

W. Scott Randolph
Director – Regulatory Affairs



September 23, 2002

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Ms. Marlene H. Dortch
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. Dortch:

Verizon is providing the attached information to Commissioner Kevin Martin and his legal advisor, Daniel Gonzalez following our discussion in an *ex parte* meeting on September 18, 2002. Verizon has estimated the impact of a higher wireless safe harbor under a revenue-based “collect-and-remitt” universal service assessment. We have also estimated the concurrent impact of removing DSL revenues from universal service assessments. As the attached chart indicates, if the wireless safe harbor were raised to 20% and wireless carriers contributed an amount equal to the safe harbor, the resulting assessment factor would be lower than the current assessment (absent additional funds from schools and libraries), even with removing DSL revenues from the assessment base. These calculations assume that the Commission maintain interstate revenues as the basis for assessment but move to a collect-and-remitt approach as Verizon has proposed, and that carriers are permitted to assess a nominal percentage to recover administrative costs.

Pursuant to Section 1.1206(a)(1) of the Commission’s rules, an 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 that reads "W. Scott Randolph".

W. Scott Randolph

Attachment

cc: Commissioner Kevin Martin
Daniel Gonzalez
Matthew Brill
Jordan Goldstein
Christopher Libertelli
Bryan Tramont

Contribution Factor for 4Q2002 with Collect & Remit and with DSL

	Note	Wireless @ 14.3% (7)	If Wireless @ 16%	If Wireless @ 18%	If Wireless @ 20%
Funding need for 4Q2002	(1)	\$ 1,586,417	\$ 1,586,417	\$ 1,586,417	\$ 1,586,417
Existing Contribution Base	(2)	\$ 18,487,996	\$ 18,795,698	\$ 19,157,701	\$ 19,519,704
Less 5% Retail Uncollectibles	(3)	924,400	939,785	957,885	975,985
Less USF Revenues for 2002 3rd Quarter	(4)	\$ 1,330,758	\$ 1,330,758	\$ 1,330,758	\$ 1,330,758
Less USAC 1% Uncollectibles	(5)	\$ 162,328	\$ 165,252	\$ 168,691	\$ 172,130
Adjusted Base		\$ 16,070,510	\$ 16,359,904	\$ 16,700,367	\$ 17,040,831
USF Contribution Factor		9.87%	9.70%	9.50%	9.31%
USF Factor with 1% Administrative Overhead		9.97%	9.79%	9.60%	9.40%

Contribution Factor for 4Q2002 with Collect & Remit and without DSL

	Note	Wireless @ 14.3% (7)	If Wireless @ 16%	If Wireless @ 18%	If Wireless @ 20%
Funding need for 4Q2002	(1)	\$ 1,586,417	\$ 1,586,417	\$ 1,586,417	\$ 1,586,417
Existing Contribution Base	(6)	\$ 17,648,996	\$ 17,956,698	\$ 18,318,701	\$ 18,680,704
Less 5% Retail Uncollectibles	(3)	882,450	897,835	915,935	934,035
Less USF Revenues for 2002 3rd Quarter	(4)	\$ 1,330,758	\$ 1,330,758	\$ 1,330,758	\$ 1,330,758
Less USAC 1% Uncollectibles	(5)	\$ 154,358	\$ 157,281	\$ 160,720	\$ 164,159
Adjusted Base		\$ 15,281,430	\$ 15,570,824	\$ 15,911,288	\$ 16,251,751
USF Contribution Factor		10.38%	10.19%	9.97%	9.76%
USF Factor with 1% Administrative Overhead		10.49%	10.29%	10.07%	9.86%

Notes:

1. Estimated funding need
2. USAC Federal Universal Service Support Mechanisms Quarterly Contribution Base for the Fourth Quarter 2002, August 30, 2002
3. Verizon assumption
4. USAC Federal Universal Service Support Mechanisms Quarterly Contribution Base for the Fourth Quarter 2002, August 30, 2002
5. Verizon assumption
6. USAC 4Q2002 base minus one fourth of estimated 2002 DSL revenues from J.P. Morgan Telecom Services 2001, A Comprehensive Long-Term Forecast of the U.S. Telecom Services Industry, November 2, 2001, Table 11
7. 2001 wireless industry interstate revenue as a percent of total wireless industry revenue. July 29, 2002 USAC presentation to NARUC.