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

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

The National Exchange Carrier)
Association, Inc. Proposed)
Revision of Part 69 of the)
Commission's Rules to Allow)
For Incentive Settlement)
Options for NECA Pool)
Companies)

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RM 8389

STATEMENT OF PTI COMMUNICATIONS IN SUPPORT OF
NECA'S PROPOSED OPTIONAL INCENTIVE REGULATION PLAN

Pursuant to 47 CFR 1.405(a), PTI Communications¹ ("PTIC") files this statement in support of the above-captioned petition for rulemaking. PTIC supports both incentive settlement options proposed by NECA; however, the following comments are limited to the Profit Sharing Incentive Option Plan, as PTIC is ineligible to participate in the Small Company Plan (open to only Subset III companies).

NECA's proposed Profit Sharing Incentive Option Plan ("Plan") provides an appropriate balance between risks assumed by

¹PTI Communications is the assumed business name used by the local exchange companies ("LECs") of Pacific Telecom, Inc., a Washington corporation. PTIC study areas include members of the Telephone Utilities Exchange Carrier Association (Interstate Traffic Sensitive Access Tariff), as well as members of the National Exchange Carrier Association ("NECA") pool for Traffic Sensitive Access. All PTIC study areas participate in the NECA Carrier Common Line and End User Pools. PTIC companies have telephone operations in the following states: Alaska, Colorado, Idaho, Iowa, Minnesota, Montana, Nevada, Oregon, Washington, Wisconsin, and Wyoming. PTIC services approximately 370,000 suburban and rural subscriber access lines.

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participating companies and available rewards. Pool participants are given an incentive to control costs through limited rewards in return for accepting increased financial risk. The financial risk assumed (although greater than exists today using the rate of return based pooling arrangements) is less than the risk assumed under non-pooled incentive plans. This risk is commensurate with the limited rewards provided through the intercompany incentive sharing provisions of the Plan.

The Plan is an appropriate response to the Commission's request for incentive options for pooled services². The Plan takes into account the significantly different operating and financial characteristics of small and mid-sized LECs. The Plan also facilitates the introduction of pricing flexibility within the pool. The ability to price competitively in the future will be essential to the financial viability of small and mid-sized LECs.

Particularly in light of the Commission's recognition of the need to consider incentive option rules for LECs participating in NECA pools, PTIC respectfully urges the Commission to institute this rulemaking proceeding and adopt the revisions proposed by NECA.

²See Regulatory form for Local Exchange Carriers Subject to Rate of Return Regulation, CC Docket No. 92-135, Report and Order 8 FCC Rcd 4545, #116 (1993).

Respectfully submitted this 16th day of December, 1993.

PTI COMMUNICATIONS

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