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May 3, 2002

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Commissioner Kevin J. Martin
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

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

Dear Commissioner Martin:

3M is pleased that the Commission is considering new methods for funding universal service. The current approach, which assesses contribution obligations based on interstate and international revenues, is uneconomic and therefore unsustainable.

3M is one of many business customers paying a federal universal service surcharge of 9% or more. This revenue-based percentage charge, which I am advised is likely to increase substantially this year, requires high-volume users to pay a disproportionate amount of universal service costs. As a result, the current system discourages use of productivity-enhancing communications technologies and creates a strong financial incentive for high-volume customers to use alternative technologies and service packages to reduce their costs. As high-volume users take steps to avoid excessive universal service charges, the revenue-based surcharge inevitably will increase as the base of contributing users shrinks. In short, the current system is simply not sustainable.

The Commission should replace the current revenue-based universal service surcharge with a more equitable charge that would apply to every customer's connection to the network – to residential and business lines on wireline networks and telephone numbers on wireless networks. The Commission has requested comment on a universal service funding plan that includes such line and number charges, proposed by a coalition consisting of

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The Ad Hoc Telecommunications Users Committee, AT&T, e-TUG, and WorldCom. Under this proposal, increases and decreases in universal service subsidies would be reflected in uniform percentage adjustments to all per line and wireless number charges. This approach would ensure stable funding for universal service; retention of the current system will not.

3M urges you to adopt the connection-based proposal.

Very truly yours,

Tom E. Collins
Head of 3M Corporate
Telecommunications

cc: Ms. Magalie Roman Salas
Secretary, Federal Communications Commission
Office of the Secretary
445-12th Street, SW
Washington, DC 20554