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ATTORNEYS AT LAW

October 22, 2002

EX PARTE – Via Electronic Filing

Ms. Marlene Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Re: CC Dockets No. 96-45, 98-171, 90-571, 92-237, 99-200,
95-116, 98-170, and NSD File No. L-00-72

Dear Ms. Dortch:

On October 21, 2002, Brian Moir (of e-TUG), Staci Pies (of Level 3), Alan Buzacott (of WorldCom), Richard Metzger (on behalf of WorldCom), and Chris Wright and I (on behalf of the Coalition for Sustainable Universal Service ("CoSUS")), met with Jordan Goldstein, Senior Legal Advisor to Commissioner Copps. I also met separately with Matthew Brill, Acting Senior Legal Advisor to Commissioner Abernathy. We provided Mr. Goldstein with the attached handouts, which summarize the principal points of our presentation.

In addition, we discussed the reasons why the CoSUS proposal meets all legal requirements, all of which reasons have previously been summarized in the record. We further explained that the SBC-BellSouth connection proposal would be extremely difficult to implement because long distance carriers do not know which lines are presubscribed to them on a basis that is sufficiently current to permit billing under a "collect and remit" contribution mechanism. The long distance industry in particular is subject to churn, and lack of real time information on whether a line is presubscribed to a particular long distance carrier will make it extremely difficult to bill universal service recovery correctly. The problems with indirectly billing through the long distance carrier charges that are more efficiently billed by the LEC to the end user have been dramatically illustrated by the problems created by the Presubscribed Interexchange Carrier Charge ("PICC"). We noted that the PICC was only billed by the price cap LECs, and thus required only the largest LECs to develop information systems to report presubscribed lines to long distance carrier, while SBC-BellSouth would require reporting of presubscribed lines to long distance carriers by all 1300 LECs.

We also urged that the Commission not adopt a "freeze" of residential assessments, as proposed by the state members of the Universal Service Joint Board. There is no rational basis in the record for such a freeze, and such a freeze would harm the sustainability and sufficiency of the fund.

We also stated that a system of minimum revenue charges could be highly discriminatory. We noted that a minimum revenue-based charge would perpetuate the difficulties of defining assessable interstate telecommunications revenue, and in segregating such revenues from revenues for other services not subject to universal service assessment.

Finally, we urged that the Commission begin a transition to a new contribution mechanism by April 1, 2003.

In accordance with FCC rules, a copy of this letter is being filed in each of the above-captioned dockets.

Sincerely,



John T. Nakahata
*Counsel to the Coalition for Sustainable
Universal Service*

JTN/krs
Attachments