

G R Evans
Vice President
Federal Regulatory Affairs

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NYNEX

May 28, 1996

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

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MAY 28 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

RE: CC Docket 96-98

Dear Mr. Caton:

On Friday, May 24, Mr. T. Tauke, Mr. F. Gumper, Ms. S. Guyer and I, representing NYNEX, met with Chairman R. Hundt, Mr. J. Nakahata, Legal Advisor to Chairman Hundt, Dr. J. Farrell, Chief Economist, Mr. E. Maxwell, Deputy Chief, Office of Plans and Policy, Ms. G. Keeney, Chief, Common Carrier Bureau, Ms. K Levitz, Deputy Chief, Common Carrier Bureau, Mr. R. Metzger, Deputy Chief, Common Carrier Bureau, and Dr. G. Rosston, Chief Economist, Common Carrier Bureau. The purpose of the meeting was to review NYNEX's positions filed in the above mentioned proceeding on May 16, 1996. The attached charts were used during the meeting.

Sincerely,



cc: Chairman R. Hundt
J. Nakahata
J. Farrell
E. Maxwell
G. Keeney
K. Levitz
R. Metzger
G. Rosston

Attachment

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OPENING THE NETWORK

- FCC should create an environment that both permits and promotes network development & competition.
 - » Innovation on more than price
 - Functions
 - Services
 - Capabilities

OPENING THE NETWORK

- FCC decisions should not undermine network development and existing rate structure
 - » CLEC must have some facilities in reaching the end user
 - » Pricing must be balanced

OPENING THE NETWORK

- **RESALE**

- » Jump starts competition
- » Marketing innovations like pricing and rate structure accommodated by resale
- » Some limitations on use

OPENING THE NETWORK

- **UNBUNDLED ELEMENTS**
 - » Leased facilities intended to *augment* CLEC's network
 - » No limitations on use

OPENING THE NETWORK

- TSLRIC ignores real costs:
 - » Embedded *capital* not stranded *investment*
- Reduces incentives for future capital deployment:
 - » Riskier investment and greater capital costs as revenues are reduced

OPENING THE NETWORK

- FCC should establish price range for unbundled elements from TSLRIC to accounting costs.

OPENING THE NETWORK

- The Interconnection proceeding is not the appropriate venue in which to achieve access reform

OPENING THE NETWORK

- **State Flexibility Needed**
 - » State conditions/resources vary
 - » Markets vary
 - » Competitors' needs vary
- **Avoid confrontation with states lauded for innovation**

OPENING THE NETWORK

- The FCC can avoid jurisdictional conflicts by adopting a 2-tiered approach suggested by several states:
 - » Tier 1: broad guidelines that allow states flexibility; states supply details.
 - » Tier 2: more specific, optional plan for use by states not wishing to develop their own plans, and which FCC uses if states fail to act. Includes arbitration plan.