



1401 H Street NW
Suite 600
Washington DC
20005-2164

Tel (202) 326-7300
Fax (202) 326-7333
www.usta.org

SUMMARY OF *EX PARTE* PRESENTATION

January 24, 2003

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWA325
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-200, 95-116, 98-170 and NSD File No. L-00-72

Dear Ms. Dortch:

On January 23, 2003, the undersigned and Dennis Weller of Verizon, on behalf of the United States Telecom Association (USTA), met with William Maher, Wireline Competition Bureau Chief, Carol Matthey, Deputy Bureau Chief, Narda Jones, Senior Attorney Advisor, and Diane Law Hsu, Acting Deputy Chief of the Telecommunications Access Policy Division, concerning the above-referenced proceeding. The purpose of this meeting was to discuss items in the Federal Communications Commission's (FCC) Report and Order and Second Further Notice of Proposed Rulemaking (Order) in this proceeding. In accordance with Section 1.1206(b)(2) of the Commission's rules, this letter is being filed electronically with your office for inclusion in the record of this proceeding.

USTA discussed three issues arising from the Order: assessments for non-SLC charges that are subject to universal service contributions; assessments on Centrex lines; and administrative cost recovery for price cap carriers. As to assessments for non-SLC charges, USTA stated that because of billing system limitations, some carriers may be unable to comply with the Commission's rule on the federal universal service line item charge without making significant changes to their billing systems. In some cases, it may not be possible to make the necessary billing system changes as of the effective date of the Order. USTA stated that by allowing carriers to determine the universal service line item charge at the customer class level instead of on an individual customer bill basis, the expense of billing system modifications could be avoided, without carriers exceeding the recovery contemplated by the Order. With regard to Centrex service, the requirement that the universal service line item charge on a customer's bill "not exceed the relevant interstate telecommunications portion of the bill times the relevant contribution factor" will effectively nullify the current flexibility accorded carriers

Ms. Marlene Dortch

January 24, 2003

Page 2

pursuant to FCC Rule 69.158 to “apply that charge using the ‘equivalency’ relationships established . . . for Centrex lines, as per §69.153(e).” Nullification of the latitude accorded carriers pursuant to FCC Rule 69.158 would likely result in increased charges to Centrex customers. Finally, USTA expressed its concern that the restrictions in the Order on the recovery of administrative costs, in conjunction with the operation of the FCC’s price cap rules, unnecessarily limits the administrative cost recovery options available to price cap ILECs.

Please feel free to contact me if you have any questions.

Sincerely,



Lawrence E. Sarjeant
Vice President – Law
& General Counsel

cc: William Maher
Carol Matthey
Narda Jones
Diane Law Hsu