



CARL T.C. GUTIERREZ
GOVERNOR

MADELEINE Z. BORDALLO
LT. GOVERNOR

TERRITORY OF GUAM

WASHINGTON LIAISON OFFICE
444 N. CAPITOL STREET, NW, SUITE 532
WASHINGTON, DC 20001

202/624-3670
FAX 202/624-3679

VIA HAND DELIVERY

May 7, 1996

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

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Re: Reply Comments of the Governor of Guam; CC Docket No. 96-45

Dear Mr. Caton:

Enclosed please find the Reply Comments of the Governor of Guam in the matter of the Federal-State Joint Board on Universal Service.

Sincerely,

Frank C. Torres, III
Executive Director

Enclosures (original and 5 copies)

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OFFICE OF THE GOVERNOR
TERRITORY OF GUAM

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FEDERAL COMMUNICATIONS COMMISSION
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Before the
Federal Communications Commission
Washington, D.C. 20554

_____)
In the Matter of)
)
Federal-State Joint Board on) CC Docket No. 96-45
Universal Service)
_____)

**REPLY COMMENTS
OF THE
GOVERNOR OF GUAM**

The Governor of Guam (the "Governor" or "Guam") hereby submits Reply Comments in the above-captioned proceeding instituted by the Federal Communications Commission ("FCC" or "Commission") on March 8, 1996.¹ The Notice of Proposed Rulemaking and Order Establishing Joint Board ("NPRM") is intended to implement Section 254 of the Communications Act of 1934 as amended by the Telecommunications Act of 1996.²

The Governor's comments focus on three issues raised by this proceeding:

¹ Federal State Joint Board on Universal Service, Notice of Proposed Rulemaking and Order Establishing Joint Board, FCC 96-93, March 8, 1996.

² Telecommunications Act of 1996, Pub.L.No. 104-104, 110 Stat. 56 (1996).

- Universal Service proposals must include Guam and the other insular areas. Therefore, all public institutions in Guam should have access to advanced telecommunications and information services that are available to other regions of the Nation at rates that are reasonably comparable to the rates charged for similar services in urban areas.
- Under the Telecommunications Act, access charges in rural areas are to be equivalent to charges in urban areas. Because there are no "urban areas" per se in the insular areas, insular areas should be treated the same as urban west coast areas for purposes of determining access charges.
- The NPRM requests comments on the designation of eligible carriers. The Governor of Guam requests the Commission designate Comsat as the designated eligible carrier for Guam and mandate that it set rates equivalent to Domsat rates between Guam and other U.S. points. Additionally, the Governor recommends that any other carrier providing service between Guam and the rest of the United States be offered status similar to Comsat as a designated eligible telecommunications carrier.

Guam's goal is to assist the Commission by participating in these ongoing efforts to implement the Telecommunications Act of 1996.

I. PUBLIC INSTITUTIONS ON GUAM SHOULD BE TREATED THE SAME AS THEIR COUNTERPARTS ON THE U.S. MAINLAND FOR PURPOSES OF IMPLEMENTING UNIVERSAL SUPPORT MECHANISMS

The Governor of Guam supports those commenters who recognize the great benefit telecommunication access will provide schools, libraries, and medical providers. The Governor also agrees that there is an existing "gap between need and availability" in telecommunications service at public institutions.³ This gap is even more significant for Guam because of its prior treatment as an international, rather than domestic, point

One of the goals of the Telecommunications Act of 1996 was to make telecommunications service accessible and affordable to all Americans. Accordingly, Universal Service support mechanisms provided to mainland institutions should apply to public institutions on Guam and the insular areas should be included in any Universal Service proposals considered by the Commission. This will facilitate connecting every classroom and library on Guam to the information superhighway.

The Governor concurs with the comments that core services for telemedicine applications should include high speed digital and Internet access.⁴ Further, the Governor recommends that the

³ Comments of Richard W. Riley, Secretary of Education, p. 2.

⁴ Comments of the American Telemedicine Association, p. 7.

Commission adopt a policy to allow public institutions access to the full range of telecommunications and information services that are technically available to any other local customers at rates that are comparable to urban areas. The Governor agrees that the Commission's rules should be competitively and technologically neutral.⁵

There is also support from commenters that all users be given access to a wide range of telecommunications and information services, and that Universal Service support be provided for switched voice and digital services (such as ISDN) as well as access to the National Information Infrastructure.⁶ The Governor's Office has recently been connected to the Internet. The Governor has received messages from well-wishers, those with problems needing attention, and those providing their solutions to some of Guam's pressing needs. The Governor understands the power of this technology. From a business perspective, affordable access to the National Information Infrastructure will have a significant impact on Guam's business community. Thus, the business community should be included in voice, digital and information services that receive Universal Service support.

⁵ NPRM, ¶ 17.

⁶ Comments of the Chief Counsel for Advocacy United States Small Business Administration, p. 7.

II. INSULAR AREAS SHOULD BE TREATED THE SAME AS URBAN WEST COAST AREAS FOR PURPOSES OF DETERMINING ACCESS CHARGES

Another issue raised in the comments is how to determine the baseline for access charges for insular areas. The Telecommunications Act of 1996 provides that rural areas within a state should have the same access charges as the urban areas within that state.⁷ All areas within the insular areas are rural, therefore, there is no existing frame of reference for purposes of determining an appropriate access charge under the proposed scheme.

The Governor suggests that the Commission consider using a "surrogate" urban area for purposes of determining comparable rates for Guam. One possibility is to use urban areas located on the west coast of the United States as the baseline for determining appropriate rates for telecommunications services.

III. COMSAT SHOULD BE DESIGNATED AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER AND ELIGIBLE FOR UNIVERSAL PRICE SUPPORT MECHANISMS

The Commission requested comments on the designation of common carriers as eligible telecommunications carriers, thus

⁷ Section 254(b) (3) of the 1996 Act provides that consumers in "all regions of the Nation" have access to telecommunications and information services that are reasonably comparable to services provided in urban areas at rates comparable to rates charged for similar services in urban areas.

making them eligible for universal service support.⁸ In its comments, Comsat stated that it is not an interstate carrier and that it does not fall within the scope of universal service contributions.⁹ Guam disagrees that Comsat does not provide domestic interstate service. Comsat does provide limited domestic interstate services between Guam, other Pacific insular areas and Hawaii and the U.S. Mainland. At this time, however, there are no domestic interstate satellite services at domestic rates that include Guam.

Satellite services between Guam and all other areas of the United States are only available through Intelsat facilities. Comsat is the United States signatory to Intelsat, and is the only authorized provider of Intelsat services in the United States, including Guam. Therefore, Guam believes that Comsat should be designated as an eligible telecommunications carrier for interstate satellite services between Guam and the rest of the United States. As a designated eligible carrier, Comsat should be entitled to receive Universal Service support as provided in § 102 of the Telecommunications Act of 1996.¹⁰

⁸ NPRM, ¶ 17.

⁹ Comments of Comsat Corporation, p. 9.

¹⁰ Section 102(e) (1) of the Act states:

A common carrier designated as an eligible telecommunications carrier Shall be

The Commission has stated that it wishes to maintain telecommunication facility neutrality.¹¹ The Governor of Guam, therefore, encourages the Commission to mandate comparable subsidies to any other carrier providing equivalent domestic interstate service on non-Intelsat facilities. Regardless of service or facilities, any service provider receiving price support must offer its services at domestically rate averaged prices.

IV. NEWLY FORMED GOVERNOR'S WORKING GROUP TO ASSIST THE COMMISSION IN ITS EFFORTS

The Governor has invited interested parties to form a Working Group to assist the Commission in developing mechanisms for rate integration.¹² The Governor expects that the Working Group will also consider how Universal Service support mechanisms can be used to promote rate integration. The Working Group will provide the Commission with a report on its efforts this summer.

eligible to receive universal service support
in accordance with section 254 . . .

Moreover, Section 102(e)(2) and (3) allows a state to designate a common carrier as an eligible telecommunications area.

¹¹ NPRM, ¶ 17.

¹² Joint Comments of the Governor of Guam and the Guam Telephone Authority, CC Docket No. 96-91, filed April 19, 1996.

CONCLUSION

Guam appreciates the Commission's efforts in ensuring that universal service support mechanisms are provided throughout the nation, including the insular areas. Guam's community -- children and adults alike -- will benefit greatly when Guam's schools, libraries, and medical providers are provided affordable access to telecommunications services. Moreover, Guam's business community will also advance with affordable service as they will be able to more actively compete on the U.S. Mainland and global marketplace.

Guam will continue to work with the Commission and through the Joint Board on matters concerning the implementation of Universal Service in Guam.

Respectfully Submitted,



Carl T.C. Gutierrez
Governor of Guam

May 7, 1996

Chairman Reed Hundt
Federal Communications Commission
1919 M Street, NW, Rm 814
Washington, DC 20554

Commissioner Andrew C. Barrett
Federal Communications Commission
1919 M Street, NW, Rm 826
Washington, DC 20554

Commissioner Susan Ness
Federal Communications Commission
1919 M Street, NW, Rm 832
Washington, DC 20554

The Hon. Julia Johnson, Commissioner
Florida Public Service Commission
2450 Shumard Oak Blvd.
Tallahassee, FL 32399

The Hon. Kenneth McClure, Vice Chairman
Missouri Public Service Commission
301 W. High Street, Suite 530
Jefferson City, MO 65102

The Hon. Sharon L. Nelson, Chairman
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

The Hon. Laska Schoenfelder, Commissioner
South Dakota Public Utilities Commission
500 E. Capital Avenue
Pierre, SD 57501

Martha S. Hogerty
Public Counsel for the State of Missouri
P.O. Box 7800
Jefferson City, MO 65102

Deborah Dupont, Federal Staff Chair
Federal Communications Commission
2000 L Street, NW, Suite 257
Washington, DC 20036

Paul E. Pederson, State Staff Chair
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Eileen Benner
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Charles Bolle
South Dakota Public Utilities Commission
State Capitol, 500 E. Capitol Avenue
Pierre, SD 57501-5070

William Howden
Federal Communications Commission
2000 L Street, NW, Suite 812
Washington, DC 20036

Lorraine Kenyon
Alaska Public Utilities Commission
1016 West Sixth Avenue, Suite 400
Anchorage, AK 99501

Debra M. Kriete
Pennsylvania Public Utilities Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Clara Kuehn
Federal Communications Commission
2000 L Street, NW, Suite 257
Washington, DC 20036

Mark Long
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Samuel Loudenslager
Arkansas Public Service Commission
P.O. Box 400
Little Rock, AR 72203-0400

Sandra Makeeff
Iowa Utilities Board
Lucas State Office Building
Des Moines, IA 50319

Philip F. McClelland
Pennsylvania Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Michael A. McRae
D.C. Office of the People's Counsel
1133 15th Street, NW, Suite 500
Washington, DC 20005

Brian Roberts
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Pafi Mohammed
Federal Communications Commission
2000 L Street, NW, Suite 812
Washington, DC 20036

Gary Seigel
Federal Communications Commission
2000 L Street, NW, Suite 812
Washington, DC 20036

Terry Monroe
New York Public Service Commission
Three Empire Plaza
Albany, NY 12223

Pamela Szymczak
Federal Communications Commission
2000 L Street, NW, Suite 257
Washington, DC 20036

Andrew Mulitz
Federal Communications Commission
2000 L Street, NW, Suite 257
Washington, DC 20036

Whiting Thayer
Federal Communications Commission
2000 L Street, NW, Suite 812
Washington, DC 20036

Mark Nadel
Federal Communications Commission
1919 M Street, NW, Room 542
Washington, DC 20554

Deborah S. Waldbaum
Colorado Office of Consumer Counsel
1580 Logan Street, Suite 610
Denver, CO 80203

Gary Oddi
Federal Communications Commission
2000 L Street, NW, Suite 237
Washington, DC 20036

Alex Belinfante
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Teresa Pitts
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Larry Povich
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Jeanine Poltronieri
Federal Communications Commission
2000 L Street, NW, Suite 257
Washington, DC 20036

James Bradford Ramsay
National Association of Regulatory Utility Commissioners
1201 Constitution Avenue, NW
Washington, DC 20423

Jonathan Reel
Federal Communications Commission
2000 L Street, NW, Suite 257
Washington, DC 20036

Commissioner James H. Quello
Federal Communications Commission
1919 M Street, NW, Rm 802
Washington, DC 20554

Commissioner Rachele Chong
Federal Communications Commission
1919 M Street, NW, Rm 844
Washington, DC 20554

The Hon. Calvin E. Holloway, Sr.
Office of the Attorney General
120 W. O'Brien Drive, Suite 2-200E
Agana, Guam 96910

Paul R. Rodriguez
Leventhal Senter & Lerman
2000 K Street, NW, Suite 600
Washington, DC 20006

Phillip L. Verveer/Brian A. Finley
Wilkie Farr & Gallagher
1155 21st Street, NW
Washington, DC 20036

Veronica M. Ahern
Nixon, Hargrave, Devans & Doyle
One Thomas Circle, NW, Suite 700
Washington, DC 20005

David Eckert
Caller Box 10007
Saipan, M.P.
Northern Marianas Islands 96950

Kathleen B. Levitz
Federal Communications Commission
1919 M Street, NW, Rm 500
Washington, DC 20554

Kent R. Nilsson
Federal Communications Commission
2000 L Street, NW
Washington, DC 20036

Scott Blake Harris
Federal Communications Commission
1919 M Street, NW, Rm 658
Washington, DC 20554

Juan N. Babauta
Commonwealth of the Northern Marianas Islands
2121 R Street, NW
Washington, DC 20008

Governor Froilan C. Tenorio
Caller Box 10007
Saipan, M.P.
Northern Mariana Islands 96950

Regina Keeney
Federal Communications Commissions
1919 M Street, NW, Rm 500
Washington, DC 20554

The Honorable Robert J. Underwood
424 Cannon House Office Building
Washington, DC 20515

Wendell R. Harris
Federal Communications Commission
1919 M Street, NW, Rm 534
Washington, DC 20554

Ken Schagrin
FCC--International Bureau
2000 M Street, NW
Washington, DC 20554

Allen Stayman
Department of Interior
1849 C Street, NW, MS 4328
Washington, DC 20240

International Transcription Service
1919 M Street, NW, Rm 246
Washington, DC 20554

Thomas K. Crowe, Esq.
2300 M Street, NW, Suite 800
Washington, DC 20037

Catherine Wang
Swidler & Berlin
3000 K Street, NW
Washington, DC 20007-5116

Mary McDermott/Linda Kent/Charles Cosson
United States Telephone Association
1401 H Street, NW, Suite 600
Washington, DC 20005

Gail L. Polivy
GTE Service Corporation
1850 M Street, NW, Suite 1200
Washington, DC 20036

William H. Jahn
U.S. Department of State
2201 C Street, NW, Rm 5820
Washington, DC 20520-6317

Alfred Gaechter, Jr.
Bellcore, LCCIB 234
290 West Mt. Pleasant Ave.
Livingston, NJ 07039

Carol R. Schultz
MCI Telecommunications Corporation
1801 Pennsylvania Ave., NW
Washington, DC 20036

Larry Irving
U.S. Department of Commerce/NTIA
14th Street & Constitution Ave., NW, Rm 4898
Washington, DC 20230

Senator Thomas C. Ada
215-A East Sailor Street
Suite 108F
Agana, Guam 96910

Speaker Don Parkinson
424 West O'Brien Drive
Suite 222
Agana, Guam 96910

Tedson J. Meyers
Coudert Brothers
1627 I Street, NW
Washington, DC 20006