

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.

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DEC 27 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
)  
LAMBDA COMMUNICATIONS, INC. )  
)  
Emergency Petition for )  
Rulemaking to Apply Expanded )  
Interconnection Obligations to )  
Puerto Rico Telephone Company )

RM-8708

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AT&T REPLY COMMENTS

Pursuant to Section 1.405 of the Commission's Rules, 47 C.F.R. § 1.405, AT&T Corp. ("AT&T") submits this reply to the comments of other parties on the above-captioned petition by Lambda Communications, Inc. ("Lambda") requesting the Commission to institute on an expedited basis a rulemaking to apply expanded interconnection requirements to the Puerto Rico Telephone Company ("PRTC").<sup>1</sup>

AT&T's Comments on Lambda's rulemaking petition showed (p. 3) that the Commission's prior decisions to exempt PRTC from the expanded interconnection obligations applicable to other Tier 1 local exchange carriers ("LECs") has deprived interexchange carriers ("IXCs") and their end users of important benefits, in terms of

<sup>1</sup> In addition to AT&T, comments on Lambda's petition were filed by Cellular Communications of Puerto Rico, Inc. ("CCPR"), Celpage, Inc. ("Celpage"), MCI Telecommunications Corp. ("MCI"), and PRTC.

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greater choice of quality services and lower rates, that expanded interconnection options have made available in the United States mainland.

Other parties' comments confirm the correctness of AT&T's observation. For example, MCI points out (p. 3) that, as the Commission has already recognized, competition would provide increased choice for customers in need of enhanced service reliability, spur deployment of new technologies, and yield cost-based prices for competitive services, among other benefits.<sup>2</sup>

Predictably, the only opposition to extension of expanded interconnection comes from PRTC itself. None of the grounds that PRTC provides for maintaining the status quo withstands analysis. First, PRTC asserts (pp. 4-8) that requiring it to provide expanded interconnection, and to respond to the competitive entry

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<sup>2</sup> Celpage also states (p. 9) that in the absence of expanded interconnection with PRTC, "businesses that depend upon fair and reasonable access to the local network have struggled with unnecessary delays and exorbitant expenses in attempting to deliver competitive communications services to the people of Puerto Rico." See also CCPR, p. 3 (noting that "the average wait for installation of a leased T-1 trunk line, even in the San Juan metropolitan area, is more than a year").

Similarly, AT&T showed in its Comments (p. 3 n.5) that over 30 of its pending circuit installation orders to PRTC have gone unfilled for periods longer than 200 days. It is apparent that the availability of competitive interconnection alternatives could create an incentive for greater provisioning responsiveness by PRTC.

that will result, would seriously impair PRTC's ability to increase telephone subscribership to levels comparable to those in the United States mainland. However, PRTC provides absolutely no factual support for this implausible claim.<sup>3</sup>

Indeed, as AT&T noted in its Comments (p. 4), Lambda argues persuasively that expanded interconnection can be expected to actually increase telephone subscribership by stimulating economic growth. Moreover, as other commenters correctly observe, by virtue of its governmental ownership PRTC enjoys a variety of unique economic advantages unavailable to LECs operating on the United States mainland.<sup>4</sup> The Commission should therefore give no credence to PRTC's unsubstantiated claim that

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<sup>3</sup> PRTC's claim that it has made "extraordinary" efforts to improve basic telephone subscribership (and particularly residential penetration) appear to be considerably overstated. PRTC's reported annual growth rates in residential subscriber lines for 1990-1994 lag dramatically behind the growth rates both for total presubscribed lines (not including cellular) and total access lines (which includes cellular and paging applications). Thus, it appears that PRTC has concentrated the bulk of its efforts on improving penetration in more lucrative business, cellular and paging markets.

<sup>4</sup> For example, due to its Commonwealth government ownership PRTC may issue fully tax-free municipal bonds, has access to low interest financing from the government's Development Bank, and is also exempt from paying taxes to the Commonwealth. See CCPR, p. 4. Moreover, as a government-owned entity PRTC is not subject to the same extensive regulation by the Commonwealth as competing service providers. Id., p. 5; see also Celpage, p. 8.

telephone penetration will be adversely affected by requiring expanded interconnection.

Second, PRTC contends (p. 7) that, as a NECA pool member, it lacks "the pricing flexibility needed effectively to meet the access competition envisioned by expanded interconnection." This claim is likewise without merit, as AT&T's Comments (pp. 4-5) showed; NECA has previously filed tariff revisions specific to PRTC for other purposes, and there is no apparent reason it cannot also do so for expanded interconnection.<sup>5</sup>

Finally, PRTC argues (pp. 9-10) that because pending telecommunications legislation would require the Commission to conduct rulemakings on interconnection standards, the Commission should defer a rulemaking on PRTC's interconnection obligations. However, the rulemaking Lambda requests will not require lengthy proceedings or substantial expenditure of scarce Commission resources, because a fully developed record on

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<sup>5</sup> PRTC's attempt to hide behind its NECA membership to justify avoiding expanded interconnection is all the more inappropriate because, as Lambda has correctly pointed out, participation in NECA is wholly voluntary on PRTC's part. See AT&T Comments, p. 4. AS MCI observes (p. 6), NECA was created in part to ease the burdens of interstate access tariff filings on small LECs. PRTC scarcely warrants characterization as a "small LEC"; MCI notes that PRTC's annual interstate access revenues exceed the combined total of two Tier 1 LECs (Cincinnati Bell and Rochester Telephone) that are subject to expanded interconnection obligations. Thus, "[t]here exists no principled bases to distinguish carriers like PRTC from Tier 1 non-NECA pool members that are required to offer expanded interconnection." Id., p. 7.

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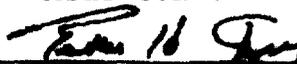
this issue has already been compiled in CC Docket No. 91-141. Any determination reached by the Commission there can readily be modified to conform to any telecommunications legislation that may ultimately be enacted.

WHEREFORE, for the reasons stated above and in AT&T's Comments, the Commission should institute on an expedited basis a rulemaking to apply expanded interconnection obligations to PRTC.

Respectfully submitted,

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, By



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CERTIFICATE OF SERVICE

I, Ann Marie Abrahamson, do hereby certify that on this 7th day of December, 1995, a copy of the foregoing "AT&T Reply Comments" was mailed by U.S. first class mail, postage prepaid, to the parties listed below.

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