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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Amendment of the Commission's Rules to Establish New Personal Communications Services.	Gen Docket No. 90-314 ET Docket No. 92-100 RM-7140, RM-7175, RM 7617, RM-7618, RM-7760, RM-7782, RM-7860, RM-7977, RM-7978, RM-7979, RM-7980 PP-35 through PP-40, PP-79 through PP-85

COMMENTS OF THE PUERTO RICO TELEPHONE COMPANY

The Puerto Rico Telephone Company ("PRTC"), submits these Comments in response to the August 14, 1992 Notice of Proposed Rulemaking and Tentative Decision ("Notice") in the above-captioned proceeding. The Commission seeks comment on the regulatory treatment of Personal Communications Services ("PCS") in general, and eligibility requirements for PCS providers in particular. PRTC is a wireline local exchange carrier and cellular service provider, and is vitally interested in this issue.

A. Local Exchange Carrier Eligibility.

PRTC agrees with the Commission's tentative conclusion that local exchange carriers ("LECs") should be permitted to provide PCS within their service areas. LECs providing PCS will have both the incentive and ability to develop efficient methods for necessary interconnections between PCS and the public switched network. LEC participation in PCS will also help realize economies of scope that will promote the most rapid delivery of the broadest range of PCS services at the lowest cost. As the FCC has observed, these benefits will have important positive effects throughout our economy:

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> "The many applications of PCS could increase productivity and efficiency across a broad array of industries and have a positive impact on the international competitiveness of the Nation's economy." Notice, ¶ 4.

Allowing unimpeded development of PCS would help maintain the international leadership role of the United States in communications technology. And LEC provision of PCS could be especially effective in helping extend telecommunications services to rural and isolated areas.

The Commission does not need to prohibit LECs from providing PCS in order to protect against alleged anticompetitive practices and abuses. To the contrary, since PCS will complement other LEC services, LECs have every incentive to promote the deployment and development of PCS. Moreover, through the use of safeguards against discrimination and cross-subsidization like those the Commission has used effectively in enhanced services and other contexts, the Commission can protect against anticompetitive conduct without discarding the important benefits from LEC provision of PCS.

B. Cellular Licensee Eligibility.

PRTC also urges the Commission to assure PCS eligibility for cellular licensees, including LECs providing cellular services. Incumbent cellular licensees have knowledge and experience that will aid in the development of PCS. Cellular/PCS economies of scope may lower both cellular and PCS unit costs. Prohibiting cellular licensees from providing PCS would also unfairly penalize cellular operators that have been successful in providing new communications services.[1]

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[1] There is no suggestion that LECs like PRTC that also provide cellular service should be subject to a special PCS prohibition, and there is no reason for such a prohibition.

It is also clear that the Commission does not need to discard the benefits of PCS provision by cellular licensees in order to protect against alleged anticompetitive activities by enterprises offering both services. The multiple PCS licensing restriction proposed by the Commission, for example, would be effective to prevent undue market concentration. Other suggested regulatory mechanisms, such as reviewing licensee merger applications on a case-by-case basis, are far more appropriate than a blanket prohibition, because they would both preserve the benefits of cellular licensee provision of PCS and tailor the Commission's regulation to the potential abuse that the Commission seeks to prevent.

In sum, the Commission's goals in this proceeding would be disserved by excluding LECs or cellular licensees from PCS. LECs and cellular licensees can be counted on to use their experience, knowledge and existing infrastructure to develop PCS and PCS interconnection. Any concerns about LEC or cellular licensee anticompetitive activity can be effectively addressed through focused regulatory mechanisms that would not require the Commission or the public to forego the benefits from the provision of PCS by local exchange and cellular carriers.

Respectfully submitted,

PUERTO RICO TELEPHONE COMPANY

By

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