

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of: )  
)  
Implementation of Sections of the )  
Cable Television Consumer Protection )  
and Competition Act of 1992: Rate )  
Regulation )

MM Docket No. 93-215

COMMENTS  
OF THE  
UNITED STATES TELEPHONE ASSOCIATION  
TO  
BELL ATLANTIC'S  
PETITION FOR RECONSIDERATION

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The United States Telephone Association (USTA) files these comments on the Petition for Reconsideration filed on November 14, 1994 by the Bell Atlantic Telephone Companies (Bell Atlantic).

USTA strongly supports the principle that the productivity offset in the cable price cap formula should be based upon valid record evidence. Indeed, USTA itself commissioned a comprehensive Total Factor Productivity (TFP) study covering all local exchange carriers regulated under price caps. USTA filed that TFP study in the LEC price cap review (CC Docket 94-1) in May of this year. In that proceeding, the FCC is considering what modifications to make to the LEC plan.

It is vital that the FCC base its decisions in both the telephone and cable price cap proceedings on TFP data and recognize that its decisions on the price cap plans for LECs

and cable companies cannot be made in isolation. And it does appear that the FCC's decision to set the cable productivity offset at 0 was not grounded in any record evidence and failed to recognize the increasing inter-relatedness of cable and telephone regulation.

As Bell Atlantic highlights in its PFR and USTA has previously stated in this docket, the FCC is in a unique position at this time to recognize the relationship between its regulatory frameworks for cable and telephone. The Commission is now actively considering both the telephone and cable price cap plans. The two industries are moving toward convergence and thus, to an increasing extent, are deploying the same technologies to provide a broad range of services in competition. The FCC should reassess its decision on the productivity factor for the cable price cap plan to ensure that its action does not create an arbitrary and harmful discrepancy between its cable and telephone regulatory approach.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

BY

  
Mary McDermott

Vice President & General Counsel

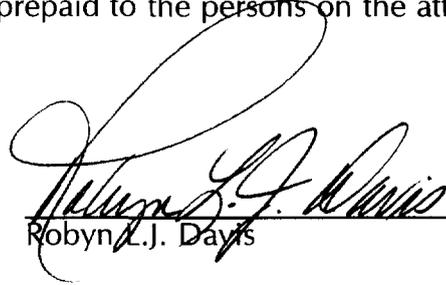
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December 15, 1994

**CERTIFICATE OF SERVICE**

I, Robyn L.J. Davis, do certify that on December 15, 1994 copies of the Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.

  
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