal Advisor to Commissioner Ness

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May 25, 2000

Via Hand Delivery

Mr. Jack Zinman
Legal Counsel
Common Carrier Bureau
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 Jack:

In response to your question yesterday, CALLS agrees that in the second sentence of proposed rule §54.805(a)(2), the words "multi-line business" should appear before "Base Period Lines."

In addition, we also agree that proposed rule §54.807(c)(3)-(4) do not correctly reflect the cascade process we envisioned. Step 3 was supposed to reflect the difference between $9.20 per residential and single line business line and the Zone Average Revenue Per Line in the next highest zone, and it is also possible that there could be more than one zone with a Zone Average Revenue Per Line greater than $9.20. In order better to reflect this intent, and to conform Step 4 as well, we suggest the that §54.807(c)(1)-(4) be revised as follows:

(1) To all lines in the highest zone, to eliminate the amount per line by which Zone Average Revenue Per Line exceeds the higher of $9.20 or the Zone Average Revenue Per Line in the next highest zone;

(2) If the Zone Average Revenue Per Line in the next highest zone is greater than $9.20, then to all lines in both zones to eliminate the amount per line by which Zone Average Revenue per Line exceeds the higher of $9.20 or the Zone Average Revenue Per Line in the third highest zone. This application or support will continue to additional zones in the same fashion until the amount per line by which Zone Average Revenue Per Line

exceeds $9.20 has been eliminated in all zones, or until the available support has been exhausted.

(3) To all residential and single line business lines in the highest zone, to eliminate the additional amount per line by which Zone Average Revenue Per Line for these lines exceeds the higher of $7.00 or Average Revenue Per Line in the next highest zone;

(4) If the Zone Average Revenue per Line in the next highest zone is greater than $7.00, then to all residential and single line business lines in both zones to eliminate the additional amount per line by which Zone Average Revenue Per Line exceeds the higher of $7.00 or Zone Average Revenue Per Line in the third highest zone. This application of support will continue to additional zones in the same fashion until the difference between Zone Average Revenue Per Line and $7.00 has been eliminated in all zones, or until the available support has been exhausted.

~~This "cascade" process will continue until all of the available funding has been assigned to lines by zone and by customer class; it may extend in similar fashion to additional zones, to the extent that their Zone Average Revenue per Line exceeds the $9.20 and $7.00, and available funding permits.~~

Also, pursuant to our conversation today, I am enclosing proposed revisions to 61A.48(m)(1)(ii) to clarify the entities eligible for the pooling treatment outlined therein.

In accordance with the rules, a copy of this letter will be filed electronically with the Secretary.

Sincerely,

John T. Nakahata

Counsel to the Coalition for Affordable Local and Long Distance Service

JTN/krs
Attachment

Rule 61A.48(m)(1):

(ii) Price cap companies other than the Bell Companies and GTE with at least 20% of total holding company lines operated by rural companies~~, as defined in § 61.49(mm)~~ as self-certified to the Commission as of December 31, 1999, may elect to pool up to the following amounts:

(A) for a price cap holding company's predominantly non-rural filing entities (i.e. filing entities within which more than 50% of all lines are operated by telephone companies other than rural telephone companies ~~as defined in 47 U.S.C. §153(37)~~ as self-certified to the Commission as of December 31, 1999), the amount of the additional reductions to Average Traffic-Sensitive Charge rates as defined in 61A.48(l)(2), to the extent such reductions exceed 25% of the Local Switching element revenues (measured in terms of June 30, 2000 rates times 1999 base period demand);

(B) for a price cap holding company's predominantly rural filing entities (i.e. filing entities with greater than 50% of lines operated by telephone companies that are rural telephone companies ~~as defined in 47 U.S.C. §153(37)~~ as self-certified to the Commission as of December 31, 1999), the amount of the additional reductions to Average Traffic-Sensitive Charge rates as defined in 61A.48(l)(2).