

October 25 , 2002

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

**Ex Parte: CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, and 95-16 and
NSD File No. L-00-72**

Dear Ms. Dortch:

The Commission currently is considering potential changes to the method for assessing universal service contributions, including proposals to move to a per-connection approach. Although the undersigned have presented various views on the best long-term plan for universal service assessment, it is clear that there is no specific per-connection proposal that has broad support within the telecommunications industry as a whole at this time.

In recent weeks, several proponents of per-connection proposals have made fundamental changes to their plans, and in some cases, parties are suggesting entirely new approaches that have not been adequately aired in the record. Many parties to this proceeding have also raised serious legal concerns with some per-connection approaches, particularly the proposals advocated by CoSUS.

The undersigned companies and associations support the Commission's commitment to ensuring the affordability and availability of telecommunications service to all Americans, consistent with the goals of the 1996 Act. Ensuring the ongoing stability of the funding sources for the commission's universal service programs is vital to achieving those goals. However, we are concerned that the Commission is moving too quickly to implement a major overhaul of the contribution methodology without a full understanding of the cost to the industry and the impact it may have on consumers.

All of the undersigned agree that, as an interim measure, the Commission should move to a modified revenue-based system, using a collect and remit approach, until it can more fully examine the potential impacts of any new assessment method. Under this approach, carriers would contribute to the universal service funds based on interstate revenues they collect and could recover their contribution amounts from end user customers based on the USAC-derived factor plus a limited administrative mark-up, subject to a "safe harbor" cap. The Commission also should adjust the wireless carrier

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safe harbor to at least 20% unless the wireless carrier can determine its actual interstate revenue. In addition, the safe harbor percentages should be applied on a company-wide basis. These actions would reflect the increased proportion of interstate wireless calling since the initial safe harbor level was set (*see CTIA ex parte of September 30, 2002*).

Also, for purposes of reporting interstate revenue, CLECs should impute an amount equal to the federal Subscriber Line Charge charged by the ILEC in that CLEC's serving area. CLECs should have the option of reporting the actual amount charged by the ILEC or the nationwide SLC cap.

Moving to a collect and remit system, re-calibrating the wireless safe harbor and taking the other actions proposed above would address the most immediate concerns raised by those who have questioned the sustainability of the current assessment method. Implementation of a revenue-based collect and remit system on an interim basis would also give the Commission additional time to further develop the record on how best to balance the contribution levels from different classes of consumers and ways to reduce the administrative difficulties in implementing a new system.

The undersigned reserve their right to advocate their individual positions in this proceeding but otherwise agree that the Commission should take the recommended actions as noted above.

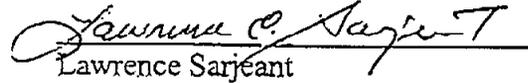
Respectfully submitted,

Cellular Telecommunications and Internet Association
Qwest Communications International, Inc.
United States Telecom Association
Verizon Communications
Verizon Wireless

cc: Chairman M. Powell
Commissioner K. Abernathy
Commissioner M. Copps
Commissioner K. Martin
C. Libertelli
M. Brill
D. Gonzalez
J. Goldstein
W. Maher
C. Matthey
E. Einhorn



Michael Altschul
Senior Vice President & General Counsel
Cellular Telecommunications & Internet Assoc.



Lawrence Sarjeant
Vice President & General Counsel
United States Telecom Association

Qwest Communications International, Inc.
Verizon Communications
Verizon Wireless