



Patrick H. Merrick, Esq.
Director - Regulatory Affairs
AT&T Federal Government Affairs

Suite 1000
1120 20th St. NW
Washington, DC 20036
202 457-3815
FAX 202 457-3110

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TWB-204
Washington, DC 20554

ORIGINAL

Re: Notice of Ex Parte Presentation: Federal-State Joint Board on
Universal Service, CC Docket No. 96-45.

Dear Ms. Salas:

On February 21, 2001, Joel Lubin, Mark Lemler and I met with Carol Matthey, Katherine Schroder, Richard Smith, Bob Loube, Jack Zinman and Anita Cheng of the FCC and Robert Haga of USAC to discuss the above mentioned proceeding. AT&T again emphasized the urgency of resolving the inequity of the current mechanism of collecting universal service support and described a number of possible alternatives for resolving or mitigating the problem as quickly a possible. Our statements were consistent with our filed comments and the attachment was referred to during our discussion.

In accordance with Section 1.1206 of the Commissions rules, I have submitted two copies of this Notice for each referenced proceeding.

Sincerely,

Attachment

cc: A. Cheng K. Schroder
R. Haga R. Smith
B. Loube J. Zinman
C. Matthey

No. of Copies rec'd 0+2
List A B C D E

AT&T Quarterly Lag Proposal

Assumptions:

1. FCC Order released in March, effective April 1, 2001.
2. Contribution factor methodology and timing by USAC remains as it is today.
3. Assessment calculation by USAC and payment amounts by carriers are not linked.

Timeline/Description:

1. FCC releases order in the first half of March, effective April 1, 2001 that requires carriers to pay USF on the previous quarter's revenues. (Result – a three month or quarterly lag)
2. Carrier's April 15th payment will be consistent with the calculations currently in effect today. (USAC will send bill based upon the Carrier's prior year revenues)
3. Carrier's May 15th payment begins the new, quarterly lag.
 - A. All carriers begin the process of reporting quarterly revenue as currently described in the FCC's six month lag proposal in the FNPRM. (i.e., carrier will report its first quarter revenues on May 15, its second quarter revenues on August 15, its third quarter revenues on November 15 and its fourth quarter revenues on February 15.)
 - B. All carriers will file their first quarter 2001 revenues on May 1, 2001.
 - C. The May 15, 2001 payment (as well as the June 15 and July 15) will be based upon the average monthly revenue for the first quarter 2001 (divide the first quarter revenues by 3), multiplied by the effective contribution factor for that month (second quarter assessment factor released in March).
 - D. The June 15 and July 15 payments will be equivalent to the May payment.
 - E. The August 15 payment will use the average monthly revenue for the second quarter 2001, multiplied by the third quarter assessment factor, released in June.

6-month Lag Proposal – Implement as of April 1st

Necessary Modifications:

Carriers must be required to submit 4th quarter 2000 revenues by April 1, 2001. These revenues can then be used as the assessment base for the 2nd quarter 2001 payments.

On April 30, the assessment factor will change and USAC will be required to submit bills to carriers based upon the April 1, 2001 submission. (Note: This will require carriers to pay in 15 days, not the current 30 days.)