carriers using the interstate network is fully consistent with Section 9's provisions.

124. Many common carriers, including inter-exchange carriers, local exchange carriers, resellers, CAPs, and pay telephone operators filed comments addressing our proposal to revise our methodology for assessing fees based on customers units or, in the alternative, on MOUs. In addition, several commenters responded to our invitation to propose a method for assessing regulatory fees on common carriers by urging that we assess the fee based upon the gross revenues of the subject carriers.

125. In describing our proposed methodology, we stated that fees would be assessed based upon the number of customer units. We defined customer units for LECs and pre-selected IXCs as their total number of presubscribed lines, as defined by Section 69.116 of the rules. 47 CFR 69.116. For any other switched services, such as MTS, WATS, 800, 900 and operator service not billed to the number from which the call is placed, the number of units would equal the number of billing accounts less those already associated with those presubscribed lines reported by the carrier. For non-switched service providers, including service provided by CAPs, special access, and private (alternative access) line providers, the number of customer units would be based on the total capacity provided to customers measured as voice equivalent lines. For this purpose, 4 Khz or 64 Kbps equivalents would equate to one voice equivalent line. We proposed to assess the fee for pay phone operators by their number of units based upon the number of pay telephones used for pay telephone compensation.

126. The *Notice*'s alternative fee structure based fee on a carrier's number of MOUs of interstate service in calendar year 1994. For access service provided by local exchange carriers, interstate minutes would equal the number of originating and terminating access minutes. For interstate service subject to access charges, the number of minutes would equal the number of originating and terminating access minutes. For other interstate services billed based on timed usage, the number of minutes would equal the number of billed minutes. For interstate services not billed on the basis of timed usage, minutes would be estimated as the billed revenue in dollars times ten.

127. Several commenters support our proposed assessment of carrier fees based upon customer units.[35] These parties contend that the customer unit methodology parallels the existing fee structure, under which LECs have planned and budgeted for their payments of the fees, and that a count of presubscribed access lines represents both an equitable measure of a carrier's relative market presence and a relatively stable measure. Also, they favor the proposal because its methodology forms the basis for calculation of Universal Service Fund requirements, familiar to the carriers, and because its calculations are simple and straightforward.

128. Other parties disagree that the customer unit approach is the methodology best suited to assessing regulatory fees.[36] These parties claim that allocation mechanisms based on PSLs do not accurately reflect the various interexchange carriers' shares of switched services. According to AT&T, our FY 1994 PSL methodology failed to assess fees upon inter-exchange carrier's in a nondiscriminatory manner because AT&T's customers average significantly less usage and per line revenue than customers of other IXCs and, therefore, discourages its competitors from seeking out and serving low volume users. Further, several carriers state that our proposed equivalency ratios for carriers that cannot calculate their fees by PSLs do not accurately reflect the participation of these carriers in the market.

129. NYNEX and America's Carriers Telecommunications Association (ACTA) support assessing the fee for carriers based on MOUs, as described in the *Notice*'s alternative methodology. NYNEX asserts that the MOU approach better reflects the relative size of each carrier's customer base and its regulatory benefits than do customer units and, thus, would ensure that every carrier pays an equitable share of regulatory costs. Further, NYNEX contends that MOU data is easy to administer and verify and avoids unnecessary reliance on assumptions, calculations and projections. ACTA favors adoption of the MOU approach if resellers are subjected to the fee because, in its view, assessment of the fee by MOUs has the advantages of lower administrative costs and resource burdens since calculation of the fee does not depend on a line count by the LECs or NECA.

130. Several carriers oppose reliance on MOUs due to the large fluctuations in minutes of use which may lead to anomalies that distort the measure of a company's market presence and risk imposing an unfair burden of fees or a windfall in reduced fees for reasons other than a carrier's actual market size.[37] Opponents points out that many LEC services, such as Special Access facilities sold to inter-exchange carriers, are not measured on a minutes of use basis. In this connection, the parties contend that a methodology based on MOUs would be difficult to administer because it relies on complex assumptions in order to calculate the fees for services that are not billed on a time usage basis. Several parties contend that our proposal to rely upon network usage assumptions in assessing fees for competitive access providers will result in excessive and unjustified fees from these carriers.

131. In response to our invitation to propose efficient and equitable methodologies for assessing the carrier fee several commenters support adoption of a methodology based upon a carrier's gross interstate revenues.[38] These parties contend that fees based on a multiplier of each carrier's total gross interstate revenues would result in a fair allocation of costs in as competitively neutral a manner as possible. Further, they argue a gross revenue assessment methodology permits dispensing with assumptions or projections, necessary to the implementation of the customer unit and MOU methodologies. Moreover, they state that gross interstate revenues are widely reported and are readily verifiable by reference to corporate tax filings.

132. Several parties support a revenue-based fee calculation because it would permit the assessment of fees on the basis of data that could be compiled by carriers in a manner similar to our methodology for funding the Telecommunications Relay Service (TRS). NECA states that the TRS model would ensure that the carriers subject to the fee would be equitably charged through use of an interstate revenue

[35] Commenters supporting assessing the fee by customer units include Bell Atlantic, MCI Telecommunications Corporation (MCI) and Sprint Corporation (Sprint). In addition, Allnet Communications Services, Inc. (Allnet), Avis, Hertz and TRA support assessing the fee by customer units if resellers are added to the schedule.

[36] Parties opposing assessing the fee by customer units include AT&T, LDDS, MFS, SBC and US West. Comptel opposes levying the fee on operator service providers (OSPs) based upon ''billing accounts'' because, in its view, the methodology proposed in the *Notice* would result in a fee for OSPs higher than the fee imposed on carriers for which fees are based upon the number of presubscribed lines.

[37] Parties opposed to assessing the fee based upon MOUs include Alltel, AT&T, Bell Atlantic, LDDS, MCI, MFS, National Exchange Carriers Association (NECA), Pacific Bell and Nevada Bell, and SBC.

[38] Parties that support reliance on a methodology to assess the fee based on gross interstate revenues include Alltel, Ameritech, AT&T, Cablevision Lightpath, GTE Service Corporation (GTE), MFS, NECA, National Telephone Cooperative Association (NTCA), SBC, Time Warner, U S West, and Teleport Communications Group Inc. (Teleport).