provided by local exchange carriers, the number of customer units would equal the number of presubscribed lines as described in Section 69.116 of the Commission's Rules. For pay telephone service, the number of customer units would equal the number of pay telephones used as the basis for pay telephone compensation. For MTS provided by pre-selected interexchange carriers, the number of customer units would equal the number of presubscribed lines as described in Section 69.116 of the Commission's Rules. For pay telephone service, the number of customer units would equal the number of pay telephones used as the basis for pay telephone compensation. For MTS provided by pre-selected interexchange carriers, the number of customer units would equal the number of presubscribed lines as described in Section 69.116 of the Commissions Rules. For 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 customer units would equal the number of billing accounts less those accounts already associated with presubscribed lines reported by the carrier. For non-switched services, 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. Dividing the \$39,000,000 cost allocation by an estimated 300,000,000 customer units<sup>21</sup> results in a fee of \$.13 per customer unit.

60. In addition, as an alternative to the fee structure described above, we are proposing to base our carrier fees on the number of minutes of interstate service in calendar year 1994. For access service provided by local exchange carriers, the number of interstate minutes would equal the number of originating and terminating access minutes. For interstate service upon which access charges are paid, 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 10. This represents a cross-over assumption that customers would substitute ordinary MTS for any service which cost more than ten cents per minute. Hence, revenue in dollars time 10 represents a lower bound number of minutes. Dividing the \$39,000,000 cost allocation by 508 billion minutes<sup>22</sup> results in a fee of \$.08 per 1000 minutes.

## D. Procedures for Payment of Regulatory Fees

61. Generally, we propose to retain the procedures that we established in our FY 94 Report and Order for the payment of regulatory fees. Section 9(f) requires that we permit "payment by installments in the case of fees in large amounts, and in the case of small amounts, shall require the payment of the fee in advance for a number of years not to exceed the term of the license held by the payor." See 47 U.S.C. §1559(f). Consistent with the section, we are again proposing three categories of fee payments, based upon the category of service for which the fee payment is due and the amount of the fee to be paid. The fee categories are (1) "standard" fees, (2) "large" fees, and (3) ''small'' fees.

## 1. Annual Payments of Standard Fees'

62. Standard fees are those regulatory fees that are payable in full on an annual basis. Payers of standard fees are not required to make advance payments for their full license term and are not eligible for installment payments. All standard fees are payable in full on the date we establish for payment of fees in their regulatory fee category. The payment dates for each regulatory fee category will be announced either in the *Report and Order* in this proceeding or by public notice in the Federal Register following the termination of the proceeding.

2. Installment Payments for Large Fees

63. In our *FY 1994 Order*, we classified fees for several services at certain payment amounts and above as "large" fees, eligible to be paid by installment payments, and afforded eligible payers the opportunity to submit fees for these services in two

equally divided payments.23 We indicated, however, that based on our experience with the fee program, we would consider increasing eligibility to make installments payments. After gaining some experience, we are proposing to now lower eligibility or installment payments. Our decision to lower the eligibility threshold results from a determination that our payment processing system feasibly can handle a reasonable increase in the number of regulatees who pay in installments. Therefore, we propose to set the eligibility requirement at the lowest installment payment level permitted in FY 1994, \$12,000, and propose that regulatees in any category of service with a payment liability of \$12,000 or more be eligible to make installment payments. Eligibility for payment by installment will be based upon the amount of either a single regulatory fee payment or a combination of fee payments by the same licensee or regulatee.

64. In our FY 1994 Order, we permitted payment of "large" fees in two installments and stated that for future years we would permit four installment payments by eligible regulatees. The limited time that will be available following completion of this proceeding and the required 90 day notification period to Congress of our amendments to the Schedule of Regulatory Fees following completion of this proceeding makes the use of four installment payments impractical for installment payers and unduly burdens our fee collection process. Therefore, we propose that regulatees eligible to pay by installment payments may submit their required fee in two equal payments (on dates to be announced in the Report and Order terminating this proceeding or in the Federal Register following the proceeding's termination), or, in the alternative, may submit a single full payment on the date that their final installment payment is due.

## 3. Advance Payments of Small Fees

65. We are proposing to treat regulatory fee payments by certain radio licensees as small fees subject to advance payments. Advance payments will be required from licensees of those services that we decided would be subject to advance payments in our *FY 1994 Order.*<sup>24</sup> Payers of advance fees

<sup>&</sup>lt;sup>21</sup>Local exchange carriers and toll carriers will each report a total of 142 million presubscribed lines. Allowing for ½ million privately owned pay telephone lines, 4 million special access lines, and approximately 5% resale and competitive access provision, it appears that carriers would report approximately 300 million customer units.

<sup>&</sup>lt;sup>22</sup> There will be approximately 393 billion common carrier line access minutes in 1994 based on minutes reported for the first half of the year times 2. Adding 5% for resale results in 413 billion minutes. Based on 1992 published TRS Fund data, carriers provided nine and one half billion dollars of nonswitched interstate service, which adds 95 million minutes to the total.

<sup>&</sup>lt;sup>23</sup> See *FY 1994 Order* at paragraphs 39 through 45.

<sup>&</sup>lt;sup>24</sup> Applicants for new, renewal and reinstatement licenses in the following services will be required to pay their regulatory fees in advance: Land Mobile Services, Microwave services, Interactive Video Data Services (IVDS), Marine (Ship) Service, Marine Continued