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ATTORNEYS AT LAW

May 26, 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 Jordan Goldstein today.

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

Sincerely,

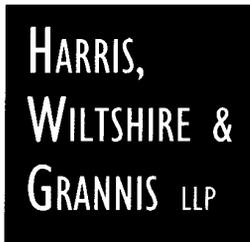

John T. Nakahata

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



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ATTORNEYS AT LAW

May 26, 2000

Via Hand Delivery

Mr. Jordan Goldstein
Legal Advisor to Commissioner Ness
Federal Communications Commission
Room 5-C433
445 12th Street, S.W.
Washington, DC 20554

Re: Coalition for Affordable Local and Long Distance Service Proposal –
CC Dockets 96-262, 94-1, 96-45, 99-249

Dear Jordan:

I am writing you in response to the letter to you from Michael Travieso, Maryland People's Counsel, dated May 2, 2000. Mr. Travieso's letter indicates, "I believe that Mr. Joel Lubin of AT&T indicated that AT&T had not already offered the public a calling plan without a minimum monthly usage charge, and had not already converted its universal service fee from a flat fee to a percentage of the bill format." Mr. Travieso's letter inaccurately summarizes what Mr. Lubin stated during the joint ex parte meeting held by Commissioner Ness on April 27, 2000.

With respect to AT&T's flat fee universal service fee, Mr. Lubin did not state that AT&T had not begun to convert customers to the percentage charge. Mr. Lubin explained at this meeting that AT&T had previously committed to convert its USF charge to a percentage of interstate and international billings, and AT&T has now implemented that change. AT&T has also previously stated that, although it would convert its USF fee to a percentage charge whether or not the CALLS proposal is adopted by the FCC, the pendency of the CALLS proposal and concerns raised about low volume consumers were part of the reason why AT&T made such a commitment.

It is important to note that this change will result in much greater relief to low volume customers in the event that the CALLS plan is adopted with all price cap LECS participating. This is because the CALLS plan will eliminate the PICC, and AT&T will then eliminate the Basic Schedule minimum use charge. Under CALLS, an AT&T Basic Schedule customer who makes no long distance calls in a month will have no interstate universal service fee. Without CALLS, that same customer will be paying a universal service fee that is a percentage of the PICC pass-through and the minimum usage charges. This represents a savings to the basic schedule zero user of over 35 cents per account per month.

Mr. Jordan Goldstein

May 26, 2000

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With respect to the minimum usage charge, during the joint ex parte meeting with Commissioner Ness, Mr. Lubin stated that AT&T had not yet eliminated the minimum usage charge from its Basic Schedule, not that AT&T had no offerings without a minimum usage charge. The difference is significant, and underlines the substantial consumer benefit that will result in the event that the Commission adopts access charge charges that lower interstate state access usage charges by \$2.1 billion on July 1, 2000. Today, there are millions of consumers on AT&T's Basic Schedule who make less than \$3 in interstate calls per month. Unless these consumers switch plans, in the absence of AT&T's voluntary offer to eliminate its Basic Schedule minimum usage charge, these consumers would continue to be charged the \$3 minimum. If the FCC adopts the CALLS proposal and all price cap LECs participate, this minimum usage charge will be eliminated for millions of basic schedule customers without the customer doing anything all.

Notwithstanding the fact that the minimum usage fee would be eliminated for these customers, AT&T has also committed to go one step further. In order to help ensure that these customers are on the best plan for them, AT&T will notify each of its Basic Schedule customers of different plans available to them. In this way, AT&T's Basic Schedule customers will benefit from the elimination of PICC pass-through fees and minimum usage charges, and also have the opportunity to select a plan that better fits their needs.

Sincerely,


John T. Nakahata

JTN/krs