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June 17, 2004

EX PARTE

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

Re: In the Matter of Federal-State Joint Board on Universal Service, WC Docket No. 96-45

Dear Ms. Dortch:

On June 16, 2004, Kathleen Grillo and Ann Rakestraw, on behalf of Verizon, met with Daniel Gonzalez, Senior Legal Advisor to Commissioner Kevin Martin. The purpose of the meeting was to discuss Verizon's Petition for Waiver of the Commission's Universal Service Fund rules that require adjustments to its first quarter 2003 revenue projections to be submitted not later than March 20, 2004, so as to eliminate the effect of the first quarter projection errors in the true-up process.

Verizon explained that its petition requests a limited waiver, only for the first quarter of 2003, that would allow it to submit a revision to the February 1, 2003 Form 499 that substitutes its actual interstate and international end user revenues for the first quarter 2003 rather than projected revenues. This would allow USAC to net out Verizon's actual first quarter 2003 revenues from its calendar year 2003 revenues to determine its actual revenues for the remainder of 2003. Use of projected first quarter revenues, as the current rules require, penalizes companies such as Verizon that under-projected those revenues. The attached handout was used during the meeting.

Pursuant to Section 1.1206(b) of the Commission's rules, one electronic copy of this notice is being filed in the above-referenced proceeding.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Grillo".

Kathleen Grillo

cc: Daniel Gonzalez

EXAMPLES OF UNIVERSAL SERVICE CONTRIBUTION UNDER 2003 TRUE UP PROCESS

	Carrier A (1Q projections equal actuals)		Carrier B (1Q overprojected revenues)		Carrier C (1Q underprojected revenues)	
	Projection	Actuals	Projection	Actuals	Projection	Actuals
1Q03	1,000,000 *	1,000,000 *	1,500,000 *	1,000,000 *	500,000 *	1,000,000 *
2Q03	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
3Q03	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4Q03	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total 2003	4,000,000	4,000,000	4,500,000	4,000,000	3,500,000	4,000,000
9% USF factor	360,000 *	360,000 *	405,000 *	360,000 *	315,000 *	360,000 *

Current Rules			
	Carrier A	Carrier B	Carrier C
2003 Actuals	4,000,000	4,000,000	4,000,000
Minus 1Q projection	-1,000,000	-1,500,000	-500,000
2Q-4Q03 basis for contribution	3,000,000	2,500,000	3,500,000
Times 9% contribution factor	X .09	X .09	X .09
Adjusted 2Q03-4Q03 contribution	270,000	225,000	315,000

Using Actual 1Q2003 Revenues for True-Up			
	Carrier A	Carrier B	Carrier C
2003 Actuals	4,000,000	4,000,000	4,000,000
Minus 1Q actuals	-1,000,000	-1,000,000	-1,000,000
2Q-4Q03 basis for contribution	3,000,000	3,000,000	3,000,000
Times 9% contribution factor	X .09	X .09	X .09
Adjusted 2Q03-4Q03 contribution	270,000	270,000	270,000

Notes:

*First quarter 2003 contributions were based on historical data, not projections or actual data from 1Q2003. However, for illustrative purposes this chart shows what the contribution would have been for each carrier if the same methodology had been used for the entire year.