

Kenneth Rust
Director
Federal Regulatory Matters

EX PARTE OR LATE FILED

NYNEX

February 22, 1995

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: CC Docket No 94-1

Dear Mr. Caton:

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Today, Mr. Frank Gumper, Ms. Susanne Guyer, and I, representing the NYNEX Telephone Companies (NTCs), met with Mr. Richard Metzger, Deputy Chief of the Common Carrier Bureau, Michael Katz, Chief Economist, and Mr. Anthony Bush, Tariff Division Economist, regarding the item captioned above.

The discussion centered on the USTA price cap proposal submitted January 18, and on that subject the NYNEX representatives responded to questions posed by Messrs. Metzger, Katz, and Bush. The positions expressed by the NYNEX representatives on these items were consistent with the formal presentations already made a part of the record. The attached material was used during the informal discussion. Any questions on this matter should be directed to me at either the address or the telephone number shown above.

Sincerely,



Attachment

cc: R. Metzger
M. Katz
A. Bush



NYNEX Recycles

No. of Copies rec'd 021
List A B C D E

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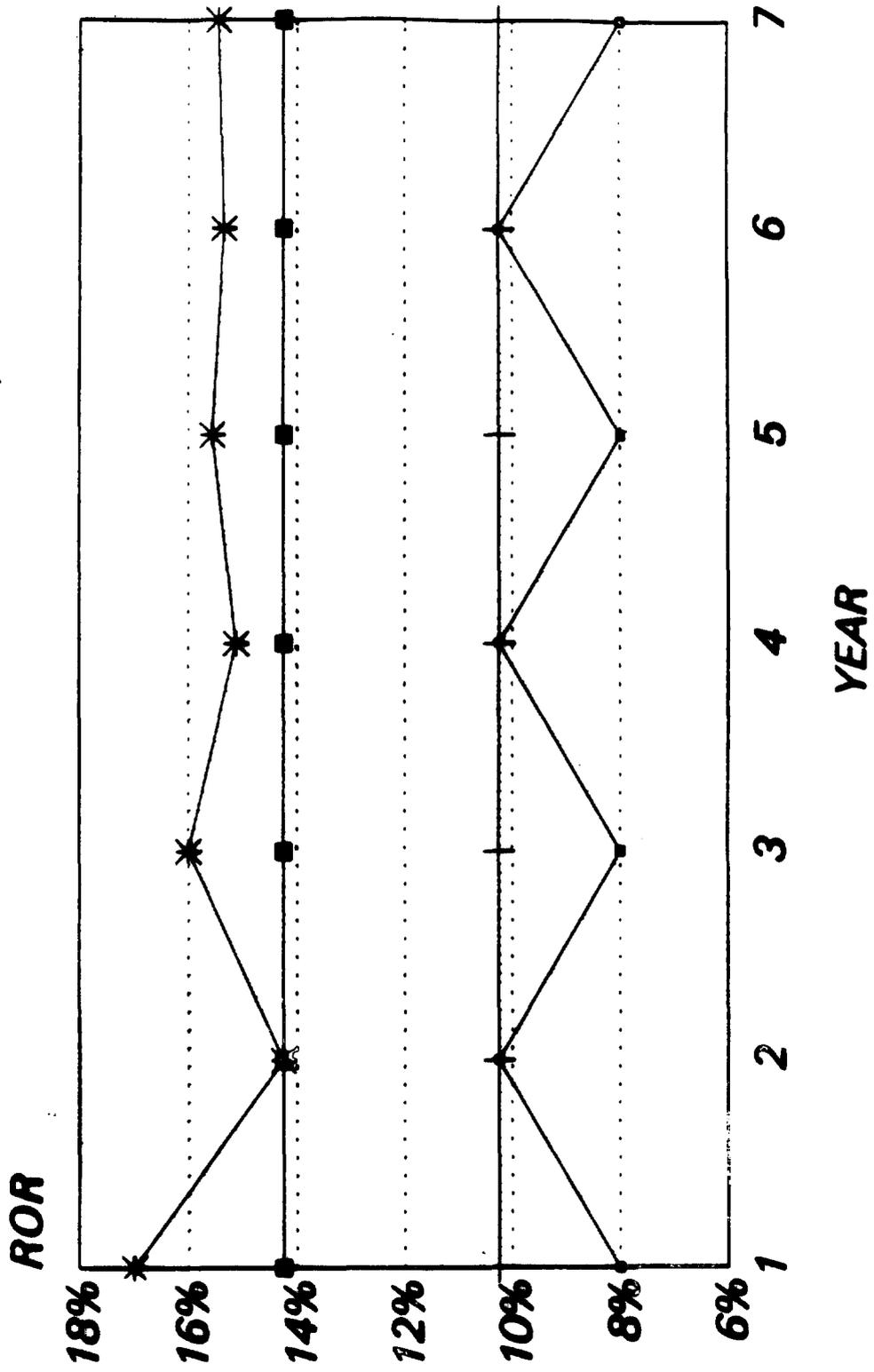
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1994 Rate of Return

| | |
|----------------------|--------|
| United | 16.76% |
| BellSouth | 15.70% |
| Pacific - Nevada | 15.12% |
| Pacific - California | 14.75% |
| Ameritech | 14.57% |
| Bell Atlantic | 13.80% |
| Southwestern | 13.00% |
| USWest | 12.34% |
| NYNEX | 12.00% |
| GTE | 11.96% |

| | |
|-----------|--------|
| Total LEC | 13.33% |
|-----------|--------|

FORM 492A - SHARING AND LFA



+ 10.25% ■ 14.25%

History of Add-Back Issue

- Issue Has Been Discussed Since 1991
- In 1992 and Early 1993, FCC Accounting Division Confirmed That ROR Should Be Normalized Through Add-Back
- NYNEX Normalized Its 1992 ROR By Removing LFA Revenues
- FCC Investigated 1993 Access Tariffs On Issue of Add-Back
- FCC Issued NPRM On July 6, 1993 To Clarify Its Rules On Add-Back

Add-Back Is Consistent With Price Cap Rules and ROR Reporting Rules

- Add-Back Is Necessary To Enforce ROR Limits
 - » Provides Consumers With The Correct Amount Of Sharing Revenues
 - » Prevents LECs From Earning Less Than Minimum Needed To Stay In Business
- Form 492 Report Requires Normalization
 - » NPRM Clarified Existing Rule
 - » FCC Position Has Been Consistent Since 1991