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Federal Communications Commission  
Office of Secretary

December 5, 2001

Chairman Michael K. Powell  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Ex parte contact in CC Docket Nos. 96-45/98-171, 90-571, 92-237,  
99-200 and 95-116; Universal Service Contribution Reform

Dear Chairman Powell:

American Express has consistently supported FCC efforts in various proceedings to assure that core telecommunications services are available to all the people of this country at reasonable rates. American Express is pleased that the Commission is considering new methods for sustainable funding for universal service.

The current approach, assessing contribution obligations based on interstate and international revenues, is not sustainable. American Express is paying a federal universal service surcharge of about 8% and in some jurisdictions state universal service charges. These charges, which I am advised are likely to increase, provide high volume telecommunications service users with a strong financial incentive to use alternative service technologies that are not subject to universal service charges.

To stabilize universal service funding, American Express urges the Commission to adopt the Universal Service Fund proposal recently presented by a coalition consisting of The Ad Hoc Telecommunications Users Committee, AT&T, e-TUG and WorldCom. Pursuant to that proposal, the Commission should replace the current revenue-based universal service surcharge with a charge that would apply to residential and business lines and wireless numbers. A line-based (including wireless numbers) universal service charge, unlike the current revenue-based surcharge, would be sustainable. If universal service subsidies must increase, all per line charges should increase by a uniform percentage. No relevant data or reasonable affordability concerns justify imposing universal service increases on business users in disproportionate way.

Sincerely,

*Kari L. Anderson*

Kari L. Anderson  
Vice President, Business Management  
Telecommunications Network Services  
American Express

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