



ORGANIZATION FOR THE PROTECTION AND ADVANCEMENT OF SMALL TELEPHONE COMPANIES

21 DUPONT CIRCLE, N.W., SUITE 700 WASHINGTON, D.C. 20036 202/659-5990 • 202/659-4619 (FAX)

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December 16, 1993

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

Re: National Exchange Carrier Association

Proposed Revision of Part 69
of the Commission's Rules
to Allow for Incentive Settlement
Options for NECA Pool Companies
RM-8389

Dear Mr. Caton:

Please find enclosed for filing the original and eleven copies of the Organization for the Protection and Advancement of Small Telephone Companies' comments in the above-captioned proceeding.

Thank you for your assistance in this matter.

Sincerely,

Lisa M. Zaina
General Counsel

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
National Exchange Carrier Association)
)
Petition for Revision of Part 69)
of the Commission's Rules)
to Allow for Incentive Settlement)
Options for NECA Pool Companies)
)

RM-8389

COMMENTS OF
THE ORGANIZATION FOR THE PROTECTION AND
ADVANCEMENT OF SMALL TELEPHONE COMPANIES

OPASTCO
21 Dupont Circle, NW
Suite 700
Washington, DC 20036
(202) 659-5990

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RM-8389

COMMENTS OF
THE ORGANIZATION FOR THE PROTECTION AND
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I. INTRODUCTION

The National Exchange Carrier Association (NECA) has petitioned the Federal Communications Commission (FCC or Commission) to institute a rulemaking to allow local exchange carriers (LECs) to elect regulatory incentive options while retaining the administrative benefits gained by participation in the NECA pools.¹ The Commission has stated that it is looking for ways to "remove obstacles to the introduction of incentives

¹In the Matter of Proposed Revision of Part 69 of the Commission's Rules to Allow for Incentive Settlement Options for NECA Pool Companies, RM-8389, Petition for Rulemaking filed November 5, 1993. (Petition)

for increased efficiency into the NECA pools."² This Petition is NECA's response to the Commission's inquiry.

NECA indicates that it will offer two incentive settlement options to its pool members. It describes those options as the "Pool Profit Sharing Incentive Option" and the "Pool Small Company Incentive Option."³ The former has attributes of the FCC's Optional Incentive Regulation (OIR) Plan.⁴ The latter is a small LEC (under 50,000 access lines) option that contains elements similar to Section 61.39 of the Commission's rules.⁵ These plans will provide more opportunities for smaller LEC participation in incentive programs. NECA also presents additional proposals for NECA pool efficiency.

OPASTCO is a national trade association of more than 430 independently owned and operated telephone companies serving rural areas of the United States and Canada. Its members, which include both commercial companies and cooperatives, together serve over two million customers. Many OPASTCO members participate in the NECA pools and may be interested in having the

²Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation, CC Docket No. 92-135, Notice of Proposed Rulemaking, 7 FCC Rcd 5023 (1992); Erratum, 7 FCC Rcd 5501 (1992) at 5030. (Regulatory Reform NPRM)

³Petition at 6.

⁴47 C.F.R. 61.50.

⁵47 C.F.R. 61.39.

option to adopt an incentive regulation plan. NECA's proposals could afford them these opportunities.

II. COMMENTS

The Commission believes that participation in incentive plans encourages cost efficiencies. However for the most part, the incentive options that have been available thus far have not been appropriate for small LECs. Because of their unique circumstances, small and rural LECs face many obstacles that many of the optional incentive plans did not accommodate.

The optional plans presented by NECA, both the "Pool Profit Sharing Incentive Option" and the "Pool Small Company Incentive Option," were designed with more attention to the needs of the small and rural LECs. The proposals, as presented by NECA, would lessen the attendant risks by allowing pool members to continue to receive pooling benefits which have served them and their customers so well. Among these benefits are centralized tariff administration and ratemaking which have been essential to the operations of many small LECs that are not able to perform these functions individually. Thus, these plans would also maintain the efficiencies inherent in membership in a pool.

Most essential to adoption of these proposals by the FCC is the recognition that they must remain optional. Although OPASTCO does believe that these optional incentive plans were designed with the characteristics of small and rural LECs in mind, these proposals still will not be appropriate for all pooling small and rural LECs. Thus, these incentive plans should be made optional

to afford these pooling companies the opportunity to continue to choose cost pooling or average schedules.

In addition to the proposed incentive option plans, NECA makes additional pool administration proposals. The proposals will increase the efficiency of pool administration. The Commission should adopt these proposals because implementation of the streamlined procedures for new offerings in the NECA tariff and pricing flexibility for the pools will give small and rural pooling LECs the opportunity to serve their customers better.

III. CONCLUSION

OPASTCO supports NECA's pool incentive options. However, OPASTCO urges the Commission to recognize that these are meant to be additional options. They are not meant to replace any of the alternatives currently available to small and rural pooling LECs. OPASTCO also suggests that the Commission adopt NECA's additional pool administration proposals.

Respectfully submitted,

**THE ORGANIZATION FOR THE
PROTECTION AND ADVANCEMENT
OF SMALL TELEPHONE COMPANIES**

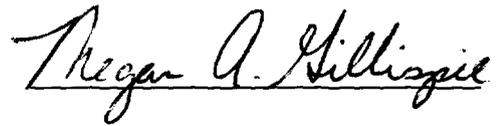
By: *Lisa M. Zaina*
Lisa M. Zaina
General Counsel

OPASTCO
21 Dupont Circle, NW
Suite 700
Washington, DC 20036
(202) 659-5990

December 16, 1993

CERTIFICATE OF SERVICE

I, Megan A. Gillispie, hereby certify that a copy of OPASTCO's comments was sent on this, the 16th day of December, 1993, by first class United States mail, postage prepaid, to those listed below.

A handwritten signature in cursive script that reads "Megan A. Gillispie". The signature is written in black ink and is positioned above the printed name.

Megan A. Gillispie

Joanne S. Bochis
NECA
100 South Jefferson Road
Whippany, NJ 07981

ITS, Inc.
2100 M Street, NW
Suite 140
Washington, DC 20037