

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
1998 Biennial Regulatory Review –)	CC Docket No. 98-171
Streamlined Contributor Reporting)	
Requirements Associated with)	
Administration of Telecommunications)	
Relay Service, North American Numbering)	
Plan, Local Number Portability, and)	
Universal Service Support Mechanisms)	
)	
Telecommunications Services for)	CC Docket No. 90-571
Individuals with Hearing and Speech)	
Disabilities, and the Americans with)	
Disabilities Act of 1990)	
)	
Administration of the North American)	
Numbering Plan and North American)	CC Docket No. 92-237
Numbering Plan Cost Recovery)	NSD File No. L-00-72
Contribution Factor and Fund Size)	
)	
Number Resource Optimization)	CC Docket No. 99-200
)	
Telephone Number Portability)	CC Docket No. 95-116
)	
Truth-in-Billing and Billing Format)	CC Docket No. 98-170

PETITION FOR RECONSIDERATION

WORLDCOM, INC.

Lori Wright
1133 19th Street, N.W.
Washington, D.C. 20036

(202) 736-6468

January 29, 2003

Introduction. WorldCom, Inc. (WorldCom) hereby seeks reconsideration of one aspect of the Commission's Report and Order and Further Notice of Proposed Rulemaking in the universal service reform proceeding.¹ Specifically, WorldCom urges the Commission not to use contributors' first quarter 2003 projected revenues when performing the true-ups of contributors' actual 2003 revenues to quarterly projected revenues data provided in 2003. Including in the true-up first quarter 2003 projected revenues – revenues that never serve as the basis of a universal service contribution -- could unnecessarily penalize contributors if they have miscalculated their first quarter 2003 projected revenue. There exist more reasonable means of achieving the Commission's goal of obtaining a full year's worth of revenue data without potentially penalizing contributors, as discussed below.

Background. The Commission issued a Report and Order and Further Notice of Proposed Rulemaking on December 13, 2002 in which the Commission made several changes to universal service reporting, contribution, and recovery requirements. One of the changes is that, starting with the February 1, 2003 filing, contributors must report their projected revenues for the upcoming quarter, in addition to reporting their historical revenues from the prior quarter.² Starting April 1, 2003, carriers will contribute to universal service on the basis of the projected revenues reported on the February filing. Contributors will file annual actual 2003 revenue data on their annual filing on April 1, 2004.³ The Universal Service Administrative Company (USAC) will use the actual annual revenue data to perform true-ups to the quarterly projected revenue data provided

¹ *In the Matter of Federal-State Board on Universal Service*, CC Docket No. 96-45, FCC 02-329, Report and Order and Second Further Notice of Proposed Rulemaking, rel. Dec. 13, 2002 (Order).

² Order ¶ 37.

³ Order ¶ 36.

by contributors in the prior year.⁴ In addition, for 2003 only, the Commission is requiring contributors to provide on their February 1, 2003 filing projected revenues for the first quarter of 2003, “[i]n order to provide USAC with a full year of projected revenues with which to conduct the annual true-up for 2003 revenues.”⁵ Carriers never actually contribute to universal service on the basis of first quarter 2003 revenues, however. Instead, first quarter 2003 contributions are based on actual revenues reported in third quarter 2002.

Discussion. The Commission should not use first quarter 2003 projected revenues for the purposes of the 2003 true-up, because carriers never actually contribute to universal service on the basis of first quarter 2003 revenues and yet they could be penalized for mis-projecting these revenues. Contributors who under-project their revenues will be penalized because they will be required to reimburse USAC based on an average of the *two highest* contribution factors of the year.⁶ It is inappropriate to penalize contributors for errors in projecting revenues that will never be used for any universal service purpose, particularly since projections are difficult to perform accurately.

The appropriate true-up for 2003 would be to compare contributors’ projected revenues for only second, third and fourth quarters to carriers’ actual revenues for those quarters. It is only these three quarters that will be used as the basis of universal service contributions in the year 2003. If the Commission for other (unstated) reasons has determined that it is necessary to collect from contributors their full year’s worth of 2003 revenues (including first quarter 2003 revenues), the Commission should use actual, not projected first quarter 2003 revenues. The Commission will obtain this actual first

⁴ Order ¶ 36.

⁵ Order ¶ 37.

quarter 2003 revenue information on contributors' third quarter 2003 filing. In addition, the Commission could obtain the first quarter 2003 revenue information when carriers file their 2003 annual revenues on April 1, 2004. WorldCom urges the Commission to rely on one or both of these alternatives for obtaining first quarter 2003 revenues.

Although the most desirable outcome would have been that contributors would not be required to provide first quarter 2003 revenues at all on the worksheet due on February 1, 2003, there is no time for the Commission to change that decision now, with the February 1 filing due in just a few days. At the very least, then, the Commission should refrain from using the first quarter 2003 projections to perform the 2003 true-up. It is unreasonable to potentially penalize contributors for mis-projecting revenues that never serve as the basis of a universal service contribution.

Sincerely,

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Lori Wright
Associate Counsel
(202) 736-6468

⁶ Order ¶ 36.