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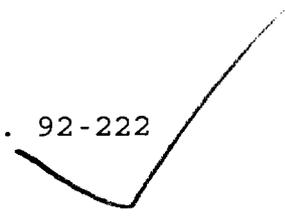
ORIGINAL
FILE

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

In the Matter of _____

Amendment of the Part 69 Allocation _____
of General Support Facility Costs _____

CC Docket No. 92-222



REPLY COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Pursuant to Section 1.415 of the Commission's Rules, American Telephone and Telegraph Company ("AT&T") hereby replies to the comments of other parties in response to the Commission's Notice of Proposed Rulemaking ("GSF Notice") in the above-captioned proceeding.¹

Virtually all of the commentators support the Commission's proposal to revise Section 69.307 of its Rules, so as to eliminate the over-allocation of general support facilities ("GSF") costs to Special Access and Transport, and thereby obviate the need to establish a

¹ Expanded Interconnection with Local Telephone Company Facilities, Report and Order and Notice of Proposed Rulemaking, CC Docket Nos. 91-141 and 92-222, FCC 92-440, released October 19, 1992 ("Interconnection Order" and "GSF Notice," respectively). A list of parties filing comments in this proceeding, with the abbreviated designations used herein, is attached as Appendix A.

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non-cost-based "contribution" charge.² As GSA (p. 3) points out, because "[b]y their very nature, investments in general support facilities are attributable to all services [n]o service should be exempt, and no service should bear a disproportionate share of GSF costs."³ Ameritech (pp. 2-3) confirms that "[i]n a competitive environment, it is extremely important that services are burdened only with those costs that are economically attributable" to it. This is because, as Bell Atlantic (p. 2) observes, a rule "which misallocates a significant amount of costs sends false signals to the market," creates an unwarranted "price umbrella" that encourages uneconomic competitive entry,⁴ and "is inconsistent with the Commission's stated policy of allowing marketplace forces to drive prices closer to

² Of the twenty-two parties filing comments, twenty parties affirmatively support the Commission's proposal, and only the D.C. PSC opposes it. MFS (p. 4) states that the Commission must "determine whether the proposed rule would serve the public interest better than the existing one does." For the reasons shown above, the Commission's proposal to remove the disproportionate allocation of GSF costs from Special Access and Switched Traffic-Sensitive will further the public interest.

³ See also AT&T, p. 3, n.5; MCI, p. 2; MFS, pp. 2-4; NECA, pp. 2-3 ("strongly supports" the Commission's proposal because by assigning some GSF costs to Common Line, it will help to reduce the high Traffic-Sensitive revenue requirements of smaller LECs); NYNEX, p. 2; Pacific, p. 2; Rochester, pp. 5-6; SNET, p. 2; SWBT, pp. 4-5; Sprint, p. 1; JSI, p. 2; USTA, pp. 2-3; U S WEST, pp. 3-4; United, p. 3.

⁴ See also, e.g., Rochester, pp. 5-6.

cost." Cost-based pricing of access services is also required to promote efficient use of LEC access facilities by IXCs. The Commission's objective of fostering cost-based access prices would be undermined if the LECs implemented more cost-based access prices but at the same time required customers to pay an additional non-cost-based "contribution" charge to compensate the LECs for a continuing misallocation of costs under the Commission's Part 69 Rules.⁵

Several LECs point out that, due to the current cap on subscriber line charge ("SLC") rates, the majority of GSF costs that would be shifted to the Common Line Category as a result of the rule change would have to be recovered via increased Carrier Common Line Charges ("CCLCs"). These carriers suggest that the Commission should consider increasing the SLC because, as a flat-rate charge, the SLC reflects the non-traffic sensitive, dedicated nature of subscriber lines, whereas the usage-sensitive CCLC does not.⁶

⁵ AT&T, pp. 4-6.

⁶ See, e.g., CBT, p. 4 (suggests raising the residence and single line business SLC to \$6.00); GTE, p. 5 (suggests raising the residence and single line business SLC to at least \$4.50); NYNEX, p. 4 (suggests a waiver of Section 69.204 of the rules to allow LECs to impose a \$.35 surcharge on the residential and single line business SLC pending evaluation of further SLC increases); Rochester, pp. 6-7; SWBT, p. 8 (recommends consideration of a SLC increase in an overall review of access structure); U S WEST, p. 5 n.16 ("recommends that the Commission's proposed change be implemented by increasing end user charges").

AT&T supports the LECs' suggestion that the Commission take steps to increase the SLC so that the additional costs assigned to the Common Line Category could be recovered in a more cost-causative manner.

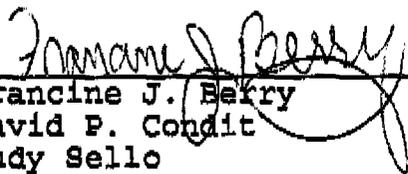
Only one party, the D.C. PSC, opposes the proposed revision of Section 69.307 because it fears that an increase in the level of the SLC would adversely impact telephone subscribership levels within its jurisdiction.⁷ As AT&T showed in its Comments (pp. 6-7), on a national level, telephone subscribership has not been adversely affected due to introduction of, or increases in, the SLC. In all events, existing programs such as Lifeline Assistance and Link-Up America are designed to ameliorate the impact that SLCs may have on the ability of certain households to afford basic telephone service by providing targeted subsidies to those households. These programs address the concern raised by the D.C. PSC and thus are the appropriate vehicle for resolving this issue.

⁷ D.C. PSC, p. 2.

WHEREFORE, the Commission's proposal to modify Section 69.307 of its Rules to properly align GSF costs with the access elements should be adopted.

Respectfully Submitted,

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December 21, 1992

APPENDIX A

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BellSouth Telecommunications, Inc. ("BellSouth")
Cincinnati Bell Telephone Company ("CBT")
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("D.C. PSC")
General Services Administration ("GSA")
GTE Service Corporation ("GTE")
GVNW, Inc./Management ("GVNW")
MCI Telecommunications Corporation ("MCI")
MFS Communications Company, Inc. ("MFS")
National Exchange Carrier Association, Inc. ("NECA")
NYNEX Telephone Companies ("NYNEX")
Pacific Bell and Nevada Bell ("Pacific")
Rochester Telephone Corporation ("Rochester")
The Southern New England Telephone Company ("SNET")
Southwestern Bell Telephone Company ("SWBT")
Sprint Communications Company ("Sprint")
John Staurulakis, Inc. ("JSI")
United States Telephone Association ("USTA")
U S WEST Communications, Inc. ("U S WEST")
United Telephone Companies ("United")

CERTIFICATE OF SERVICE

I, Karen Mitchell, certify that on this 21st day of December, 1992, a true copy of the foregoing "Reply Comments of American Telephone and Telegraph Company" was served by first class mail, postage prepaid, upon the parties on the attached list.

A handwritten signature in cursive script that reads "Karen Mitchell". The signature is written in black ink and is positioned above a horizontal line.

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