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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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 OF SPRINT

Sprint Corporation ("Sprint") respectfully submits its reply comments in the above-captioned proceeding.

SUMMARY

Sprint believes that the Commission has struck a generally reasonable balance with its current rules governing the provision of interexchange service by dominant local exchange carriers. These rules have been in effect now for almost thirteen years while interexchange competition has burgeoned. It is therefore difficult to comprehend how the RBOCs can plausibly contend that they will be seriously disadvantaged if they were subjected to the same rules that have been applied to even the smallest independent LEC possessed of market power.

On the other hand, Sprint believes that AT&T's proposal to increase structural separation requirements on the provision of

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interexchange service by LECs with market power is inadvisable given the recent enactment of new Section 222 of the Communications Act. That section governs the proper uses of proprietary information by a telecommunications carrier when that information is acquired from another carrier. Since the Commission will shortly have to commence a rulemaking proceeding to implement new Section 222, Sprint believes that AT&T's suggestions are better considered in the context of that upcoming proceeding.

Sprint also points out that the Commission has previously rejected the application to all LECs of full structural separation as contemplated in proceedings on the *Second Computer Inquiry*.

With respect to the Commission's geographic averaging and rate integration proposals, Sprint continues to believe that forbearance from both geographic averaging and rate integration requirements is appropriate. Any attempt by the Commission to enforce strict requirements for such averaging and integration is likely to have adverse competitive consequences.

Should the Commission not forbear from the adoption of rules requiring geographic averaging and rate integration, the Commission should apply any such rules flexibly and with the goal of minimizing the potential damage to competition that could result.[1]

I. The Commission's Existing Structural Separation Rules Remain Appropriate.

In Part V of the Notice herein, the Commission requests that the parties comment, *inter alia*, on "whether current structural separation rules for nondominant treatment should be modified or eliminated" (¶62). The RBOCs, joined by GTE (but with the notable exception of Pacific Tel[2]), insist that the *Competitive Carrier* requirements create unnecessary burdens and that such requirements should be eliminated forthwith. On the other hand,

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1 In the NPRM, the Commission questions whether it should continue to rely upon the *Competitive Carrier* definitions of the relevant geographic and product market. It tentatively concludes that the adoption of "more sharply focused market definitions" would be helpful in certain instances (para. 40) and that it should follow the 1992 Merger Guidelines of the U.S. Department of Justice and the Federal Trade Commission for defining the relevant markets (para. 41). However, the Commission concludes that in most cases it may rely upon the single, common national product and geographic market set forth in the *Competitive Carrier* rulemaking and that it would consider narrower, more sharply defined markets only if "credible evidence" suggests that such consideration is warranted (para. 42). In its comments, Sprint supported the Commission's tentative conclusions (at 1-6). There is general support for the Commission's tentative conclusions among the commenting parties except that the RBOCs urge the Commission to rely exclusively on the *Competitive Carrier* market definitions. Sprint finds nothing in the RBOCs' comments which presents a convincing reason for the Commission to alter its tentative conclusions or cause Sprint to alter its support for these conclusions.

2 Pacific Tel states in its comments that "[p]ending elimination of the Section 272 separate subsidiary for in-region interLATA services, there is no need to modify or eliminate the *Competitive Carrier* separation requirements currently imposed on independent LECs as a condition for non-dominant treatment of their provision of interstate interexchange services outside of their local exchange service areas."

AT&T argues that *Competitive Carrier* separation is necessary to prevent cross-subsidization and discrimination by dominant local carriers, and that, rather than being eliminated, these rules need to be strengthened to mandate full separation in accordance with the Commission's decision in Computer II (*Second Computer Inquiry*, 77 FCC 2d 384 (1980)). In addition, several LECs, namely SNET and Frontier, urge the Commission to eliminate *Competitive Carrier* rules as they currently apply to smaller LECs such as themselves.

The *Competitive Carrier* separation rules were introduced by the Commission in the *Fourth Report and Order*, 95 FCC 2d 554, 575-76, 579 (1983), and have now been in effect, unchanged, for almost thirteen years. Insofar as Sprint is aware, during this entire period no LEC, or any other party, has formally notified the Commission that the *Competitive Carrier* separation requirements were either an "undue burden," or inadequate.

Such an apparent lack of controversy is perhaps attributable in part to the Commission's careful effort in *Competitive Carrier* to balance both the need to guard against possible exercise of market power by local telephone carriers and the possibility of doing real economic harm to such local carriers, particularly smaller local carriers, See *Fifth Report and Order*, 98 FCC 2d

1191, 1198, n. 23 (1984). Thus, the Commission acknowledged in *Competitive Carrier* that the separation rules were imposed "[i]n order to provide some, albeit not complete, protection against cost shifting and anticompetitive conduct..." (*Fifth Report and Order* at 1198). More complete protection in the form of stricter structural separation was thought by the Commission to "impose excessive burdens on independent LECs" (Notice at ¶58, citing *Fifth Report and Order*, at 1198).

The Commission's cautious, limited approach is clearly reflected in the nature of the rules themselves. These rules require only that:

(1) the dominant local carrier and its nondominant affiliate maintain separate books of account.

The purpose of this requirement was clearly to prevent the dominant local carrier from leveraging its market power into a competitive market where its nondominant affiliate was providing service. Thus, under this requirement, separation applies only where a local LEC or RBOC possesse market power. There is nothing to prevent an RBOC from combining its out-of-region long distance operations with newly-established, out-of-region local operations so long as both these operations are nondominant and separated from the

RBOCs' dominant, in-region services. *See*, generally, *Fifth Report and Order*, at 1197-1199.

(2) the dominant local carrier and an interstate affiliate not jointly own "transmission or switching facilities."

This ban against common ownership is clearly limited by its terms just to switching and transmission plant. The prohibition does not extend to other plant such as land or buildings, facilities to provide non-telecommunication services, investment in CPE, or infrastructure needed for joint marketing. *See Fifth Report and Order*, at 1198, n. 23.

(3) the affiliated interexchange carrier "acquire any services from its affiliated exchange telephone company at tariffed rates, terms and conditions."

The only services provided under tariff are telecommunications services offered indiscriminately to the public by common carriers. Such service does not include CPE, enhanced services, internal communications, or arrangements to assist with marketing. The only service that would ordinarily be offered by dominant exchange carriers to their IXC affiliates is interexchange access.

Under these circumstances, it is hard to see how large and powerful entities such as the RBOCs (whose out-of-region operations will presumably be nationwide in scope) can plausibly contend that they will be seriously disadvantaged if they are subjected to the same rules that have been applicable for so many years to even the smallest independent LEC possessed of market power.

In contrast to the RBOCs' arguments, AT&T urges that the Commission's separation requirements in *Competitive Carrier* must be strengthened as applied not only to the RBOCs but to all LECs. AT&T points out, quite correctly, that there are opportunities for the RBOCs to prefer out-of-region customers terminating in-region, and that this danger is increased because "access is priced at many times its real economic cost" (AT&T at 24). Of particular concern to AT&T is the fact that IXCs "are required to disclose their future marketing plans and access needs to all LECs," and that "[a]bsent appropriate regulations from the Commission," the RBOCs and all independent LECs could readily use such IXC information "...to advantage their own [LEC] out-of-region interexchange services businesses" (AT&T at 25). AT&T's concerns, however, appears to be addressed by the new Section 222(b) which states that

> a telecommunications carrier that receives or obtains proprietary information from another carrier for purposes of providing any telecommunications service shall use such information only for such purpose, and shall not use such information for its own marketing efforts.

In any case, there would appear no sound basis for the Commission to adopt AT&T's further suggestion that the Commission impose "the full structural separation requirements of the *Second Computer Inquiry* proceedings" on all LECs (AT&T at 27). Such a course was rejected by the Commission many years ago when it first applied its *Competitive Carrier* separation rules in the *Fourth Report and Order*. As the Commission explained in the *Fifth Report and Order*, the application of the *Computer Inquiry II* rules to all LECs "would be unreasonably burdensome" (95 FCC 2d 1198, n. 23). Just as the RBOCs have shown no reason for the Commission to eliminate the separation rules in *Competitive Carrier*, AT&T has presented nothing which would suggest that these rules need to be replaced by full structural separation. There is no claim by AT&T that the LECs have abused the *Competitive Carrier* separation rules or that these rules have proven insufficient to protect against anticompetitive behavior.

Finally, SNET and Frontier argue that they and other "smaller LECs" should be exempted from the *Competitive Carrier* separation requirements. As already noted, Sprint believes that the Commission's application of the *Competitive Carrier* rules to all LECs for the last thirteen years has not been shown to be "unduly burdensome" in any way and there is probably no compelling reason to exclude LECs -- particularly larger LECs such as SNET and Frontier -- from its requirements. However, if the Commission decides otherwise, and if it decides to classify SNET or Frontier as exempt from *Competitive Carrier,* such classification must logically include Sprint as well. Notwithstanding the total number of Sprint's access lines, its local operations are widely scattered and primarily rural. Only Sprint's operations in Las Vegas are comparable to Frontier's operations in Rochester, and there is no Sprint local company which even begins to rival SNET's operations in Connecticut. If anything, the potential of Sprint's scattered local service companies to interfere with interexchange competition in a particular area, or even overall, is less than that of SNET and perhaps Frontier as well.

II. The Commission Should Forbear From Requiring Geographic Averaging.

In its initial comments, Sprint argued that geographic rate averaging was easy to accomplish only in a monopoly environment. It pointed out that in the current competitive marketplace, a new entrant into (or, for that matter, an existing carrier in) the interstate interexchange marketplace was not obligated to serve the entire country. Such an entrant could decide to conduct its business only in geographic areas where access charges or other major costs are low.[3]

That entrant could then serve the remaining domestic points simply by reselling the geographically averaged rates of other carriers. Sprint argued that such arbitrage would in turn put pressure on the ability of carriers currently providing geographically averaged rates to maintain that rate structure, leading to withdrawal or poor service and inhibition of competition.[4]

A wide variety of commenters, not all of them interexchange carriers, have explicitly or implicitly confirmed that competitive harm would result from the enforcement of a rigid requirement of broad geographic rate averaging. BellSouth Corporation notes at pages 5 and 6 of its comments that "averaging rules would prohibit a legitimate competitive response - leveraging prices to meet competition and benefit consumers."

The Florida Public Service Commission argues that geographic averaging should take place not on a nationwide or statewide scale but should be based on the LEC's "in region" serving area. An interexchange carrier can thereby take advantage of the

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3 __See also__ BellSouth comments at 5-6.

4 Sprint comments in Docket No. 96-61 at 11-13, 24.

economies brought from lower access rates that may be offered in a particular territory.[5]

The Rural Telephone Coalition ("RTC"), while a vocal supporter of rate averaging, candidly recognizes the competitive pressures that interexchange carriers with broadly averaged rates will face from new entrants:

> The "Big 3" (AT&T, MCI and Sprint) will soon begin to face increased competition from the Bell Operating Companies (BOCs) and others in densely populated urban centers. Because these new long distance competitors need not serve high-cost areas, they will be able to compete effectively in urban centers by undercutting the established IXCs' rates with rates that are much closer to the actual cost of providing service.

RTC Comments at 9.

The comments of TDS Telecommunications Corporation ("TDS"), another strong supporter of geographic averaging, also implicitly recognize the difficulty of requiring rate averaging in a competitive market. TDS argues that such requirements will likely result in carriers "neglecting or withdrawing from high cost service areas in order to avoid averaging them with lower cost areas."[6]

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5 Comments of the Florida Public Service Commission at 14.

6 Comments of TDS Telecommunications Corporation ("TDS") at 4.

The problem, as Sprint made clear in its comments and as the comments of MCI Telecommunications Corporation ("MCI") confirm,[7] is that there is and always has been a tension between competition and geographic averaging. As the General Services Administration (GSA) put it, strict geographic averaging is "a form of cross-subsidy" because

> low cost, predominantly urban areas pay rates higher than the costs incurred, while high-cost, principally rural areas pay rates below their costs. This arrangement poses no problem if there is a ubiquitous monopoly provider, as was the case prior to 1984 under the Bell System.

Comments of GSA at 5. Of course, that monopoly no longer exists, and the new legislation, with the increased competition it seeks to further, has simply brought the conflict between rate averaging and competition into sharp relief.

Until now, the two principles, both important in their own ways, have managed to peacefully coexist: large interexchange carriers understand the popular support for the principles of geographic averaging and rate integration, and have responded by providing service to all their customers under ubiquitous, geographically averaged rate structures such as Sprint's Dial-1

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[7] <u>See</u> comments of MCI at 32.

offering. At the same time, however, these same carriers have also fought pitched battles for market share using special rate plans, promotions, and similar weapons, not all of which were ubiquitously available.[8]

Until passage of the new legislation, it has not been necessary for the Commission to make explicit choices between rate averaging and competition. Now, however, some commenters have taken an overly rigid (and erroneous) view of the new legislation's requirements which, if adopted, would retard, rather than increase, competition. Some commenters, for example, wholeheartedly endorse maximum enforcement of geographic averaging principles against interexchange carriers purely on social policy grounds. However, they do not even mention the difficult competitive problems that would be caused thereby and how they should be addressed. See, e.g., comments of John Staurulakis, Inc.; comments of TCA, Inc

Others make bald assertions that the failure of interexchange carriers to make discount plans ubiquitously available is a *prima facie* violation of rate averaging and rate integration without even mentioning the word competition.

[8] As MCI points out, these competitive offerings are not necessarily offered on the basis of the customer's urban or rural status. Comments of MCI at 30.

Several commenters -- long time competitors in the interexchange market -- have stated that requiring such plans to be made universally available within a carrier's service area is likely to backfire by causing such plans to be withdrawn or made less widely available.[9]

Still others, while recognizing the competitive problems that would flow from a rigid application of geographic averaging requirements, propose actions that would damage competition. The United States Telephone Association (USTA), for example, argues that because no codification of a geographic rate averaging requirement existed, "interexchange rates may have diverted from this principle, perhaps significantly."[10] USTA's solution is to force interexchange carriers to "demonstrate that their rates are in alignment (and have been realigned if necessary) with the [Commission's] proposed rule."[11]

For a large interexchange carrier such as Sprint, complying with USTA's "solution" in the face of price competition from a regional carrier operating out of a low cost area is as AT&T put

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9 See, e.g., comments of MCI at 35-36; comments of the Competitive Telecommunications Association at 8;

10 Comments of USTA at 3.

11 Id.

it,[12] a Hobson's choice: it could abandon high cost areas in order to compete effectively in low cost regional markets or abandon low cost areas and charge higher prices to the remaining customers. Or it might lower prices everywhere it operates irrespective of costs. None of these solutions comports with free competition and, as Sprint pointed out in its comments,[13] the introduction of a systematic bias against interexchange carriers with broadly averaged rates would raise serious legal issues.

TDS and the RTC, by comparison, propose that the Commission exercise its authority under Section 214 of the Communications Act to prevent carriers from discontinuing or impairing service and "seek to prevent newer interexchange carriers from bypassing rural areas to avoid their averaging obligations."[14] TDS and the RTC apparently recognize, as does the GSA,[15] that geographic averaging and competition go hand in hand only if all competitors are forced to serve ubiquitously.

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12 Comments of AT&T at 30.

13 Comments of Sprint at n. 6.

14 Comments of the RTC at 11-12.

15 Comments of GSA at 5: "It [Rate averaging] can also work in a competitive environment <u>provided</u> all competitors are ubiquitous." (Emphasis in original)

Presumably the Commission is not now prepared to raise entry barriers for new and existing interexchange competitors by requiring all to provide ubiquitous national service. By so doing, the Commission would step back into the role of controlling entry into and exit from the domestic interexchange market, telling carriers what services they may provide and where they must provide them. But the Commission relinquished this kind of micromanagement many years ago in favor of allowing burgeoning competition to dictate market choices.[16]

Even if the Commission were to use the full measure of its powers under Section 214 of the Act to force carriers to extend service to and prevent them from withdrawing service in particular markets in the name of geographic averaging, it would still be unable to relieve pressures to deaverage. The Commission cannot achieve predetermined results through regulation if these results fly in the face of economic reality.

In its comments, GSA noted that large customers like itself often have substantial communications needs between a relative handful of call origination/destination nodes among which most of its traffic flows:

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[16] See, e.g., *Fourth Report and Order*, 95 FCC 2d 554 (1983) at 576 (subsequent history omitted).

> For such a customer, it may be feasible to construct a non-ubiquitous telecommunications system that provides facilities to serve only the highest density routes and nodes. These portions of the customer's requirements are served at a very low cost which more than offsets the high charges to low-density points or to locations off the network.
>
> The common carriers' response to the potential competition of these non-ubiquitous private carriers is contract service. Contract service mimics the cost structure of the private carrier, offering low charges on high density routes and for terminations into heavy call concentration nodes, and higher charges to lower density points. The highest charges of all are to "off-net" locations.[17]

It is possible and even likely that the "off-net" locations will be in less populous areas. If the Commission were to require interexchange carriers to serve all "off-net" locations at the same price as "on-net" locations notwithstanding substantial cost differences,[18] the likely result would be an inability of the common carriers to compete and a proliferation of unregulated private carrier networks.

The Commission proposed that interexchange carriers certify that they were complying with the Commission's rules on geographic averaging. This proposal was both supported and

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[17] Comments of GSA at 6.

[18] Comments of Cable and Wireless, Inc. at 6.

opposed by different commenters.[19] Sprint concurs with MCI's and ACTA's assessment that the real issue is not so much the certification itself as what it is the interexchange carrier is supposedly certifying.[20] Notwithstanding the Commission's policies favoring averaging, a rich panoply of interexchange service offerings -- some geographically averaged, others arguably not so averaged -- has coexisted peacefully for a number of years.

Given that history as well as the legislative history's recognition of the legitimacy of at least some deaveraging, an interexchange carrier might justifiably believe itself to be fully in compliance with the law's requirements and so certify. Others might draw the opposite conclusion. This uncertainty as

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[19] Compare comments of GTE at 18; comments of Ameritech at 15 (supporting certification) with comments of the Alabama Public Service Commission at 8 and comments of the Office of Ohio Consumer's Counsel at 4 (certification insufficient).

[20] As ACTA put it, its disagreement with the certification requirement "stems from the fact that other than the general concept, the scope of services to be covered by the averaging requirement remains uncertain. Is the reported understanding true that the rule will apply only to a generally available "basic rate" or basic set of services? If not, what services will be covered by the rule? Can the concept of contract tariffs be squared with a broadly applicable rule?" Comments of ACTA at 9. The same problem applies to a certification with respect to rate integration. See comments of JAMA at 2 ("As a very basic question to be asked of any possible self-certifications from Guam interexchange carriers are the questions: What is the uniform mileage rate?; What is the mileage distance that the Guam band or zone is from Hawaii? If there is no Commission answer to these questions, then how can any tariff be in compliance with STATUTORY Rate Averaging and Rate Integration obligations")(emphasis in original).

to what the certification means might well result in a spate of costly and unnecessary litigation. And even if litigation is avoided, the proposed certification regime would simply be another regulatory "fix" for issues that are best regulated in the marketplace. As the comments have demonstrated, every "solution" offered to reconcile the tension between rigid geographic averaging principles and a competitive interexchange market portends more regulation and less competition.

Sprint continues to believe that the Commission should forbear from any requirement for geographic averaging. Should the Commission not be willing to do so, Sprint urges the Commission at a minimum to clarify that interexchange carriers' existing pricing practices comply fully with the letter and spirit of the new law and that the concept of rate averaging will be applied flexibly so as not to damage competition.[21] In particular, Sprint urges the Commission to confirm that an interexchange carrier will be deemed to have complied with the geographic averaging requirement by offering to every subscriber in areas where the carrier offers service at least one service which makes no distinctions for interexchange pricing purposes

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[21] Many commenters suggested some variant of these principles. See, e.g., comments of MCI at 31; comments of AT&T at 32-33; comments of LDDS WorldCom at 12-14; comments of BellSouth Corporation at 6-8.

(aside from distance) between high cost and low cost service points.[22]

III. The Commission Should Forbear From Any Requirement For Rate Integration; In The Alternative, It Should Move With Caution Prior To Adopting Broad Rules Requiring Rate Integration.

In its comments, Sprint pointed out that the Commission's original justification for rate integration of historically "offshore" points was the introduction of distance-insensitive domestic satellite technology in a monopoly environment. Sprint noted, however, that regulatory and technological changes have together rendered these assumptions inaccurate. The comments confirm Sprint's view.

AMSC Subsidiary Corporation (AMSC), while itself a satellite carrier, argues that its provision of Mobile Satellite Service should not be subject to rate integration. AMSC points out that its satellite design requires the use of substantially higher power to provide service to Alaska, Hawaii, Puerto Rico and the Virgin Islands and the Commission has permitted AMSC to charge more for satellite service to these areas.[23] In other words, AMSC's costs to serve these distant points are substantially

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[22] See, e.g., comments of CompTel at 8; comments of the Telecommunications Resellers Association at 29.

[23] Comments of AMSC Subsidiary Corporation at 1.

higher even though it is a satellite carrier, making rate integration inappropriate for that carrier.

Another satellite carrier, Columbia Long Distance Services, Inc. (Columbia), agrees that the Commission's technology-based rationale for rate integration is suspect in the context of Guam and other U.S. territories in the Western Pacific such as the Commonwealth of the Northern Mariana Islands ("Commonwealth"). It points out that, unlike the original "offshore" points which were integrated into the domestic MTS rate structure in 1976, no U.S. domestic satellite that fully satisfies the U.S. domestic coverage requirements also provides coverage of Guam,[24] and that

> to transmit a signal from Miami, Florida to Agana, Guam, it must 'hop' twice, first via an uplink to a domestic satellite and a downlink to another earth station facility in the United States (or elsewhere in North America) and then via an uplink to a Pacific Ocean Region satellite and a downlink to its final destination. This necessity is an immutable fact of the physics of the geostationary orbit - the curvature of the earth. Comments of Columbia at 6.

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[24] The comments of GTE are to the same effect. GTE points out that the Commonwealth is served only by international satellite facilities and that these facilities are priced much, much higher than the domestic satellite facilities on which the Commission's original rate integration policies were based. Comments of GTE at n. 34.

Columbia concludes, with respect to rate integration for Guam and the Commonwealth, that while adoption of full rate integration might reduce costs to the consumer in the short term, it would also have the effect of discouraging entry by new carriers. Id.

The Governor of the Territory of Guam and the Guam Telephone Authority ("Guam") likewise recognize that there are "no easy solutions" to the problem of rate integration for Guam and seek to convene a working group to arrive at workable solutions that benefit the people of Guam while not harming competition.[25]

IT&E Overseas, Inc. ("IT&E"), an interexchange carrier operating out of Guam, agrees with Sprint that the costs of fiber optic cable facilities currently used to provide long distance service to Guam and the Northern Marianas are clearly distance sensitive. It concludes that the issues of rate integration for Guam are novel and complex and urges the Commission to proceed carefully lest the outcome be an "ill considered rule that is based on an inadequate factual record and fails to address the

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[25] Comments of Guam at 9 (pointing out that any regional carrier without a significant cost base over which to average costs of providing service to Guam will be required to offer rates at competitive prices, even though these rates will not be "subsidized" through the averaging process).

unique geographical circumstances and technical requirements of the Western Pacific region." Comments of IT&E at 6.

The Commonwealth, however, argues for rate integration solely on grounds of social policy without addressing the legal and competitive issues recognized by Guam and others. Sprint submits that the Commonwealth's desire to have the Commission de-emphasize distance as a cost factor[26] fails to acknowledge the higher, distance sensitive costs of serving the Western Pacific by satellite or submarine cable.

Sprint continues to believe, consistent with the comments of the vast majority of those who addressed the issue of rate integration, that the Commission should move cautiously lest broad adoption of the statutory language into a Commission rule harm the public interest. Sprint also believes that Guam's willingness to convene a working group to examine these issues is worth supporting. Finally, consistent with its position on rate averaging, Sprint supports forbearance from requiring rate integration by interexchange carriers. If the Commission insists on promulgating a rule, it should confirm that any rate integration obligation can be met through the integration of

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[26] See, comments of the Commonwealth at n. 17.

those points which are entitled to rate integration into existing rate structures.

CONCLUSION

Sprint believes that the Commission's existing rules on separation requirements for LECs engaging in the provision of interexchange service remain appropriate. They have stood the test of time, and appear to have neither damaged interexchange competition nor proven unduly burdensome for the LEC industry.

Sprint has demonstrated that strict application of the Commission's proposed rules on geographic averaging is inconsistent with free competition. Sprint has also demonstrated that the Commission's historical basis for requiring rate integration is no longer valid. Any simplistic attempt to force rate integration on existing interexchange carriers will be fraught with difficulty because of the unique economic and technical characteristics of points which have historically not previously been integrated.

Respectfully submitted,

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