

Before the
Federal Communications Commission
Washington, D.C. 20554

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In the Matter of)
)
Policy and Rules Concerning the)
Interstate, Interexchange Marketplace)
)
Implementation of Section 254(g) of the)
Communications Act of 1934, as amended)

FCC 96-123

CC Docket No. 96-61

DOCKET FILE COPY ORIGINAL

COMMENTS OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

I. INTRODUCTION

The Louisiana Public Service Commission (" LPSC") hereby submits the following comments in response to the Federal Communications Commission ("FCC") Notice of Proposed Rulemaking ("NPRM") in the above captioned case issued on March 25, 1996.¹ This NPRM was issued in order to implement the Congressional directive set out in Section 254(g) of the Telecommunications Act of 1996 (1996 Act),² and to determine whether in advancing the policy of facilitating the growth of competition in the domestic long-distance market, the FCC should adopt a mandatory detariffing policy for domestic services of non-dominant, interexchange carriers. The following comment will address only Section VI of the NPRM. A diligent effort

¹*In The Matter of Policy and Rules Concerning the Interstate, Interexchange Marketplace, and Implementation of Section 254(g) of the Communications Act of 1934, as amended, CC Docket No. 96-61, Notice of Proposed Rulemaking, FCC 96-123 (Adopted March 21, 1996 and Released on March 25, 1996).*

²Telecommunications Act of 1996, Pub. L. No. 104-104, 110 State. 56 (1996) (to be codified at 47 U.S. C. §§ 151 et seq.). Hereinafter, the provisions of the 1996 Act will be referred to using the sections at which they will be codified.

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has been undertaken in presenting these comments to be brief and concise. If additional information regarding any area that will be discussed is needed, the LPSC is willing to furnish it to any and all parties concerned

IL RATE AVERAGING AND INTERGRATION REQUIREMENTS OF THE 1996 ACT

A. PREEMPTION OF STATE REGULATION

Under Section 254(g) of the 1996 Act, the Commission must:

[A]dopt rules to require that the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged by each such provider to its subscribers in urban areas. Such rules shall also require that a provider of interstate interexchange telecommunications services shall provide such services to its subscribers in each State at rates no higher than the rates charged to subscribers in any other State.³

The LPSC currently requires toll rate averaging in Louisiana.⁴ The FCC in the NPRM stated that it “believe[s], however, that Section 254(g) preempts state laws or regulations requiring intrastate geographic rate averaging only to the extent such laws or regulations are inconsistent with the rules we adopt with respect to geographic rate averaging.”⁵ In preparing rules, the LPSC encourages the FCC to review the rules and regulations of Louisiana and other states regarding this very issue. The LPSC strongly feels that it should be able to continue its current scheme of regulation and enforcement of intrastate interexchange rate averaging. While it is unknown as to whether the LPSC’s current scheme will be consistent with the rules to be adopted by FCC, the scheme is consistent with the policy set forth in Section 254(g) of the Telecommunications Act of

³1996 Act at sec. 101, § 254(g).

⁴Louisiana Public Service Commission Order U-17949-N, October 18, 1991. (See Exhibit 1).

⁵NPRM at para. 68.

1996. Rural and urban toll rates are the same.

B. GEOGRAPHIC RATE AVERAGING

As state previously, toll rate averaging exists in Louisiana. In May, 1989, LPSC Docket U-17949, Subdocket B was established to consider, among other issues, the issue of toll rate averaging. After a series of hearings⁶, the following findings were made:⁷

1. Expansion of IntraLATA competition is in the public interest and will likely provide benefits to ratepayers.⁸
2. A 40-mile seven (7) digit local calling area [is to] be established under certain guidelines.⁹
3. Implementation of 1+/0+ intraLATA full (presubscription) competition should not be ordered at this time because of the non-availability of information to gauge its impact on the local exchange companies and because technical and network difficulties exist which prevent the implementation of full scale 1+/0+ IntraLATA competition. However, the impact of increased competition authorized by this Order will be reviewed and the Commission may authorize full intraLATA competition in the future.¹⁰
4. IntraLATA competition should be allowed on a 10XXX basis.¹¹

⁶Hearing in Docket U-17949, Subdocket B were held on December 10-11, 1990 and May 7-10, July 9-12, and July 22-24, 1991.

⁷The Findings were adopted and ordered by the Commission in Order U-17949-N, October 18, 1991.

⁸Louisiana Public Service Commission Order U-17949-N, October 18, 1991.

⁹The guidelines for the adoption of the 40-mile seven(7) digit calling area are set forth on page 35, Louisiana Public Service Commission Order U-17949-N, October 18, 1991. Additionally, see page 50.

¹⁰Louisiana Public Service Commission Order 17949-N, October 18, 1991, pages 36-38.

¹¹Id. At pages 38 and 39.

5. It is appropriate to permit COCOTs to complete IntraLATA "0" calls without the use of a live operator.¹²

6. All toll rates in Louisiana should be averaged.¹³

The Order delineates justification for its finding that averaging intrastate toll calls is in the public interest. See Appendix A for Order U-17949-N. The Order explains that toll rates in Louisiana in October of 1991 were offered on an averaged basis. The averaging of toll rates provides the benefit of more affordable toll services to all (both rural and urban) toll subscribers in Louisiana.¹⁴ Because all Louisiana ratepayers have paid rates which allowed recovery of costs for infrastructure and technology, all Louisiana ratepayers should benefit and have benefitted, from rate averaging of intrastate toll rates.

The averaging intrastate rates on a nationwide basis however could be unfair to states where the cost of providing service is not as high as states with rugged terrain or widely scattered customers. For example, the ratepayers in Louisiana should not have to pay for providing service to mountainous, sparsely populated areas of the country. Likewise, ratepayers in New Jersey or Tennessee should not have to pay the cost of providing service in the swamps of Louisiana. Each state should be allowed to average toll rates on an intrastate basis, based upon each state's unique circumstances.

Base on the above, this comment is being submitted.

¹²Id. At pages 49 and 50.

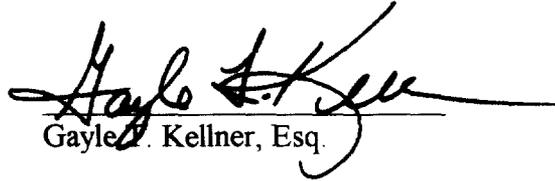
¹³Id. At page 50.

¹⁴Id. At page 47.

Respectfully submitted,



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**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

DOCKET NO. U-17949-B - (SUBDOCKET B)

**IN RE: INVESTIGATION OF THE REVENUE REQUIREMENTS, RATE
STRUCTURES, CHARGES, SERVICES, RATE OF RETURN AND
CONSTRUCTION PROGRAM OF SOUTH CENTRAL BELL TELEPHONE
COMPANY IN ITS LOUISIANA INTRASTATE OPERATION, THE
APPROPRIATE LEVEL OF ACCESS CHARGES, AND ALL MATTERS
RELEVANT TO THE RATES AND SERVICES RENDERED BY THE
COMPANY**

ORDER NO. U-17949-N



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I. INTRODUCTION

This is a proceeding established by the Commission for the resolution of numerous competitive and related issues in the telecommunications industry. As everyone in the industry is aware, the provision of telecommunications services has changed dramatically since divestiture on January 1, 1984. Not only has the number of firms in the industry increased, but the types of services and cost of those services have changed. These factors have caused the Commission to increasingly confront issues that did not exist prior to divestiture.

In the past, we have addressed these issues on an ad hoc basis. However, the Commission recognized that the resolution of some basic policy matters, for example, whether full scale intra-LATA competition should be authorized, would influence the outcome of other issues. Therefore, Order No. U-17949-A established a "generic" telecommunications subdocket to address matters common to the industry as a whole. In May, 1989 we identified the following issues to be dealt with in the subdocket:

intra-LATA competition; a proposed interexchange carrier pool for local subsidies; the pricing of telecommunications services; intra-LATA leakage; Ready line, Megacom 800, Direct and Ultra 800, Ultra WATS, Prism 1 and Prism 2, alternate operator services, and the level of intrastate access charges, pricing issues and related issues.

(Order No. U-17949-A
at 34).

As the subdocket progressed and input was received from various interested parties, the scope of the inquiry and the issues to be addressed expanded.

After the subdocket was established the Commission invited all parties with a potential interest in these matters to attend a prehearing conference at the Commission to define the issues and establish a procedure for resolving them. Based on Order No. U-17949-A, the views expressed by the parties, and a review of dockets at the Commission regarding telecommunications matters, a list of potential issues was established.

Most parties agreed that the two issues with the greatest importance related to intra-LATA competition and the appropriate level and structure of intrastate access charges. Additionally, the determinations regarding intra-LATA competition would impact numerous other issues. Therefore, the Commission decided to phase the generic subdocket and address the issues of intra-LATA competition and the appropriate level and structure of access charges in the first phase. The second phase of the proceeding will primarily be concerned with Alternate Operator Services ("AOS" or Operator Service Providers "OSPs"). Most of the parties to the proceeding agreed with this approach.

The following entities were parties or intervenors in Phase I of the generic subdocket and participated in the proceedings. South Central Bell Telephone Company ("South Central Bell" or "the Company"), the Department of Defense and All Federal Executive Agencies ("Department of Defense"), AT&T Com-

munications of the South Central States, Inc. ("AT&T"), MCI Telecommunications Corporation ("MCI"), the Louisiana Payphone Association, Inc. ("LPA"), US Sprint ("Sprint"), the Small Company Committee of the Louisiana Telephone Association ("Independent LECs"), LDDS of Louisiana, Inc. ("LDDS"), Telemarketing Corporation of Louisiana, Cable and Wireless Communications, ("Cable and Wireless") Advanced Telecommunications Corporation ("ATC") and Intellicall, Inc. ("Intellicall").

After the procedural schedule was established, pre-filed testimony was submitted by virtually all parties to the proceeding, including the Commission's expert consultant. Extensive discovery was undertaken, which included exchanges of information and documents. Witnesses for all parties were made available for deposition and most were deposed. The parties also had the opportunity to file rebuttal testimony. Hearings were held on December 10-11, 1990, May 7-10, 1991, July 8-12, 1991 and July 22-24, 1991.

II. DISCUSSION

First, we will address whether the Commission should permit intra-LATA competition and, if so, the appropriate scope of that competition.

A. Current Status of Intra-LATA Competition

When this subdocket was initiated a certain degree of competition existed within the LATA. Although the provision of local exchange service is virtually free from competition,¹

1 No party is seeking general authority to compete with the
(footnote continued)

limited intra-LATA competition was authorized in certain areas. Resellers -- companies that do not own their own facilities but rather lease them from the LECs or facilities-based interexchange carriers -- are authorized to carry intra-LATA toll traffic. Louisiana also has over 20 independent local exchange companies. As a result, there are a number of LATAs in the State that have more than one local exchange company. In August, 1986, in the Consolidated Order for Docket Nos. U-15457, U-15955, U-15995 and U-16012, the Commission determined that intra-LATA toll competition was in the public interest for LECs located within the same LATA.

Additionally, since divestiture the facilities-based interexchange carriers operating in Louisiana have introduced a variety of new service offerings in the interstate inter-LATA market and have sought authority to offer those same services on an intrastate inter-LATA basis. Since intrastate inter-LATA competition has been permitted in Louisiana since 1984, the implementation of the new offerings presented no significant problem to the Commission, the IXCs or the LECs. However, once the new services were implemented, the IXCs also had the capability of completing intra-LATA calls, and existing technology did not permit LECs to block the intra-LATA calls

(footnote continued from previous page)

LECs for local exchange service. However, customer owned coin operated telephones ("COCOTs") do complete local calls over the facilities of South Central Bell and the independent LECs. In addition, a very minor amount of "local" traffic is carried by some interexchange carriers and resellers incidental to other authorized service offerings of those carriers.

while permitting inter-LATA traffic. Therefore, each time the IXCs sought to introduce these new inter-LATA services, they applied for authority to carry the "incidental" intra-LATA traffic. In several dockets the Commission granted the IXCs the authority to implement these services and to carry the incidental intra-LATA traffic. This authority was granted on an interim basis.

South Central Bell generally opposed the applications of the IXCs, contending that authorization to carry intra-LATA traffic would erode revenues traditionally provided by intra-LATA toll to subsidize local service. In response, the Commission instructed the IXCs to track the completion of intra-LATA calls to determine whether significant erosion was occurring and to allow them to request that the IXCs provide compensation for that lost contribution. Periodic reports are made on the level of intra-LATA calls and, to date, no LEC has requested that it be compensated for this alleged lost intra-LATA toll contribution.

B. Commission Authority to Permit Intra-LATA Competition

No serious argument has been raised regarding the Commission's authority to permit expanded intra-LATA competition. The Modified Final Judgment, which formed the basis of the divestiture of the Bell Operating Companies ("BOCs") from AT&T, prohibited the BOCs from participating in the inter-LATA market but placed no such restrictions on the operation of IXCs in the inter-LATA intrastate or intra-LATA markets. As previously dis-

cussed, the Commission has permitted the IXCs to offer their services on an inter-LATA intrastate basis since divestiture.

The Commission has proceeded cautiously in permitting intra-LATA competition. However, the divestiture court made it plain that the state regulatory authorities would determine the degree of intra-LATA competition which would be permitted. The Modified Final Judgment specifically held that state regulators had the "authority to decide what intrastate calling arrangements are best suited to the public interest within their states." U.S. v. Western Electric Co., Inc., 569 F. Supp. 1057, 1109 (D.D.C. 1983). Finally, according to the testimony of South Central Bell's own witnesses, at least some degree of intra-LATA competition exists in more than half of the states. (Prefiled Direct Test. L. Perl, Exh. 2). Thus, this Commission has authority to permit expanded intra-LATA competition.

C. The Commission's Options

The Commission is faced with a variety of alternatives regarding intra-LATA competition. Some of these options may require adjustments to other rate elements for the LECs and the IXCs while others will not. A brief description of the alternatives is set forth below:

- a) Completely reserve the provision of intra-LATA services to the local exchange companies. This would entail rescinding the authority already held by resellers and the IXCs to complete some intra-LATA calls.
- b) Maintain the status quo. This alternative would leave reseller and limited IXC competition in place but permit no expansion of that authority.

- c) Maintain the status quo but make the limited authority granted to the IXCs permanent. This alternative would basically leave the existing competitive arrangements in place, but remove the temporary or interim status for those basically inter-LATA IXC offerings which include the capability of completing incidental intra-LATA calls.
- d) Permit only "retail" intra-LATA competition. This scenario would permit interexchange carriers to compete within the LATA but only utilize the transmission facilities owned by the local exchange companies. Both construction and use of IXC facilities for intra-LATA purposes would be prohibited.
- e) Permit the IXCs to engage in intra-LATA toll competition but only on a "10XXX" basis. Under this alternative the LECs would retain the exclusive right to complete all "1+" and "0+" calls. The IXCs would be granted the same authority currently enjoyed by the resellers; i.e., a customer choosing to use an IXC, rather than a LEC or reseller to complete his intra-LATA toll call would "access" his IXC of choice through a "10XXX", "1-800", "1-950" or similar access code. Any calls dialed "1+" or "0+" would continue to be carried by the LEC.
- f) Open the LATA to full "1+" "0+" competition. Under this arrangement subscribers would have the opportunity to have the carrier of their choice carry their intra-LATA toll traffic by dialing "1+" or "0+". The choice of intra-LATA toll carrier would be presubscribed. This result could be accomplished either with or without "balloting" of customers.

D. Positions of the Parties

1. South Central Bell - South Central Bell is the dominant local exchange carrier in this State. Although there are over 20 independent LECs operating in Louisiana, South Central Bell carries well over 90 per cent of the local and other intra-LATA traffic.

South Central Bell basically supports the introduction of competition within the LATA. Mr. John Ebbert, one of the company's witnesses testified:

South Central Bell entered this docket some months ago supporting a movement to a competitive environment. We presented proposals that we think would affect that movement in a fashion such that consumers get the benefit of any benefits that may come out of competition, at the same time, preserves and protects South Central Bell general ratepayers on a local basis. We feel there are potential benefits of competition. However, those potential benefits need to be provided on an equal and fair basis.

(Test. J. Ebbert, Tr.
7/23/91 at 9).

Similarly, South Central Bell witness Dr. Lewis Perl testified that the introduction of intra-LATA competition probably would produce benefits to Louisiana ratepayers. (Test. L. Perl, Tr. 12/10/90 at 204-05). In its brief, South Central Bell stated:

SCB supports a competitive environment in which all competitors are allowed to participate on an equal basis.

(Br. of South Central Bell
at 1).

Although South Central Bell supports the introduction of increased competition within the LATA, it believes that there are certain actions which must be taken by the Commission prior to authorizing additional competition. Based largely on a survey of approximately 1200 of its Louisiana customers, South Central Bell estimated that it would suffer an enormous erosion in earnings and contribution if facilities-based (i.e., IXC) intra-LATA competition were permitted. The company estimates that if

"10XXX" competition were permitted it would suffer an immediate net revenue loss of \$25.1 million. (Prefiled Test. M. Thompson, Exh. 7 Updated) This estimate is based on its conclusion that such competition would result in a loss of 55 per cent of its residence toll market and 44 per cent of its business toll market. (Prefiled Test. M. Thompson, at 9) If "1+"/"0+" competition were permitted, South Central Bell estimates that it would lose 82 per cent of its residence toll market and 89 per cent of its business toll market with a concomitant loss of over \$43 million in revenues.

Because of these projections, the company has urged the Commission to authorize other changes prior to implementing intra-LATA competition. In its Brief, South Central Bell describes the requested relief as follows:

If competition in the intra-LATA market is to be effective, several fundamental changes in the current marketplace must be initiated. These fundamental changes include: (1) Rates for LEC switched access and toll services must be reduced to market levels; (2) Local rates will be forced toward levels that more nearly reflect their costs; (3) The 7-digit local calling area should be expanded; and (4) Pricing flexibility for competitive services must be granted to the LECs.

(Br. of South Central Bell at 1-2).

Specifically, South Central Bell wants to have intra-state access charges reduced to the interstate level; its own intra-LATA toll rates reduced to a level 15 per cent below that of the lowest priced facilities based carrier; local rates increased to make up for the lost revenue which will result from

lowering the intra-LATA toll rates;² the local 7 digit calling area expanded to 40 miles, prohibiting any competition within that 40 mile area (i.e., mandatory 40 mile local calling area); pricing flexibility for competitive services. South Central Bell's position is that a fair competitive environment will exist only if all of these changes are accomplished prior to implementation of intra-LATA competition.

2. Independent Local Exchange Companies

The non-Bell local exchange companies (with the exception of Kaplan Telephone Co. which was not a party to this subdocket) are represented by the Small Company Committee of the Louisiana Telephone Association. In this proceeding the independent LECs focused on their request to eliminate the disparity in access charges in Louisiana (see discussion below). The independent LECs testified that they were not opposed to intra-LATA competition. However, they cautioned the Commission to handle the transition carefully because contribution is included in intra-LATA toll rates. In addition, the independent LECs were in favor of retaining "1+/" "0+" dialing for the local exchange companies.

3. AT&T

AT&T is a facilities-based interexchange carrier currently authorized to provide inter-LATA service as well as limited intra-LATA service offerings such as Megacom and Readyline. AT&T's position is that Louisiana consumers currently

² These three proposals are collectively referred to as "Rate Rebalancing."

benefit from some intra-LATA competition, including the limited intra-LATA service offerings of the facilities-based interexchange carriers and the more extensive intra-LATA offerings of other long distance companies. (Pre-filed Dir. Test. of W. Ellison at 2-3.) AT&T requests that the Commission authorize intra-LATA competition for all services other than "1+" and "0+" presubscribed MTS service. (Br. of AT&T at 1.) AT&T states that by increasing competition in accordance with AT&T's request "the Commission will increase consumer choice, encourage lower prices and improved customer service, stimulate the development of new services, and facilitate the rapid deployment of new services within the market place." (Pre-filed Dir. Test. of W. Ellison at 6; Tr. 12/10/90 at 52-53). AT&T also states that while the quality of telecommunications services will be improved by increased competition, adoption of AT&T's request will not significantly increase competition for the LECs' present services or cause SCB to lose significant market share or loop contribution. (Pre-filed Reb. Test. of W. Ellison at 2).

AT&T asks the Commission not only to grant permanent approval for the services it currently offers within the LATA, but to approve all potential service offerings which the long distance carriers may seek to provide in the intra-LATA market in the future. Thus, AT&T's request seeks authority for services that do not currently exist today. (Tr. 7/10/91 cross-ex. of Mr. Ballard at 146-147.) The request encompasses "10XXX" access authority for the long distance carriers. (Pre-filed Dir. Test.

of W. Ellison at 7.) AT&T is not asking for "1+", "0+" pre-subscribed MTS authority in this proceeding, but would not be opposed to the grant of such authority. (Pre-filed Dir. Test. of W. Ellison at 7.)

AT&T asserts that Louisiana intrastate access charges should be reduced to interstate levels and that South Central Bell's interstate access structure should be mirrored for intrastate rates. (Tr. 12/10/90 at p.61.) Additionally, AT&T believes that current disparities in access charges among the LECs should be eliminated. (Br. of AT&T at 20.) AT&T is in favor of the adoption of the Small Company Committee's original proposal to eliminate the disparity in access charges. It would support the amended Small Company Committee proposal that would reduce access charge disparities, but urges that the amended proposal, if adopted, be implemented immediately. (Br. of AT&T at 20-21.) AT&T also supports a cap on the CCLC to eliminate what it believes is unnecessary growth in access subsidies. (Br. of AT&T at 21.) Finally, AT&T requests that South Central Bell's intra-LATA toll rates include imputation of access charges. (Tr. 12/10/90 at p.60.)

4. US Sprint Communications Company

US Sprint Communications Company ("Sprint") is a facilities-based interexchange carrier. It offers inter-LATA toll service in Louisiana. Like AT&T, Sprint also has authority to provide several services within the intra-LATA market, but does not have authority to fully compete on an intra-LATA basis.

Sprint's position in this proceeding is that increased intra-LATA competition will be beneficial to Louisiana telecommunications consumers. (Pre-filed Dir. Test of B. Albery, p.2., Br. of Sprint at 2-3). Sprint believes that:

Louisiana consumers would realize three principal benefits from increased intra-LATA competition; reductions in toll prices; increases in product choice and variety; and increased innovation and the introduction of new products technology into the market.

(Br. of Sprint at 2; Pre-filed Dir. Test. of B. Albery at 6).

Furthermore, Sprint asserts that acceptance of its proposal will leave the LECs' revenues relatively unaffected and that intra-LATA competition will have no adverse impact on local service rates. (Br. of Sprint at 2; Pre-filed Dir. Test. B. Albery at 11, 15-16).

Sprint proposes that its customers be allowed to make intra-LATA calls using either Sprint's access-based services or by use of the "10XXX" prefix. At this time, Sprint is not requesting that the Commission authorize Sprint to carry "1+" or "0+" intra-LATA toll traffic. (Br. of Sprint at 1). Like AT&T, Sprint is requesting that the Commission grant it authority to provide all services within the LATA (with the exception of basic exchange service), whether or not the services exist today. (Tr. 7/11/91, Cross-ex. of B. Albery at 148.)

Without taking a position regarding a recommended level of access charges, Sprint asserted that a substantial portion of any South Central Bell rate reductions should reduce access charges to move access charges to parity with interstate access

rates. (Tr., 12/10/90 at 77; Pre-filed Dir. Test. of B. Albery at 16). Sprint asserts that there is a continuing disparity between intrastate access and residential local service, with intrastate access growing faster than residential local service, and favors imposition of a plan which would automatically adjust South Central Bell's access charges to avoid over-recovery of subsidy revenues. (Pre-filed Dir. Test. of B. Albery at 17-18). Sprint recommends rejection of the Small Company Committee's alternative compromise proposal. (Br. of Sprint at 14-17).

Sprint is in favor of imputation of access charges in the LECs toll rates and takes the position that price competition may not be possible without imputation. (Pre-filed Reb. Test. of B. Albery p. 15-16). Sprint recommends that LEC toll services rates be set at a level which recovers the LECs' cost of providing toll services in addition to the access rates that the IXC's pay to provide their toll service. (Pre-filed Reb. Test. B. Albery p. 17).

5. MCI Telecommunications Corporation

MCI is a facilities based interexchange carrier. Like AT&T and Sprint, MCI provides inter-LATA service, but has only limited authority to complete long distance calls within the intra-LATA market.

MCI is in favor of expanding the competition that currently exists in the intra-LATA toll market. (Tr. 12/10/90 at 64). MCI's position is that:

Competition in the intra-LATA market will bring benefits, including improved and expanded service offerings, incentives for firms to serve additional

markets, and incentives for firms to become more efficient and more innovative.

(Brief of MCI at 1.)

MCI also states that Louisiana consumers will not be harmed by increased competition and that competitive entry into the intra-LATA market would cause minimal or no financial impact to the LECs. (Br. of MCI at 4; (Pre-filed Test. of D. Wood pp. 10-19.)

According to MCI, "1+" and "0+" presubscribed MTS implementation is required for the benefits of competition to accrue to all Louisiana consumers. (Tr. 12/10/90 at 64.) MCI requests that the Commission authorize intra-LATA entry for all interexchange carrier services that are technically feasible, with this authority effective immediately. MCI requests that the Commission then initiate a six month investigation into the technical issues of adopting equal access. MCI advocates adoption of a plan which would prevent financial harm to the independent local exchange companies. MCI also advocates implementing a monitoring plan through which South Central Bell would provide the Commission with actual and verifiable data regarding any loss in contribution attributable to intra-LATA competition. (Pre-filed Dir. Test. D. Wood pp. 18-19.)

MCI also takes the position that safeguards be put in place to ensure that intra-LATA entry can develop into viable competition. Thus, it recommends that the Commission require the LECs to impute access in a way that ensures that the rate they charge competitors for access service is acknowledged as a cost

when developing their own toll rates. (Dir. Test. of D. Wood p. 19; Br. of MCI at 4.)

Finally, MCI recommends that the Small Company Committee alternative proposal be adopted, with the modification that the differences in access rates be allocated to all IXC's based on originating and terminating minutes of use, instead of only on terminating minutes of use as proposed by the Small Company Committee. MCI states that this modification creates an allocation of costs that more accurately reflects each IXC's actual use of the local exchange network. (Br. of MCI at 4.)

6. LDDS Of Louisiana, Inc. ("LDDS")

LDDS is a reseller of long distance telecommunications services throughout Louisiana. Currently, resellers have authority to resell long distance services within the intra-LATA market.

LDDS is in favor of resale competition within the intra-LATA market and states that consumers have already received competitive benefits in the intra-LATA toll market as a result of that competition. Additionally, LDDS states that the local ratepayer has not been harmed by intra-LATA toll competition at the retail level. According to LDDS, the existing environment, "in which only resellers and LECs provide intra-LATA services, results in: (1) competitive benefits to the public and (2) no financial harm to SCB or local ratepayers." (Br. of LDDS at 2; Pre-filed Dir. Test. of B. Johnson at 3-5).

While asserting that the intra-LATA market has gained substantial benefits from allowing resale competition, LDDS urges the Commission to proceed cautiously in allowing any further intra-LATA competition. LDDS states that opening the intra-LATA market to facilities based competition might result in inefficient duplication of transmission facilities which could lead to under-utilization or abandonment of existing LEC facilities. LDDS also states that local ratepayers might be harmed if these costs are eventually passed on to them. (Pre-filed Dir. Test. B. Johnson at 6.)

LDDS further asserts that the risks associated with allowing full fledged facilities based intra-LATA competition will not materialize if intra-LATA competition is limited to the retail end of the market. (Pre-filed Dir. Test. of B. Johnson p. 8). If further competition is allowed, LDDS requests that the Commission create a level playing field for all competitors by reducing the distance sensitivity of the local transport rate element. (Br. of LDDS at 6-9). LDDS is also in favor of requiring the Local Exchange Companies to impute access charges. LDDS asserts that imputation is necessary and appropriate if the Commission is to encourage fair and effective competition within the intra-LATA market. (Pre-filed Dir. Test. of B. Johnson p.10).