

RM-8491

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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July 11, 1994 RECEIVED

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William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

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Re: Petition For Rulemaking To Adapt The Section 214
Process To The Construction Of Video Dialtone
Facilities, And Petition For Relief From Unjust And
Unreasonable Discrimination In The Deployment Of Video
Dialtone Facilities.

Dear Secretary Caton:

I am writing this letter, in lieu of comments, in the
above captioned proceeding. The Center for Media Education, the
Consumer Federation of America, the Office of Communication of
the United Church of Christ, the National Association for the
Advancement of Colored People, and the National Council of La
Raza (Petitioners) are seeking a rulemaking which will amend the
Section 214 application process to ensure equitable introduction
of advanced telecommunications network (particularly video
dialtone facilities) in all communities regardless of the race or
economic status of that community, and require that the Section
214 process include the public's involvement.

The New York State Department of Public Service
(NYSDPS) is committed to petitioners' goals: namely, that the
nation's commitment to universal service requires that government
ensure that all people, regardless of race or economic status,
have reasonable access to those services necessary to participate
in a technologically advanced society; and that consumers should
have input into decisions affecting the construction of new
facilities as we move to a more technologically advanced society.
We urge the Commission to adopt policies consistent with these
principles.

As competition enters the local telecommunications
markets, investment strategies increasingly will be driven by
competitive opportunity. Given the essentiality of telephone

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service and the value to all network users of maintaining a locally accessible network, one of the initial challenges facing regulators is to develop policies that ensure continued network availability and high quality service in less economically attractive rural and urban areas. Thus, the current petition raises a key issue, which must be fully explored, if we are to make the information highway broadly accessible and affordable.

In New York, we have put into place incentive policies to ensure network investment in less profitable areas. In the 1994 NYNEX rate plan, the New York Public Service Commission explicitly made \$31 million subject to short term reward/penalty incentives for targeted service quality improvements in areas such as Brooklyn, Queens and the Bronx. ^{1/}In an ongoing NYNEX proceeding, the parties are examining incentives that promote fair competition, universal service, protection of customers who cannot benefit from competition in the short term, and modernization of the communications network consistent with sound economic investment practices.

Toward the goal of avoiding a society of technological "haves" and "have nots", the New York Public Service Commission has instituted a proceeding to examine universal service, as we move towards a competitive local exchange market. The definitions of universal service and basic service in a changing world are the focus of the inquiry. Proceedings such as this will provide a framework for continuing universal service in New York. The Commission should also consider a proceeding which examines petitioners' allegations. (See, for example, Petition of MFS Communications Company, Inc. for a Notice of Inquiry and En Banc Hearing - Universal Telephone Service In a Competitive Market Environment - RN8388).

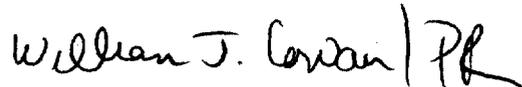
Moreover, in New York, we have made a major effort to involve the public in regulatory decisions that affect them. In addition to formal administrative proceedings, the Department has invested a significant amount of resources for the purpose of informing citizens throughout the State of many of the important issues facing the Commission and seeking input regarding consumer preferences. For example, in a proceeding aimed at analyzing NYNEX's infrastructure requirements in New York, Staff conducted a series of community forums to ascertain consumer interest and willingness to pay for new technologies (Case 91-C-0485, Opinion and Order Adopting Principles Regarding New York Telephone Company's Modernization Plans - March 14, 1994).

^{1/}On the other hand, service quality is excellent in the market below 59th Street in Manhattan.

We have found that with adequate public involvement the decisions of the Department can more accurately reflect the needs of consumers. The Commission should seriously consider the petitioners' proposals and adopt those processes necessary to involve consumers in the wide reaching decisions facing the Commission in this changing telecommunication environment.

In sum, changing telecommunications technology, business innovation, and regulatory policy is bringing about fundamental changes in how consumers communicate. The Commission must seriously address the concerns of consumers, particularly those who are less likely to be served through the competitive marketplace, and adopt policies that ensure that our nation's commitment to universal Service, in fact, results in universal service for all. Petitioners raise serious issues that the Commission should address.

Sincerely,



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