

Christine Jines
Corporate Manager -
Federal Regulatory

SBC Communications Inc.
1401 I Street, N.W.
Suite 1100
Washington, D.C. 20005
Phone 202 326-8879
Fax 202 408-4806



DOCKET FILE COPY ORIGINAL

EX PARTE TO LATE FILED

March 27, 1996

EX PARTE

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

RECEIVED
MAR 27 1996
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

Re: CC Docket No. 94-97, Phase II, Written Ex Parte of SWBT

SWBT, in accordance with Section 1.1206(a)(1) of the Commission's Rules, respectfully submits this written Ex Parte in CC Docket No. 94-97, Phase II in response to a February 12, 1996 Ex Parte letter by Time Warner. An original and two copies of this ex parte submission are provided.

In its Ex Parte, Time Warner generally complains that the LECs have not met their burden of proof in responding to the Designation Order. Specifically, Time Warner complains about SWBT's and other LECs' rates for provisioning and installation of interconnector-designated equipment (IDE). Time Warner merely repeats earlier allegations which SWBT has previously refuted. SWBT nevertheless feels compelled to again address Time Warner's assertions and refer the Commission to SWBT's earlier filings.¹

Contrary to Time Warner's allegations, SWBT has fully complied with the requirements of the Commission's Virtual Collocation and Designation Orders. As SWBT has shown before, SWBT's rates associated with IDE are reasonable and justified.² Time Warner falsely accuses SWBT as having adversely influenced vendor prices. The reverse is actually true. As a Time Warner witness admitted in a Virtual Collocation Proceeding before the Texas Public Utility Commission which was earlier documented, SWBT uses negotiated vendor costs in developing IDE rates everywhere such a negotiated price exists giving interconnectors the benefits of any SWBT-negotiated, below-list prices.

¹ CC Docket No. 94-97, Phase II, In the Matter of Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection Through Virtual Collocation For Special Access and Switched Transport, SWBT's Direct Case, dated October 19, 1995, and SWBT's Rebuttal to Oppositions Filed in response to The Direct Case of SWBT, dated November 22, 1995.

² Id.

File of Copies made
Date: 3/27/96

021

Similarly, as SWBT has shown before,³ its nonrecurring charges for IDE are reasonable and justified. SWBT's use of a nonrecurring charge to recover nonrecurring costs associated with IDE is appropriate and avoids having SWBT finance its competitors. Using a recurring rate structure would place SWBT's competitors' capital needs ahead of SWBT's discretionary projects. Further, given the clear inability of SWBT to forecast its competitors' capital needs, the amount of that capital would become an unknown in SWBT's budgeting process thereby limiting SWBT's ability to plan. The Commission should clearly and decisively reject this unreasonable argument. In addition, the reusability of IDE cannot be determined or even guessed at because it is the interconnector's choice of equipment and may not be what is normally used by SWBT, and because there is no way to ensure that at the time of disconnection another interconnector or SWBT would have a need for the particular vintage of IDE being disconnected. Therefore, a nonrecurring rate structure is the most appropriate for recovering the cost of IDE. It does not provide a windfall to SWBT, but simply recovers the cost of IDE at the time the cost is incurred.

Time Warner rehashes the issue of "\$1 buy-back" in four different sections of its two page Ex Parte filing. SWBT emphasizes that the Virtual Collocation Order is clear on this issue. In that Order the Commission declined to require the LECs to offer such an arrangement⁴ and nothing in the Telecommunications Act of 1996 provides any basis to change that conclusion. Nonetheless, contrary to Time Warner's allegations, as stated by SWBT in its rebuttal to oppositions to its Direct Case, SWBT is willing to purchase IDE from interconnectors, at any price set by the interconnector (including \$1), so long as the interconnector complies with SWBT's vendor/equipment requirements and standards. In those instances, the nonrecurring IDE rate charged to the interconnector will be the price set by the interconnector plus the overhead and direct cost amounts embedded in SWBT's equivalent nonrecurring rates.

Time Warner asks for a list of equipment on which SWBT technicians are trained, on an office-by-office basis. As discussed with Time Warner, SWBT requires training in instances where the IDE is non-standard equipment for a particular office. Further, training needs depend not only on the vendor selected but also on the type of the system selected and quantity of technicians needed to provide 24 hour coverage for installation, maintenance and repair of the IDE. Therefore, it would be impractical to create a list that considers all possibilities and even if such a list were to be developed it would be outdated quickly as systems change, more current vintages are selected, and personnel change.

Please call me if you have any questions.

Sincerely,



CC: James Schlichting
David Sieradzki
James Lichford
Judy Nitsche

³ Id.

⁴ CC Docket No. 91-141, Expanded Interconnection with Local Telephone Company Facilities, MO&O, Released July 25, 1994, para. 127.