effective date of the final rule for VF and VDF. For TFE and HFP, the oncogenicity testing shall be completed and final results submitted to the Agency within 56 months after the date of EPA's notification of the test sponsor by certified letter or **Federal Register** notice that testing shall be initiated.

(B) Progress reports shall be submitted every 6 months beginning 6 months after the effective date of the final rule for VF and VDF and beginning 6 months after notification by certified letter or **Federal Register** notice that testing is to begin for TFE and HFP.

(d) *Effective date.* The effective date of this final rule is July 22, 1987.

(Information collection requirements have been approved by the Office of Management and Budget under control number 2070-0033)

[FR Doc. 87-12828 Filed 6-5-87; 8:45 am]

BILLING CODE 6560-50-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

42 CFR Part 34

Medical Examination of Aliens (AIDS)

AGENCY: Centers for Disease Control, Public Health Service, HHS.

ACTION: Final rule.

SUMMARY: This rule amends the Medical Examination of Aliens regulations (42 CFR Part 34). The final rule requires that a finding of acquired immunodeficiency syndrome (AIDS) be reported by the medical examiner to the consular or immigration officer. This Final Rule cites AIDS as a "dangerous contagious disease" which makes an alien inadmissible under provisions of section 212(a)(6) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(6)).

EFFECTIVE DATE: July 8, 1987.

FOR FURTHER INFORMATION CONTACT: Dr. Laurence S. Farer, Director, Division of Quarantine, Center for Prevention Services, Centers for Disease Control, Atlanta, GA, 30333, telephone (404) 329-1286, or FTS 236-1286.

SUPPLEMENTARY INFORMATION: Notice of Proposed Rulemaking (NPRM) published in the **Federal Register** on April 23, 1986 (5 FR 15354) proposed that AIDS be added to the list of "dangerous contagious diseases" in the Medical Examination of Aliens regulations (42 CFR 34.2(b)). The NPRM proposed that aliens be excluded from entering the United States for permanent residence under the authority of section 212(a)(6) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(6)). After reviewing the comments received in response to the NPRM, and further consideration of the matter, the Department has decided to add AIDS to the list of "dangerous contagious diseases" in these regulations. The Department is also publishing elsewhere in this issue of the **Federal Register** an NPRM proposing to substitute HIV infection for AIDS on the above-cited list, since individuals who are so infected, but do not actually have AIDS, are also contagious.

Discussion of Comments

Comments were received from 116 individuals and 16 organizations. A summary of the substantive comments and our response follows.

Comment—Comments were received from 107 sources favoring the exclusion of aliens with AIDS. Most of these comments were brief, but supported the proposal. Four commenters thought that all aliens seeking admission to the United States should be screened for AIDS.

Response—These comments demonstrated general public sentiment for the concept of exclusion of aliens with AIDS.

42 CFR Part 34 outlines all aspects of the medical examination of aliens, including those medical conditions which may cause an alien to be inadmissible. This Final Rule specifically cites AIDS as a "dangerous contagious disease." It does not change who is required to have a medical examination. A medical examination is mandatory for applicants for permanent resident status, fiance(e)s of U.S. citizens and/or their children, and refugees. For aliens seeking temporary admission, a medical examination may be required at the discretion of a consular officer overseas or an immigration inspector at a U.S. port of entry if there is reason to suspect that an excludable condition exists.

Comment—Comments were received from 25 sources opposing the rule. The majority of these commenters expressed concern about possible discrimination against aliens falling into "high-risk" groups for AIDS, and the possibility of inappropriate referrals for medical examination. Several commenters thought the proposal did not reflect current knowledge about AIDS and its transmission and would promote further misunderstanding about the condition. Three commenters expressed concern that exclusion would subvert a humanitarian responsibility to accept persons with AIDS who want to enter the U.S. for medical care. Five commenters expressed concern about possible reciprocal actions by foreign governments which could hinder international travel by U.S. citizens.

Response—The final rule does not change who is required to have a medical examination. The same aliens will continue to be subject to a medical examination, under the same conditions, and by the same medical examiners. This final rule requires that the medical examiner, if there is clinical suspicion of AIDS, establish a diagnosis and report the findings to the consular or immigration officer. The PHS provides medical examiners with technical guidance for conducting the medical examination in accordance with applicable law and regulations. Instructions will be provided to the medical examiners regarding obtaining the medical history and clinical signs to look for and how to diagnose AIDS.

The current overall fatality rate is greater than 50% and exceeds 90% 3 to 5 years following onset of illness. AID is *not* spread by casual contact which is the usual public concept of "contagious," but it is spread by sexual contact, needle-sharing, transfusion of blood or blood products, and perinatally from infected mother to newborn. The spread of AIDS by certain high risk sexual practices is not unlike several other diseases currently on the list of "dangerous contagious diseases" in the regulations implementing our responsibilities under the Immigration and Nationality Act. Accordingly, in the context of the Immigration and Nationality Act, AIDS is being added to the existing list of "dangerous contagious diseases."

It should be stressed that the designation is being made specifically in the context of the requirement of the Immigration and Nationality Act. This designation has not been made on the basis of any new scientific knowledge about the transmission or natural history of AIDS, nor should any such interpretation be drawn. Also, this designation alone should in no way alter existing AIDS prevention and control activities in this country. All existing Public Health Service recommendations and guidelines on the prevention and control of AIDS remain in full effect as currently written.

Further, this Final Rule will not interfere with the ability of an alien with AIDS, who wishes medical care in the U.S., to seek a nonimmigrant (temporary) visa under the authority of section 212(d)(3) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(3)).

The Secretary has determined that this amendment will not significantly impact on a substantial number of small entities and therefore does not require preparation of a regulatory flexibility analysis under the Regulatory Flexibility Act, Pub. L. 96–354.

The Secretary has also determined that this amendment is not a "major rule" under Executive Order 12291. Thus, a regulatory impact analysis is not required because it will not:

(1) Have an annual effect on the economy of $100 million or more;

(2) Impose a major increase in costs or prices for consumers; individual industries; Federal, State, or local government agencies; or geographic regions; or

(3) Result in significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of U.S.-based enterprises to compete with foreign-based enterprises in domestic or export markets.

List of Subjects in 42 CFR Part 34

Acquired immunodeficiency syndrome (AIDS), Immigration, Medical examination of aliens.

Section 34.2 of Part 34 of Title 42, Code of Federal Regulations, is amended as set forth below.

Dated: May 1, 1987.

Robert E. Windom,

Assistant Secretary for Health.

Approved: May 8, 1987.

Otis R. Bowen,

Secretary.

PART 34—MEDICAL EXAMINATION OF ALIENS

1. The authority citation for 42 CFR Part 34 continues to read as follows:

Authority. Sec. 215, 58 Stat. 690, as amended, sec. 234, 66 Stat. 198; 42 U.S.C. 216, 8 U.S.C. 1224; sec. 322, 325, 58 Stat. 696, as amended, 697, as amended, secs. 212, 326, 66 Stat. 182, as amended, 200; 42 U.S.C. 249, 252, 8 U.S.C. 1182, 1226.

2. Section 34.2(b) of Part 34 is revised to read as follows:

§ 34.2 Definitions.

* * * * *

(b) Dangerous contagious diseases. Any of the following diseases:

(1) Acquired immunodeficiency syndrome (AIDS)

(2) Chancroid.

(3) Gonorrhea.

(4) Granuloma inguinale.

(5) Leprosy, infectious.

(6) Lymphogranuloma venereum.

(7) Syphilis, infectious stage.

(8) Tuberculosis, Active.

* * * * *

[FR Doc. 87–12990 Filed 6–5–87; 8:45 am]

BILLING CODE 4160–18–M

DEPARTMENT OF TRANSPORTATION

Maritime Administration

46 CFR Part 310

Admission and Training of Midshipmen at the United States Merchant Marine Academy; Pay Increase

AGENCY: Maritime Administration, Department of Transportation.

ACTION: Final rule.

SUMMARY: The Maritime Administration (MARAD) is amending its regulations on merchant marine training to set the rate of pay that midshipmen at the United States Merchant Marine Academy will receive while assigned to merchant vessels for their one year of at-sea training to be the same as the montly salary rate received by cadets/midshipmen at the other Federal academies.

EFFECTIVE DATE: June 8, 1987.

FOR FURTHER INFORMATION CONTACT: Mr. Crawford Ellerbe, Academy Program Analyst, Office of Maritime Labor and Training, Department of Transportation, Washington, DC 20590, (202) 366–2643.

SUPPLEMENTARY INFORMATION: This amendment to Part 310 of Title 46, Code of Federal Regulations establishes the rate of pay that midshipmen of the United States Merchant Marine Academy receive while assigned to merchant vessels at sea. It reflects MARAD's long-standing policy of adjusting midshipmen pay periodically to match the monthly rate of pay of cadets/midshipmen at the other Federal academies. On December 31, 1986, that rate was raised to $494.40 by EO 12578 (52 FR 505, January 6, 1987). Formerly, MARAD published a final rule each time it increased the rate of pay received by its midshipmen, and last did so in 1983 (48 FR 16488). In effect, this amendment will automatically increase the rate of pay for midshipmen serving on merchant vessels each time there is an increase in the monthly salary received by cadets/midshipmen at the other Federal academies.

The pay rate adjustment will occur after a change in the rate of pay for cadets/midshipmen at the other Federal academies, and will be effective either on June 15th or December 15th of the same calendar year, whichever occurs first. The reason for the delay is to avoid having to pay the increase retroactively and to start the new rate of pay at the beginning of a sea training period.

Applicable Legal Authorities

The rate of pay received by midshipmen while assigned to subsidized merchant vessels is a matter of "public contract" with the owners of vessels operating under operating-differential subsidy agreements, so this rule is exempt from the application of 5 U.S.C. 553. Under 5 U.S.C. 553(a), rules relating to agency management or public contracts are exempted from the notice and comment requirements of that section. Accordingly, it is being issued as a final rule, without opportunity for public comment. Also, it is being made effective upon publication, because the increase needs to be implemented quickly to effect comparability in pay with cadets/midshipmen at the other Federal academies who have been receiving their pay raises since the beginning of 1987. We do not expect to receive objections to this change from vessel operators.

The Maritime Administrator has determined that this amendment to its regulations is not a major rule within the scope of E.O. 12291. This is a nonsignificant regulation under Department of Transportation Regulatory Policies and Procedures dated February 26, 1979 (DOT Order 2100.5). MARAD has determined that the economic impact is so minimal that further regulatory evaluation is not required. The effective present pay increase for midshipmen assigned to merchant ships is $14.40 monthly, which represents a total annual increase in cost to vessel operators under operating-differential subsidy agreements of only about $43,000. The Maritime Administrator certifies that the amendment to its regulation will not exert a significant economic impact on a substantial number of small entities, within the meaning of the Regulatory Flexibility Act of 1980 (5 U.S.C. 601 *et seq.*), since the affected steamship operators are very large companies. It includes no reporting requirement for the collection of information within the scope of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 46 CFR Part 310

Grant programs—Education, Maritime Administration, Schools, Seamen.

PART 310—[AMENDED]

Accordingly, Part 310 Title 46 of the Code of Federal Regulations is amended as follows:

1. By amending the authority citation for Subpart C to read as follows:

Authority: Secs. 204(b) and 1301–1308, Merchant Marine Act, 1936, as amended, (46 U.S.C. 1114(b) and 1295–1295g); 49 CFR 1.66 (46 FR 47458, September 28, 1981).

2. By revising paragraph (c) § 310.60 to read as follows:

§ 310.60 Training on subsidized vessels.

* * * * *

(c) *Pay.* Midshipmen shall receive pay while employed aboard merchant vessels directly from the steamship company employers at the same rate received by cadets and midshipmen at the other Federal academies. A change in the rate of pay for midshipmen at the Academy shall occur after a change in the rate of pay for cadets/midshipmen at the other Federal academies and shall be effective either on June 15th or on December 15th of the same calendar year, whichever occurs first. While aboard ship, they shall be berthed in single-occupancy rooms or in rooms with other midshipmen in that part of the vessel designated for licensed officers (or in first-class passenger quarters) and shall mess with the licensed officers. The steamship company employers shall also pay the midshipmen such subsistence and room allowance in port, transportation allowances, and other bonuses or allowances as are paid to the licensed officers of the vessel in which the midshipmen are employed.

* * * * *

Dated: June 3, 1987.

By order of the Maritime Administrator, Maritime Administration.

James E. Saari,

Secretary.

[FR Doc. 87-12973 Filed 6-5-87; 8:45 am]

BILLING CODE 4910-81-M

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46 CFR Part 386

[Docket No. R-114]

Regulations Governing Public Buildings and Grounds at the United States Merchant Marine Academy

AGENCY: Maritime Administration, Department of Transportation.

ACTION: Final rule.

SUMMARY: These regulations are intended to formally implement authority delegated by the Administrator of General Services to the Secretary of Transportation, and redelegated to the Maritime Administrator, to appoint special police for the protection of buildings, grounds and equipment at the United States Merchant Marine Academy (Academy).

These regulations specify activities which are prohibited on Academy premises. Violators will be subject to penalties fixed by order of the United States District Court for the Eastern District of New York.

EFFECTIVE DATE: July 8, 1987.

FOR FURTHER INFORMATION CONTACT: John J. White, (202) 366-2812.

SUPPLEMENTARY INFORMATION: Pursuant to the Act of June 1, 1948 (62 Stat. 281), as amended, the Administrator of General Services (Administration), the head of the General Services Administration (GAS), may appoint uniformed guards as special police for duty in connection with the policing of public buildings under the jurisdiction of the Administrator. "Such special policemen shall have the same powers as sheriffs and constables upon such Federal property to enforce the laws enacted for the protection of persons and property, and to prevent breaches of the peace . . . and to enforce any rules and regulations made and promulgated by the Administrator or such duly authorized officials of the Administration for the property under their jurisdiction." (40 U.S.C. 318). The Administrator delegated to the Secretary of Commerce the authority "to appoint uniformed guards as special policemen and to make all needful rules and regulations for the protection of those parcels of property at the U.S. Merchant Marine Academy at Kings Point, New York . . . which are not protected by the GSA guards, and over which the Federal Government has exclusive or concurrent jurisdiction" (32 FR 11969, August 18, 1967).

Prior to the transfer of MARAD to the Department of Transportation (DOT) by Pub. L. 97-31 (95 Stat. 151, August 6, 1981), MARAD was a unit of the Department of Commerce, and was responsible for operating the Academy, pursuant to authority in Title XII of the Merchant Marine Act, 1936 (Act), as amended (46 U.S.C. 1295). That authority had been delegated to MARAD by the Secretary of Commerce. After MARAD's transfer to DOT, the Secretary delegated authority to the Maritime Administrator to carry out the Act, and specifically authorized the Maritime Administrator to exercise the authority delegated by the Administrator for protection duties on the parcels of property at the Academy which are not protected by GSA guards, and over which the Federal Government has exclusive or concurrent jurisdiction. (49 CFR 1.66).

On February 11, 1987, MARAD published in the **Federal Register** a notice of proposed rulemaking (NPRM), stating the background of the delegations of authority with regard to the appointment of special police at the Academy and a description of the activities proposed to be prohibited. The NPRM invited public comment, and the comment period expired on March 30, 1987. MARAD received no comments during the comment period or after its expiration.

The Maritime Administrator has determined that this is not a major rule, as defined in E.O. 12291, nor a significant rule under DOT Order 2100.5. The final rule implements statutory authority, delegated to MARAD, to protect property and persons at the Academy. It affects a very limited group of people, namely, the Midshipmen and the faculty and other employees of the Academy, as well as visitors to the Academy, and results in the appointment of existing Academy employees as special police. For these reasons, the Maritime Administrator certifies, pursuant to the Regulatory Flexibility Act of 1980 (5 U.S.C. 601 *et seq.*), that the rule will not exert a significant economic impact on a substantial number of small entities. The budgeted cost for security and fire protection at the Academy is almost $249,000 for FY 1987 and $263,000 for FY 1988. The appointment of Special Police will not increase the cost of security since existing staff will be used. Because of this minimal economic impact, further economic evaluation is unnecessary. This proposed rule contains no reporting requirement subject to the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*)

List of Subjects in 46 CFR Part 386

Federal buildings and facilities, Law enforcement officers.

Accordingly, MARAD is adopting as a final rule, without any changes from the text published as a proposed rulemaking, a new 46 CFR Part 386, to read as follows:

PART 386—REGULATIONS GOVERNING PUBLIC BUILDINGS AND GROUNDS AT THE UNITED STATES MERCHANT MARINE ACADEMY

Sec.

Authority: 40 U.S.C. 318; 32 FR 11969 (August 18, 1967). Pub. L. 97-31 (95 Stat. 151, August 6, 1981); 49 CFR 1.66.

§ 386.1 Hours of admission to property.

Academy property shall be closed to the public during other than normal working hours, as well as during Regimental leave periods and indoctrination training for the fourth class year. The closing of property shall not apply where the Superintendent has approved the after normal working hours use of buildings or athletic facilities for authorized activities. During normal working hours, property shall be closed to the public only when situations require this action to ensure the orderly conduct of Academy business. The Superintendent, or a designated representative of the Superintendent, shall make the decision to close all or any areas of Academy property. This action shall be coordinated with the Head, Department of Public Safety and Security (Security), of the Academy. When property, or a portion thereof, is closed to the public, admission to the property, or to any area thereof, shall be restricted to authorized persons, who shall register with Security personnel upon entry to the property. When requested, any person shall display Government or other identifying credentials to Security personnel when entering, leaving, or while on Academy property.

§ 386.3 Preservation of property.

Prohibited actions against property on the Academy grounds are improper disposal of rubbish; theft of or damage to property; throwing articles from an Academy building; and climbing on statues, fountains or any part of a building.

§ 386.5 Conformity with signs and posted regulations.

Persons in and on Academy property shall, at all times, comply with official signs and posted regulations of a prohibitional, instructional or directional nature, and shall also comply with the directions of Academy special police and other authorized officials. These regulations shall be enforced by uniformed special police and other designated security personnel.

§ 386.7 Disturbances.

Any loitering, disorderly conduct or other conduct on Academy property which creates loud or unusual noise or a nuisance which unreasonably obstructs the use of any area, including entrances, foyers, lobbies, corridors, offices, elevators, stairways, or parking lots; or impedes or disrupts the performance of official duties by Government employees or Midshipmen activities is prohibited.

§ 386.9 Gambling.

Unless permitted by Executive or Department of Transportation Order, participating in games of chance for money or other consideration, or in the operation of gambling devices, or the conduct of a lottery or a pool, or the selling or purchasing of numbers tickets, is prohibited on Academy property.

§ 386.11 Alcoholic beverages and controlled substances.

Operation of a motor vehicle on Academy property while intoxicated, under criteria set forth in the statutes of the State of New York, is prohibited. The consumption or possession by any person on Academy property of alcoholic beverages, narcotic drugs, hallucinogens, marijuana, barbiturates, amphetamines or any other substances controlled under the laws of the State of New York or the United States is prohibited. These prohibitions shall not apply in cases where drugs are being used as prescribed for a patient by a licensed physician. The prohibition against possession and consumption of alcoholic beverages shall not apply when possessed or consumed by staff or resident officers in private residences, or when the Superintendent, or a designee of the Superintendent, has granted an exemption in writing for an appropriate reason.

§ 386.13 Soliciting, vending, and debt collection.

Soliciting aims, or commercial soliciting and vending of all kinds, displaying or distributing commercial advertising, or collecting private debts is prohibited on Academy property. This prohibition does not apply to national or local drives for funds for charitable purposes, welfare, health, or other purposes as authorized by the "Manual on Fund Raising Within the Federal Service," issued by the U.S. Office of Personnel Management under Executive Order 10927 of March 18, 1961, and sponsored or approved by the Superintendent; and to commercial lessees and contractors authorized to sell goods or services.

§ 386.15 Distribution of handbills.

The distribution of materials such as pamphlets, handbills and flyers, and the displaying of placards or posting of materials on bulletin boards or elsewhere in or on Academy property shall be coordinated with the Head, Department of Public Safety and Security, of the Academy so as not to impede Academy employees in the performance of their duties or Midshipmen activities.

§ 386.17 Photographs for news, advertising, or commercial purposes.

Such photographs for news, advertising or commercial purposes may be taken on Academy premises only with the written consent of the Office of External Affairs at the Academy. Except where national security regulations apply or a Federal Court Order or rule prohibits, photographs for news purposes may be taken in entrances, lobbies, foyers or corridors, or in auditoriums in which public meetings are being held. Photographs for advertising and commercial purposes may be taken only with the written permission of and in locations specified by the Office of External Affairs.

§ 386.19 Dogs and other animals.

Persons are prohibited from bringing dogs and other animals on to the Academy premises, except for authorized purposes and except for seeing eye or other guide dogs, or pets approved in writing by the Superintendent or a designee of the Superintendent.

§ 386.23 Vehicular and pedestrian traffic.

Operators of all vehicles on Academy property shall drive in a careful and safe manner at all times and shall comply with the signals and directions of Academy special police, Security personnel or other authorized individuals, and all posted traffic signs and with restrictions indicated by marked traffic areas. The following acts are prohibited on Academy property: the blocking with vehicles of entrances, driveways, walks, loading platforms or fire hydrants; parking without a permit, except in emergencies; parking in unauthorized locations or in locations reserved for other persons, or parking contrary to the direction of posted signs or marked traffic areas, including yellow curbs. Vehicles parked in violation of the foregoing shall be subject to the issuance of a Traffic Violation Notice and/or removal of the vehicle at the owner's risk and expense. The Superintendent may issue and post other specific traffic directives as may be required, applicable to drivers and pedestrians. When so issued and posted, such directives shall have the same force and effect as if made a part hereof. Proof that a motor vehicle was in violation of these regulations or such directives shall be evidence that the registered owner was responsible for the violation.

§ 386.23 Weapons and explosives.

No person shall carry or possess firearms, other dangerous or deadly weapons or parts thereof, explosives or items intended to be used to fabricate an explosive or incendiary device, or parts thereof, either openly or concealed, while on Academy property, except for official purposes specifically authorized in writing by the Superintendent or a designee of the Superintendent.

§ 386.25 Enforcement, penalties and other laws.

Whoever shall be found guilty of violating any regulations in this part while in or on Academy property is subject to a fine of not more than $50 or imprisonment of not more than 30 days, or both (40 U.S.C. 318c). Nothing in these regulations shall be construed to abrogate any other Federal laws or regulations or any State and local laws and regulations applicable to any area in which the property is situated. These regulations shall be posted prominently throughout the Academy. Penalties for their violation shall be incorporated in the Schedule of Fines for Petty Offenses established by order of the United States District Court for the Eastern District of New York.

Dated: June 3, 1987.

By order of the Maritime Administration.

James E. Saari,

Secretary.

[FR Doc. 87-12972 Filed 6-5-87; 8:45 am]

BILLING CODE 4910-81-M

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 67 and 69

[CC Docket 78-72 & 80-286; FCC 87-133]

Common Carrier Services; Subscriber Line Charge, High Cost Assistance, Lifeline Assistance, and Common Line Pooling Modifications

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: The Commission has determined that the residential and single-line business subscriber line charges should be gradually increased to a cap of $3.50 over a two year period. The Commission also has determined that the high cost assistance measures, the lifeline assistance measures and the common line pooling arrangement should be modified. Finally, the Commission has determined that the subscriber line charge for embedded Centrex lines should be increased to a cap of $6.00 over a two year period.

EFFECTIVE DATE: June 8, 1987, except §§ 69.116 and 69.117, effective April 1, 1989.

ADDRESS: Federal Communications Commission, Washington DC 20554.

FOR FURTHER INFORMATION CONTACT: Barbara J. Lynch, Policy and Program Planning Division, Common Carrier Bureau, (202) 632-6363.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Decision and Order, CC Docket Nos. 78-72 and 80-286 adopted April 16, 1987 and released May 19, 1987.

The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service, (202) 857-3800, 2100 M Street, NW., Suite 140, Washington, DC 20037.

Summary of the Decision and Order

1. In a Further Notice of Proposed Rulemaking released on July 2, 1986, the Federal Communications Commission (the FCC) initiated a proceeding to examine the effects of (1) subscriber line charges (SLCs) (2) the Federal lifeline assistance program, and (3) present measures to assist high cost telephone companies. The FCC sought comment from interested parties on these subjects as well as on the common line tariff and pooling system administered by the National Exchange Carrier Association (NECA). In accordance with its previous decision to implement subscriber line charges, it asked the Federal-State Joint Board in CC Docket No. 80-286 (Joint Board) to examine this record and prepare recommendations for further action. In a Recommended Decision and Order released on March 31, 1987, the Joint Board adopted a comprehensive and integrated set of recommendations concerning these subjects. The FCC hereby adopts these recommendations, with minor modifications, and the analysis and reasoning on which they are founded.

2. With regard to subscriber line charges, the FCC adopts the Joint Board's conclusion that implementation of SLCs has had no adverse effect on universal service, has permitted more rational recovery of NTS costs, has increased the economically efficient use of the public switched network, and has reduced the extent of pricing discrimination between switched and special access service which will help reduce the threat of uneconomic bypass. The FCC adopts herein the Joint Board's recommendation of a permanent solution to the issue of the proper method for interstate NTS cost recovery and, therefore, finds that residential and single-line business SLCs will increase in three increments, $.60, $.60, and $.30, to a cap of $3.50 per line per month. However, it adopts these recommendations with minor changes in the proposed schedule. The first $.60 increase will be implemented on July 1, 1987, instead of June 1, 1987. This will provide a full 45 days notice for the flow through tariff to be filed by AT&T. The second step, *i.e.*, the second $.60 increase, will be implemented on December 1, 1988, rather than September 1, 1988. This will enable the members of the Joint Board to perform more extensive monitoring and analysis of the impact of the first $.60 increase. The FCC also adopts the recommendation that the SLC for embedded Centrex lines increase at $1.00 increments to a cap at $6.00 on the same schedule as the residential and single-line business SLCs. The FCC shares the Joint Board's belief that additional benefits will be realized through the adoption of its recommendations, including increased telephone subscribership levels, efficiency gains, reduced bypass incentives, and decreased service price discrimination.

3. The FCC adopts the Joint Board's conclusion that the existing lifeline assistance program is a sound response to concerns about the level of telephone subscribership among low income groups. In addition, it adopts the Joint Board's recommendation that the current Federal lifeline assistance program be increased to correspond with the proposed subscriber line charge increases which would provide federal assistance to match state contributions on any amount up to the full SLC of $3.50. Further, it adopts the Joint Board's recommendation that a new lifeline program of Federal assistance, described as Link Up America, be implemented that would offset one-half of the charges for commencing telephone service, up to $30, for households that meet the established criteria. The new Link Up America program also would encourage local exchange carriers (LECs) to offer deferred payment schedules for these charges by paying a LEC's interest costs, on an amount up to $200, when it provides for a deferred payment schedule and does not charge interest to qualified subscribers. Finally, the FCC adopts the Joint Board's