AT&T Proposal

biography of presenter
executive summary of proposal
written testimony: to be added

BIOGRAPHY

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Joel E. Lubin is Regulatory Vice President in the Law and Public Policy Organization at AT&T. He is responsible for developing public policy at the Federal and State levels. In particular, he formulates regulatory policies associated with access issues, universal service, local exchange competition and LEC regulation.

Prior to his present assignment, Joel held various positions in Federal Regulatory, Marketing, Service Cost and Rates, Long Lines and Bell Telephone Laboratories.

Joel received a BA degree in Mathematics from Wilkes College in 1969, an MS in Operations Research from Columbia University in 1972, and an MBA from Fordham University in 1976.

EXECUTIVE SUMMARY OF AT&T's USF PROPOSAL

1. Local service revenues *alone* cover all universal service costs in the vast majority of the major non-rural LECs' (the RBOCs, GTE, and SNET) study areas. And this holds true without even counting the numerous other sources of support they have available such as intrastate toll services, yellow pages, and wireless services. These large LECs do not require *any* federal universal service support under present conditions. Therefore, regardless of what fund distribution methodology the Commission ultimately adopts, it should immediately cancel all federal payments to the major non-rural LECs until these LECs can show that the contribution they receive from the revenue sources that they enjoy due to their position as incumbent local monopolists has fallen below the forward-looking economic cost of universal service.

2. Under such circumstances it would be especially ironic if federal USF support to nonrural carriers would increase on January 1, 1999. Yet this appears likely to occur if support is calculated on a wire center or below basis. Not only will such a mechanism needlessly increase the size of the USF by allowing these large carriers to receive substantial payments for their minimal numbers of high-cost wire centers, but it also will allow these LECs to bank as pure profit all of the above-cost revenues that they receive from their lower-cost wire centers.

3. Because significant increases in the federal fund are not needed for universal service purposes. And because such increases would retard the development of local competition, and would damage both political support for the fund and its ability to be competitively

neutral, the Commission should calculate universal service support on no finer than a study area basis.

4. In addition, the Commission should consider deferring implementation of the new system. The assumed predicate for the new system was the widespread development of local competition, but such local competition has not yet arrived. Under these conditions, implementation of a new plan is not immediately necessary and, indeed, would be counterproductive if federal funding increases as a result.