

Summary of Statement of Margaret Greene, BellSouth Corp.

Today, virtually every American has access to telecommunications, but market, regulatory, and universal service conditions are leading company after company to temper their investment plans.

The most powerful universal service tool is a fair and competitively neutral set of rules. A competition policy and a universal service policy which is based on a principle of treating all providers fairly and equitably best facilitates the delivery of universal service.

The FCC has sought comment on the assessment and recovery of universal service contributions. Among the market changes the FCC has identified is the bundling together in flat-rate packages of both local and long-distance services. This bundling makes it increasingly difficult to identify and segregate interstate revenues.

BellSouth shares the FCC's concerns, but believes the FCC has the authority to obtain the information needed to insure universal service support is not eroded.

The 1996 Telecommunications Act is unequivocal. Every carrier providing interstate services must contribute to universal service.

The FCC has asked for comments on a proposal submitted by the "Universal Service Fund Coalition." This proposal would assess flat, monthly charges on connections, but the plan also would dramatically reduce the level of contribution from the interexchange carriers to unreasonably low levels.

The FCC has asked for comments on Sprint's proposal, to freeze contribution levels based on the proportionate share of total industry revenues that the various sectors enjoy today. But an assessment plan cannot freeze contribution levels in the face of known industry changes and pass muster. Such a freeze is not equitable nor is it competitively neutral.

BellSouth and SBC have jointly developed a plan which we believe is superior and more fair – to the industry and, just as importantly, to telecommunications users and consumers. Under our plan, universal service would come from all interstate telecommunications activities. Universal service contribution requirements would apply to both the access and transport components of communications circuits.

BellSouth and SBC welcome the opportunity to work with our industry colleagues, Federal and state regulators, and the Subcommittee to find a workable solution to the challenge of sustaining universal service.

For America to stay connected, regulatory and universal service policies must keep pace with the dynamic nature of the telecommunications market.

Thank you.