

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
COMMUNICATIONS DIVISION

In the Matter of
End User Common Line Charges

DOCKET FILE COPY ORIGINAL

CC Docket No. 95-72

NYNEX REPLY COMMENTS

The NYNEX Telephone Companies¹ ("NTCs") hereby file their Reply to the Comments that were filed on the non-traffic sensitive ("NTS") costs that were submitted by the Bell Operating Companies ("BOCs") in the above-referenced proceeding.

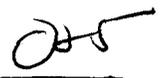
I. BACKGROUND

In this proceeding, the Commission is considering the issue of how many EUCL charges should apply to local loops used with Integrated Services Digital Network ("ISDN") and other multi-channel services.² One approach that the Commission proposed was to base the number of EUCL charges on the ratio of the average cost of providing multi-channel services, including the costs of line or trunk cards, to the average cost of providing an ordinary local loop or T-1

¹ The NYNEX Telephone Companies are New York Telephone Company and New England Telephone and Telegraph Company.

² See *In the Matter of End User Common Line Charges*, Notice of Proposed Rulemaking, CC Docket No. 95-72, released May 30, 1995 ("Notice").

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facility.³ On September 29, 1995, the Common Carrier Bureau requested information from each of the BOCs regarding the NTS costs of the single and multi-channel services they offer.⁴ On October 2, 1995, the Commission invited comments on the information submitted.⁵ NYNEX filed its data on October 24, 1995. On October 30, 1995, GTE and MCI filed comments on the filings by NYNEX and the other BOCs.

II. The Commission Should Not Apply EUCL Charges Using Cost Ratios

GTE and MCI agree that the Commission should not use the cost data submitted by the BOCs to determine the number of EUCL charges to apply to ISDN and other multi-channel services. GTE points out that EUCL charges were determined through a "political process" and that they are based on an arbitrary allocation of costs to interstate.⁶ In addition, GTE argues that the Commission should not consider port costs (the NTS costs associated with the costs of line or trunk cards) in determining the number of EUCL charges to apply to multi-channel services because EUCL charges only recover common line costs and because none of the port costs are allocated to the common line category.

³ See Notice at para. 27.

⁴ See letter from Kathleen M.H. Wallman to Ken Rust, Director, Federal Regulatory, NYNEX, dated September 29, 1995.

⁵ See FCC Public Notice, dated October 2, 1995.

⁶ See GTE Comments at pp. 3-4.

NYNEX agrees that the Commission should not adopt a cost ratio approach in applying EUCL charges to multi-channel services. As NYNEX stated in its initial comments in this proceeding, the underlying costs of providing derived channel services are not relevant to determining the number of EUCL charges to be applied to these services.⁷ Moreover, even if the Commission adopted a cost ratio approach, there would be no justification for including port costs in the ratio. The port costs that the BOCs submitted in response to the Bureau's data request are allocated to the Local Switching category, and they have nothing to do with the recovery of common line costs. Therefore, if the Commission adopts a cost approach -- which it should not -- it should only examine the loop cost data that were submitted by the BOCs.

GTE raises another reason for not adopting a cost ratio approach -- the lack of a prescribed method for identifying loop costs on a service-specific basis.⁸ GTE argues that a cost-ratio methodology would require a new level of detail in the collection of separations data and that this would be contrary to the Commission's past efforts to simplify the separations process.⁹ In NYNEX's response to the data request, we noted that the current Separations procedures do not serve as a valid source for the development of a cost ratio approach. NYNEX stated that, "Separations are not designed to provide separated cost data

⁷ See NYNEX Comments, filed June 29, 1995, at p.2.

⁸ See GTE Comments at pp. 4-8.

⁹ GTE notes that the Commission acknowledged in the *Notice* that a significant drawback of the cost-ratio approach is the need to obtain and analyze cost data. See GTE Comments at p. 4.

on individual services within a cost category. Separated costs are only being supplied to comply with the FCC data request."¹⁰ A cost ratio approach would impose an unnecessary level of detail on cost reporting that would not be supported by the Part 36 methodology.

III. The Cost Data Do Not Support Applying More Than One EUCL Charge Per Multi-Channel Service.

MCI and GTE argue that the data submitted by the BOCs do not support applying more than one EUCL charge per service.¹¹ In the Notice, the Commission suggested that, "a PRI customer, for example, would pay six SLCs if the LEC cost of providing an ISDN T-1 connection, including line or trunk cards, is six times the cost of providing an ordinary T-1 facility."¹² MCI and GTE demonstrate that the ratios of Primary Rate ISDN loop costs to digital PBX trunk loop costs and the ratios of Basic Rate ISDN loop costs to standard voice grade loop costs are close to one-to-one. Thus, if the Commission excludes port costs, which are irrelevant to the application of common line charges, there is no basis for applying more than one EUCL charge per service for multi-channel services.

¹⁰ See NYNEX Letter to Kathleen M.H. Wallman, CC Docket No. 95-72, dated October 24, 1995.

¹¹ See MCI Comments at p. 1-2; GTE Comments at pp. 8-10.

¹² See Notice at para. 27.

IV. CONCLUSION

The data submitted in this proceeding do not support the application of more than one EUCL charge per service. In addition, the lack of a consistent methodology for determining loop costs on an individual service basis presents a serious impediment to adoption of a cost approach to applying EUCL charges. Pending comprehensive reform of the access charge rules, the Commission should decide to apply no more than one EUCL charge per network service interface.

Respectfully submitted,

The NYNEX Telephone Companies

By: 
Joseph Di Bella

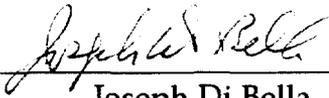
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Dated: November 6, 1995

CERTIFICATE OF SERVICE

I hereby certify that copies of this pleading were mailed this date, first class postage prepaid, upon the persons listed on the attached service list.

A handwritten signature in cursive script, appearing to read "Joseph Di Bella", is written above a horizontal line.

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Dated: November 6, 1995

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