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SECRET - ORIGINAL



Building The
Wireless Future™

June 18, 1996

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CTIA

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

JUN 18 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Cellular
Telecommunications
Industry Association
1250 Connecticut
Avenue, N.W.
Suite 200
Washington, D.C. 20036
202-785-0081 Telephone
202-785-0721 Fax

Re: **Ex Parte Presentation**
CC Docket No. 95-185 (Interconnection
Between Local Exchange Carriers and
Commercial Mobile Radio Service
Providers) and **CC Docket No. 96-98**
(Implementation of the Local Competition
Provisions in the Telecommunications
Act of 1996)

Dear Mr. Caton:

On Tuesday, June 18, 1996, Mr. Randall S. Coleman, Vice President for Regulatory Policy and Law, CTIA, sent the attached letter and accompanying material to the Commission personnel appearing on the attached list.

Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy of this letter and the referenced attachments are being filed with your office. If there any questions concerning this filing, please contact me at (202) 736-3255.

Sincerely,


Robert F. Roche

Attachments

No. of Copies rec'd 041
List ABCDE

Ms. Rosalind Allen
Ms. Lauren Belvin
Mr. Larry Atlas
Ms. Nancy Boocker
Mr. James Casserly
Mr. John Cimko
Mr. David Ellen
Mr. Bruce Franca
Mr. Andrew Firth
Mr. Julius Genachowski
Mr. Don Gips
Mr. Michael Hamra
Mr. William Kennard
Ms. Kathleen Levitz
Ms. Jane Mago
Mr. Blair Levein
Mr. Steve Markendorff
Ms. Pam Megna
Mr. John Nakahata
Mr. Myron Peck
Ms. Ruth Milkman
Ms. Kathleen O'Brien-Ham
The Honorable James H. Quello
Mr. David Solomon
Mr. David Siddall
D'Wana Speight
Ms. Suzanna Toller
Mr. Stanley Wiggins
Mr. Gerald Vaughan
Mr. Christopher Wright

Mr. Rudy Baca
The Honorable Rachelle B. Chong
Ms. Beverly Baker
Mr. Lyndon Boozer
Ms. Jackie Chorney
Mr. Hames Coltharp
Mr. Joseph Farrell
Mr. Howard Davenport
Mr. David Furth
Ms. Gina Keeney
Ms. Pam Greer
The Honorable Reed E. Hundt
Ms. Linda Kinney
Ms. Elizabeth Lyle
Ms. Mary McManus
Ms. Susan Lewis-Sallet
Mr. Elliott Maxwell
Mr. Richard Metzger
Ms. Sally Novak
Mr. Dan Phythyon
The Honorable Susan Ness
Dr. Robert Pepper
Mr. Greg Rosston
Dr. Thomas Stanley
Mr. Richard Smith
Mr. Peter Tenhula
Mr. Michael Wack
Mr. David Wye
Ms. Jennifer Warren



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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Dear Mr. Caton:

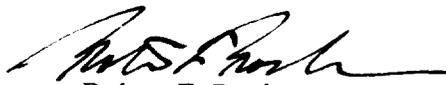
On Monday, June 17, 1996, Mr. Randall S. Coleman, Vice President for
Regulatory Policy and Law, CTIA, sent the attached letter and accompanying material to
the following personnel of the Wireless Telecommunications Bureau:

Michele C. Farquhar
Karen Brinkmann
Daniel Grosh
Jay Markley
Kathryn O'Brien

Zenji Nakazawa
Rhonda Lien
Walt Strack
Joseph Rose

Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy
of this letter and the referenced attachments are being filed with your office. If there any
questions concerning this filing, please contact me at (202) 736-3255.

Sincerely,


Robert F. Roche

Attachments



Building The
Wireless Future

June 17, 1996

Ms. Michele C. Farquhar
Chief
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Suite 5205
Washington, D.C. 20554

CTIA

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Randall S. Coleman
Vice President for
Regulatory Policy and Law

Re: **Ex Parte Presentation**
CC Docket No. 95-185 (Interconnection
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Providers) and **CC Docket No. 96-98**
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Dear Michele:

This letter is in response to your question concerning the basis for calculating the amounts paid and payable by CMRS providers to LECs for the termination of CMRS-originated traffic. As you know, the CMRS industry is competitive and, therefore, carriers are reluctant to reveal company-proprietary or competitively-sensitive information. Nonetheless, it has been estimated that the average number of MOUs per subscriber runs between approximately 115 minutes per month and 125 minutes per month. It is possible, therefore, to calculate a range of the approximate cost of interconnection as follows:

At the lower range of usage:

MOUs per sub per year (115 x 12) x estimated total average subscribers

1,380 x 28,960,041 (estimated average subs for 1995)
= 39,964,855.200 MOUs for year

39,964,855.200 MOUs x 80 % (traditional estimate of origination)
= 31,971,884.160

31,971,884.160 x 2.5 cents average per minute LEC origination charge
= \$ 799,297.104

At the upper range of usage:

MOUs per sub per year (125 x 12) x estimated total average subscribers

1,500 x 28,960,041 (estimated average subs for 1995)
= 43,440,061,500 MOUs for year

43,440,061.500 MOUs x 80 % (traditional estimate of origination)
= 34,752,049,200

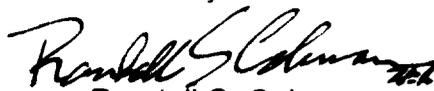
34,752,049,200 x 2.5 cents average per minute LEC origination charge
= \$ 868,801 230.00

Thus, according to these calculations, the total cost to CMRS providers for interconnection in 1995 was between \$ 799.3 million and \$ 868.8 million. However, elimination of these surcharges would not produce an unrecoverable revenue shortfall for the LECs.

It should be noted that the average number of the total CMRS and LEC lines in 1995 was 179,500,293.5 (28,960,041 estimated average CMRS subscribers plus 150,540,252.5 average LEC subscriber lines, per CTIA's Semi-annual Data Survey and the FCC's *Statistics of Communications Common Carriers (1993/94, and 1995)* at Table 2.3). Thus, the sum amounts to between \$ 4.47 and \$ 5.03 per CMRS and LEC subscriber per year, or between 37.1 cents and 41.9 cents a month. This sum is easily recoverable by the LECs through charges for such additional services as directory assistance, call completion, or other features which could be provided by the LECs to wireless callers and wireless calling parties. See attachment.

If you have any questions on this matter, please contact Mr. Robert Roche, Director for Research, CTIA, at 202/736-3255

Sincerely,


Randall S. Coleman

cc: Ms. Karen Brinkmann
Mr. Daniel Grosh

INCREASED REVENUE OPPORTUNITIES FOR LECs

Lower interconnection costs for wireless carriers will lead to increased wireless usage. LECs should be excited about the possibility of increased wireless traffic. The pie will get bigger--for everyone. Aside from LEC-encouraged landline originated calls, the following are LEC services that may be used more when wireless usage increases as a result of implementation of reciprocal termination:

- IntraLATA toll service. LECs will continue to have the opportunity to earn revenue, at currently great rates of profit, for intraLATA transport for additional toll charges. Although intraLATA toll competition may soon develop in many markets, LECs will remain at a significant advantage to offer such service as the owners of extensive existing networks.
- Call forwarding and jointly-offered landline/wireless services. Technology is making it increasingly possible for customers to be reached at the same telephone number for both their landline and wireless phones. This number is typically a landline number that is either forwarded to a wireless phone or is alternatively sent to a wireless phone (through services such as GTE's TeleGo and Cellular One's FreedomLink).
- Directory assistance. Where LECs continue to provide the directory assistance service for wireless systems, substantial revenues will continue to pour in, at an increasing rate as wireless usage increases
- Operator and directory assistance call completion. When a wireless customer asks an operator to place a call or chooses the directory assistance option of automatic call completion, LECs earn revenue. In the instance of directory assistance call completion, most of the customer charge goes to the LEC.
- Landline-connected voice mail and call-waiting. Increased wireless to LEC traffic will stimulate landline-connected voice mail and call-waiting usage.
- Caller ID and distinctive ringing. With the development of technology capable of sending party-identification for wireless customers, more landline customers may choose to purchase caller ID and distinctive ringing services so that they will know when wireless customers are trying to reach them.
- Multiple-party calling services involving at least one wireless user. While wireless carriers increasingly offer this service, LECs may be the sole providers of such services in many markets for the near future

- Busy-line verification and break on LEC customer lines. When operators determine whether a line is in fact busy rather than out of service and perform emergency break-ins, revenue flows to LECs.