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December 3, 2001

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Ms. Magalie R. Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

Ex Parte: Federal-State Joint Board on Universal Service, CC Docket No. 96-45; 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements, CC Docket No. 98-171; Telecommunications Services for Individuals with Hearing and Speech Disabilities and the Americans with Disabilities Act of 1990, CC Docket No. 90-571; Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, CC Docket No. 92-237, NSD File No. L-00-72; Numbering Resource Optimization, CC Docket No. 99-200; and Telephone Number Portability, CC Docket No. 95-116

Dear Ms. Salas:

On December 3, 2001, Vin Callahan, Ed Shakin and the undersigned met with Jordan Goldstein of Commissioner Copps' office to discuss the current contribution mechanism for universal service and the effect of adopting a per-line approach.

Pursuant to Section 1.1206(a)(1) of the Commission's rules, and original and one copy of this letter are being submitted to the Office of the Secretary. Please associate this notification with the record in the proceedings indicated above. If you have any questions regarding this matter, please call me at (202) 515-2530.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Scott Randolph".

W. Scott Randolph

Attachment

cc: Jordan Goldstein

**In Support of the Current USF
Contribution Mechanism**

December 2001

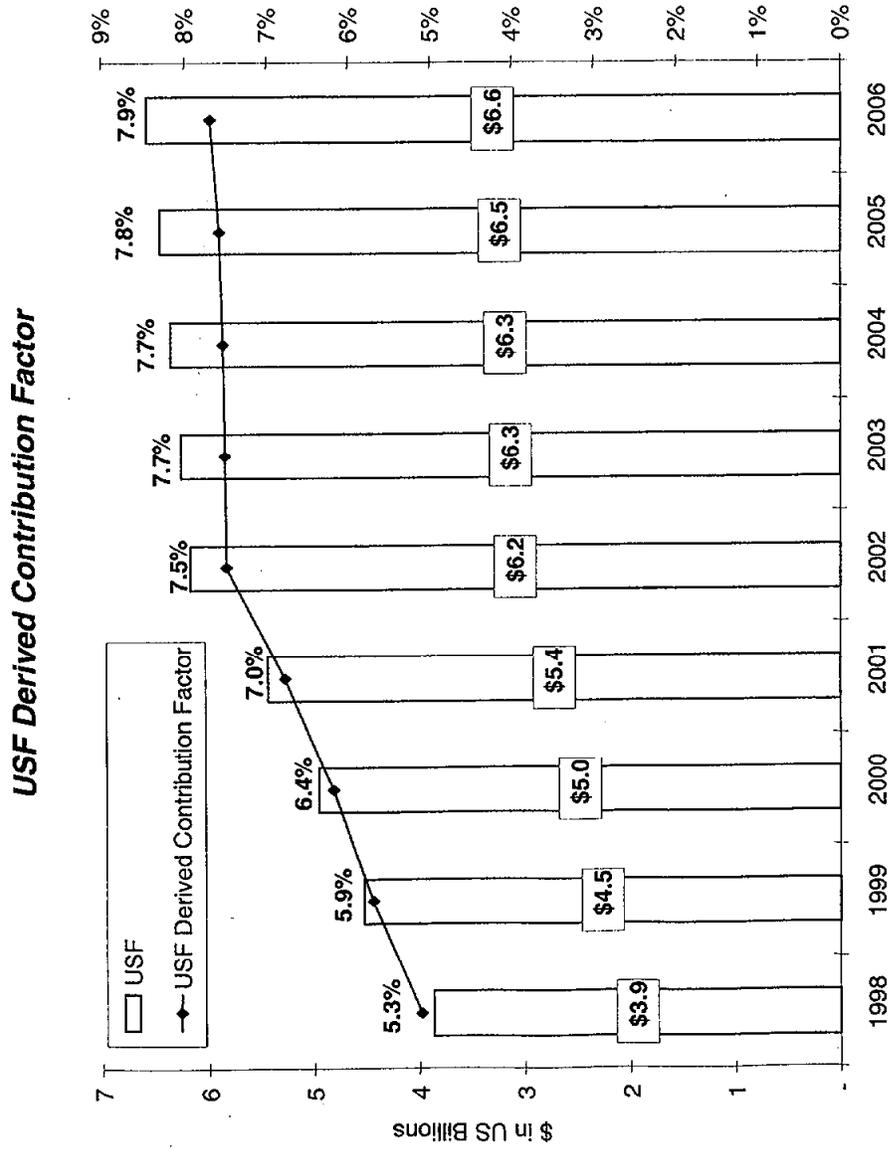


Indeed, the per-line recovery mechanism dramatically increases the household recovery for lower LD usage households which may ultimately result in consumer backlash

- The contribution from 80% of all US households (no, low, and medium LD usage households) will significantly increase with a per-line recovery mechanism
- While the contribution from the remaining 20% of all US households (high LD usage households) will decrease with a per-line recovery mechanism

	Current Recovery Mechanism (\$/month)	Per Line Recovery Mechanism (\$/month)	Change in Monthly USF Recovery Payment from Current Mechanism to Per Line Mechanism
No LD Usage 25% of Households	\$0.44	\$1.52	 Increases by 245%
Low LD Usage 15% of Households	\$0.72	\$1.64	 Increases by 128%
Medium LD Usage 40% of Households	\$1.41	\$1.76	 Increases by 25%
High LD Usage 20% of Households	\$2.59	\$1.90	 Decreases by 27%

Using the model-generated interstate/international revenue and the independent fund forecast, we derive a contribution factor that grows to 7.5% in 2002 and remains relatively steady thereafter



This forecast thus demonstrates that consumer contributions will remain roughly constant unless the fund size is increased with additional programs

Current Per-Line Proposals Are Inconsistent with the Act

- By basing the charge on the number of local lines without reference to interstate services purchased, per-line proposals are inconsistent with the 5th Circuit decision regarding assessments based on intrastate services.
 - By assessing carriers without regard to the level of interstate services purchased by their customers, and by shielding some interstate carriers from any contribution at all, current per-line proposals also violate the section 254(d) requirement that every interstate carrier "shall contribute, on an equitable and nondiscriminatory basis."
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