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INDEPENDENT REGULATORY REVIEW COMMISSION
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

May 17, 2001

Honorable John M. Quain, Chairman
Pennsylvania Public Utility Commission
Keystone Building
400 North Street, 3rd Floor, North Wing
Harrisburg, PA 17105

Re: Regulation #57-214 (IRRC #2104)
Pennsylvania Public Utility Commission
Universal Service Fund

Dear Chairman Quain:

The Independent Regulatory Review Commission approved your regulation on May 17, 2001. Our Order is enclosed and is available on our website at www.irrc.state.pa.us.

We appreciate the joint effort that went into producing a regulation that met the criteria and intent of the Regulatory Review Act.

Sincerely,


John R. McGinley, Jr.
Chairman

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Enclosure

cc: Honorable Chris R. Wogan, Majority Chairman, House Consumer Affairs Committee
Honorable Keith R. McCall, Democratic Chairman, House Consumer Affairs Committee
Honorable Clarence D. Bell, Chairman, Senate Consumer Protection & Professional Licensure Committee
Honorable Lisa M. Boscola, Minority Chairman, Senate Consumer Protection & Professional Licensure Committee

**INDEPENDENT REGULATORY REVIEW COMMISSION
APPROVAL ORDER**

Commissioners Voting:

Public Meeting Held May 17, 2001

John R. McGinley, Jr., Chairman
Alvin C. Bush, Vice Chairman, by Phone
Arthur Coccodrilli
John F. Mizner

Regulation No. 57-214
Pennsylvania Public Utility Commission
Universal Service Fund

On March 7, 2000, the Independent Regulatory Review Commission (Commission) received this proposed regulation from the Pennsylvania Public Utility Commission (PUC). This rulemaking amends 52 Pa. Code by adding sections to Chapter 63. The proposed regulation was published in the March 18, 2000 *Pennsylvania Bulletin* with a 30-day public comment period. The final-form regulation was submitted to the Commission on January 31, 2001, but was withdrawn on February 23, 2001, prior to Commission action. This revised final-form regulation was submitted to the Commission on April 19, 2001.

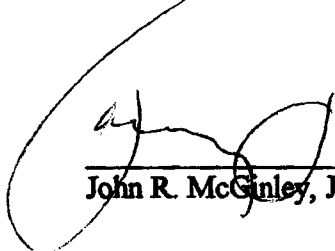
This regulation establishes rules for administration of the intrastate telecommunications Universal Service Fund (USF). The rules include responsibilities of the independent, neutral third-party administrator, the USF auditor and procedures for USF contributions and distributions. The purpose of the USF is to facilitate the transition of the local telephone market from a monopolistic to a competitive market. The USF is designed to assure that rural consumers in traditionally high cost areas maintain basic local telephone service at affordable rates.

We have determined this regulation is consistent with the statutory authority of the Pennsylvania Public Utility Commission (66 Pa.C.S. §§ 501, 1308, 3001(1) and (2) and 3009(b)(3)) and the intention of the General Assembly. Having considered all of the other criteria of the Regulatory Review Act, we find promulgation of this regulation is in the public interest.

BY ORDER OF THE COMMISSION:

This regulation is approved.





John R. McGinley, Jr., Chairman