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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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)

CC Docket No. 96-61

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REPLY COMMENTS OF PCI COMMUNICATIONS, INC.

PCI Communications, Inc. ("PCI"), by its attorneys, respectfully submits its reply comments in response to the Commission's Notice of Proposed Rulemaking in the above-captioned proceeding. For the reasons set forth herein, PCI concurs with the Comments of IT&E Overseas, Inc. ("IT&E") and others that the extension of rate integration to the Commonwealth of Guam ("Guam") and the Commonwealth of the Northern Mariana Islands ("CNMI") will require the commission to resolve unique economic and policy issues that have not been addressed in prior proceedings implementing rate integration for other noncontiguous U.S. points such as Alaska, Hawaii, Puerto Rico and the Virgin Islands. Accordingly, PCI joins with Comments who have urged the Commission to convene a separate working group or task force, whose work would be conducted concurrently with the instant generic proceeding, to address issues that are unique to the telecommunications markets on the Territory of Guam and the Commonwealth of the Northern Mariana Islands.

PCI is a telecommunications common carrier, certificated under Section 214 of the Communications Act of 1934, as amended, and based in Guam, providing interstate and

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international services between the United States and other foreign points. As other Commenters have noted, the Commission's rate integration policies, initially formulated in 1976, were premised on the availability and utilization of distance-insensitive domestic satellites to serve U.S. offshore points. Long distance carriers serving Guam and the CNMI, however, have no access to such facilities and must currently rely on a combination of submarine cable and INTELSAT space segments to serve their customers. These transmission facilities are inherently more expensive than those used to service other non-contiguous U.S. points and much less competitive

As other Commenters have observed, the current interstate interexchange market is also far more competitive than that which existed when the Commission's rate integration policies were conceived. In Guam and the CNMI alone, several carriers offer service to and from the mainland. At the same time, however, significant barriers to competition exist which distinguish Guam and the CNMI from other noncontiguous U.S. points. In contrast to the circumstances that justified rate integration for Alaska, Hawaii, Puerto Rico and the Virgin Islands, Guam and the CNMI are not presently served by any competing satellite service provider utilizing satellite facilities that are separate and distinct from those of INTELSAT. IT&E Comments, p. 15.

In the case of Guam, of equal significance is the unique status of Guam Telephone Authority ("GTA"), the territory's local exchange carrier. To PCI's knowledge, alone among all local exchange carriers in the United States, GTA has never filed a lawful interstate and foreign exchange tariff in compliance with Title II of the Communications Act and the Commission's rules governing local exchange carriers. See IT&E Overseas, Inc. and PCI Communications, Inc., 7 FCC Rcd 4023 (1992). See also Comments of GTA in CC Docket

No. 96-45 (Federal-State Joint Board on Universal Service), filed April 12, 1996, at pp. 3-4. GTA is also unique in that it is a “semiautonomous agency of the Government of Guam.” Joint Comments of Governor of Guam and Guam Telephone Authority, p. 2.

These circumstances not only distinguish Guam and the CNMI from other noncontiguous U.S. points to which the Commission has applied its rate integration policies in the past, but support the views of other Commenters that an immediate and full application of rate integration to Guam and the CNMI without taking these circumstances into account could have adverse anticompetitive effects for the very users they are intended to benefit. Accordingly, PCI joins with other Commenters in this proceeding who have called upon the Commission to convene a separate working group or task force to develop a complete record upon which to base an informed decision, and to consider the

unique economic and technical circumstances involved in extending rate integration to Guam and the CNMI.¹

Respectfully submitted,

PCI COMMUNICATIONS, INC.

By:



Eric Fishman

Fletcher, Heald & Hildreth, PLC
1300 North 17th Street
11th Floor
Rosslyn, VA 22209
(703) 812-0400

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¹ In Comments in this proceeding filed jointly with GTA, the Governor of Guam has proposed to convene a working group to "help expedite the implementation of rate integration for Guam. In view of the special relationship between the Government of Guam and GTA, as well as GTA's continued refusal to file a local access tariff in compliance with Commission requirements (ostensibly with the support of the Government of Guam), PCI respectfully submits that any working group assigned the task of assisting the Commission in the rate integration process as it applies to Guam include all interested parties, including the Governor of Guam, but be chaired and organized by Commission personnel.

CERTIFICATE OF SERVICE

I, Eric Fishman, certify that copies of the foregoing REPLY COMMENTS OF PCI COMMUNICATIONS, INC were sent by First Class U.S. Mail, postage prepaid, on this 3rd of May, 1996, to parties of record in this proceeding.


Eric Fishman