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June 20, 1995

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

EX PARTE

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

RE: Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Services (CC Docket No. 94-54).

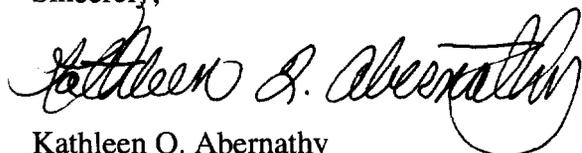
Dear Mr. Caton:

On Monday, June 19, 1995, Brian Kidney and I, on behalf of AirTouch Communications, met with Stan Wiggins of the Wireless Bureau. The attached material was distributed. Please associate this material with the above-referenced proceeding.

Two copies of this notice are being submitted to the Secretary in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me at 202-293-4960 should you have any questions or require additional information concerning this matter.

Sincerely,


Kathleen Q. Abernathy

Attachment

cc: Stan Wiggins

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AirTouch Communications

CC Docket No. 94-54

June 19, 1995

BACKGROUND

- * The resellers introduced the concept of a reseller switch in California in 1988 and have consistently maintained that the switch is not economically viable in the absence of price control regulation.
- * After hearings on the reseller switch proposal, the CPUC concluded in 1993 that the proposal's economic viability remained questionable and ordered rehearing on the issue.
- * The CPUC subsequently denied the cellular carriers' requests for rehearing and decided to implement the reseller switch, despite the absence of evidence demonstrating that the switch is economically feasible.
- * In 1994 the CPUC ordered the cellular carriers to "unbundle" their wholesale tariffs and interconnect the reseller switches following receipt of appropriate bona fide engineering proposals demonstrating switch compatibility.
- * The CPUC ordered the carriers to divulge competitively sensitive information as necessary to allow the resellers to develop engineering plans for interconnection of the reseller switch.
- * The CPUC also ordered Los Angeles Cellular Telephone Company ("LACTC") to participate in a trial test of interconnection with the reseller switch.
- * The CPUC has now concluded that in light of federal preemption of state rate and entry regulation, the carriers must file unbundled tariffs with the FCC, rather than the CPUC, after conclusion of the LACTC test. The test is currently scheduled for July 9, 1995.
- * Despite the CPUC's latest decision, the resellers continue to demand that the carriers immediately file with the CPUC a "generic unbundled tariff" and interconnection facilities.

THE RESELLER SWITCH UNDERMINES THE FCC'S COMPETITION POLICIES.

- * The plan for nationwide roll-out of competitive facilities based wireless service will be stalled by introduction of a redundant reseller switch.
- * The reseller switch cannot operate independent of the underlying wireless infrastructure, and therefore cannot offer services or utilize technologies unavailable from or incompatible with the "host" wireless network(s).
- * Since the reseller switch is viable only with price controlled rates, its presence will skew the market in artificial and anti-consumer ways.
 - The unprofitable interconnection arrangement demanded by resellers will eliminate incentives for wireless operators to invest in infrastructure,
 - A consequence of the uneconomic reseller switch is a direct negative impact on PCS auction revenues,
 - Prices for wireless services will be artificially higher than if offered in a truly competitive market.
- * Authorization of an uneconomic reseller switch will promote unnecessary regulation of the relationship between wireless operators and resellers.
 - The CPUC has been continuously called upon to arbitrate disputes regarding technical issues, exchange of confidential data, timing of the switch test and other compliance issues,
 - The CPUC has repeatedly issued rulings and orders in an attempt to clarify its regulation and procedures for reseller switch implementation,
 - The CPUC currently has before it four motions to resolve disputes arising from its original order requiring reseller switch interconnection.
- * In the absence of arbitrary regulatory requirements, CMRS providers have the incentive to implement direct and efficient network connections at reasonable costs when the opportunity and need arise.

kqa/resellsw