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November 1, 2002

***** VIA ELECTRONIC FILING *****

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Ms. Dortch:

RE: *In the Matter of the Federal-State Joint Board on Universal Service,*
CC Dockets Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, and
NSD File No. L-00-72

The Michigan Public Service Commission ("MPSC"), pursuant to Section 1.1206(b) of the Commission's Rules, 47 CFR § 1.1206(b), respectfully submits *ex parte* the following comments regarding a proposed funding mechanism for the Universal Service Fund ("USF").

The MPSC concurs that a change in the funding mechanism is essential to provide for the increasing obligations of the USF and to address the need for parity of carriers and customers in the fund equation. The MPSC believes that the use of numbering resources as the basis for the USF contributions would provide for incremental growth for the fund, while encouraging telephone number conservation. Due to the increasing allocation of numbering resources, it is the MPSC's expectation that residential customer contributions to the USF would remain stable or decline. If this expectation is not met, the Commission should take steps to ensure that residential lines are held harmless from further increases in contributions to the USF.

In its letter to the Commission on October 22, 2002, AT&T provided a contribution solution based on "the number of assigned end user working telephone numbers". The MPSC agrees that activated telephone numbers would be an appropriate measure for the bulk of USF contributions; however, a fee imposed on carriers for telephone numbers not in use by customers, but held by carriers, could be used as a supplemental funding method. Assessing a fee only on activated numbers would not encourage carriers, with large unused inventories, to return numbering resources to the NANPA. Assessing a fee on unactivated numbers would provide such an incentive, thereby furthering the Commission's goals of number conservation.

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Currently, all carriers are mandated to provide information to the North American Numbering Plan Administrator (NANPA) twice per year on the six categories of telephone numbers they hold. The USF contribution could be based on a fee per number resource in the categories of Intermediate, Reserved, Administrative, and Available. Telephone numbers in the Aging category would not be included until the telephone number is deemed available. Each telephone number in these categories is either being used by the carrier or held for activation. Contributory fees would be remitted bi-annually by all technologies employing numbering resources. Fees on carriers would be decreased with the return of numbering resources to the NANPA.

A funding mechanism based on the use of numbering resources, while encouraging conservation efforts, will provide the USF with a stable contribution base.

Copies of this letter are being filed in each of the above-captioned dockets in accordance with Commission rules.

Very truly yours,

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HJB:tlb

96-45 et al/Ex Parte Comments - Ltr Secy