



CONGRESS OF THE UNITED STATES

June 18, 2002

TOM LATHAM

Congressman
5th District, Iowa

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

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MKD
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Dear Mr. Chairman:

I am writing to express deep concern with the FCC's recent decision concerning the Multi-Association Group Plan ("MAG Plan") for access charge reform. I am further troubled by the FCC's recent proposal to adopt a "bill-and-keep" system for all telecommunications carriers nationwide. It is critical that the FCC reconsider its recent actions in light of the explicit mandates to the FCC set forth in the Telecommunications Act of 1996.

As the FCC is charged with ensuring quality telecommunications service at reasonable rates, ensuring access to service, and advancing universal service, I believe that the FCC is not fully completing its mission. The decision to adopt the MAG Plan, and the "bill-and-keep" proposal undermine universal service by increasing customer fees, particularly the Subscriber Line Charge (SLC), and will increase provider rates for local service.

Some estimates have suggested that enactment of the "bill-and-keep" proposal will result in carriers increasing their bills for local service by more than \$46.00 to \$69.00 a month in rural, high cost areas. I believe that such dramatic increases are prohibitively expensive for residents of my rural northwest Iowa district. Further, federal and state Universal Service programs will be unable to absorb the rate increases.

According to telephone companies in my district, the MAG Plan and "bill-and-keep" proposals will:

- Cause a 52% overall cut in carrier access revenues;
- Increase the SLC charge paid by residential customers by 85%;
- Increase the SLC charge paid by businesses by 53%;
- Create huge new federal subsidy programs; and
- Force large increases in the federal and state Universal Service taxes.

I believe that such provision will have the effect of harming small, rural carriers and forcing these carriers to increase their rates. In fact, I believe that the MAG Plan and "bill-and-keep" provisions will greatly reduce economic opportunity in rural areas by curtailing telecommunications capacity.

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In light of this information, I would ask that the FCC reconsider its decision to implement the **MAG** Plan or the "bill-and-keep" proposal as these **proposals** would have a deleterious **effect** on the future of rural Iowa.

Thank you for your consideration and I await your response.

Sincerely,


Tom Latham
Member of Congress

TPL/kkb