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June 20, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

EX PARTE

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

RE: Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers (CC Docket No 95-185)

Dear Mr. Caton:

On Tuesday, June 18, 1996, Brian Kidney and I, on behalf of AirTouch Communications, Inc. met with Michele Farquhar, Chief of the Wireless Bureau, and staff to discuss the above proceeding. Please associate the attached material with the above-referenced proceeding.

Two copies of this notice are being submitted to the Secretary in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me at 202-293-4960 should you have any questions or require additional information concerning this matter.

Sincerely,

Kathleen Q. Abernathy

Kathleen Q. Abernathy

Attachments

cc: Michele Farquhar

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AirTouch Communications, Inc.

Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers

CC Docket No. 95-185

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Interconnection Negotiations and Paging Carriers

- LECs have used their monopoly position to extract excessive rates for interconnection and problem is most egregious in paging industry.

- Traffic flows from one-way paging are exclusively mobile terminating but paging providers are forced to pay LECs interconnection charges for all calls and receive compensation for none.

- The reciprocal termination proposal that is appropriate for broadband CMRS providers is inappropriate for the paging industry because it does not compensate paging carriers for the costs of terminating LEC originated calls.

- Paging carriers are entitled to be compensated for the costs they incur in terminating calls received from the LECs.

Compensation for Paging Carriers

- In instances where narrowband CMRS traffic is one-way mobile terminating traffic, the FCC should require that LEC's pay the entire cost of the trunks connecting the LEC switch to the narrowband switch.

- This will ensure that paging companies are fairly compensated for the costs incurred in terminating calls.

- Paging providers should also be permitted to charge reasonable fees for the use of their networks to terminate calls.

- Since paging networks perform switching, transport and call termination functions like those performed by landline LECs, one proposed interim approach would be to charge LEC access charges less subsidy elements such as the carrier common line and residual interconnection charges.

FCC Jurisdiction Over Mobile-Terminating CMRS Traffic

- AirTouch believes that Section 332(c)(1)(B) of the Act expresses a clear intent to preempt state law regarding LEC-CMRS interconnection and this authority remains undisturbed by the passage of the 1996 Telecommunications Act.

- With respect to traffic that is purely mobile terminating, such as paging traffic, FCC jurisdiction is further supported by Section 332(c)(3)(A) which prohibits state regulation of rates charged by any commercial mobile radio service provider.

- It is clear that fees charged by paging carriers to terminate LEC traffic are CMRS rates.

- Therefore, the FCC must assert its jurisdiction over interconnection rates charged by paging companies.

AirTouch Communications, Inc.

Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers

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Problems With State Jurisdiction Over CMRS Interconnection

- Experience confirms failure to implement federal policies.

  - No mutual compensation.
  - In California, wireless carriers were reluctant to complain to CPUC because price of mutual compensation was agreement to demonstrate "termination costs" on mobile network.

    -- Resource-intensive exercise.
    -- Competitively sensitive information.
    -- Inconsistent with federal scheme which imposes cost-based, unbundling only on LECs.
    -- Inconsistent with competitive model which relies on market to drive price.
    -- Disadvantages newer entrants, operators with higher debt, more advanced networks.

Problems With State Jurisdiction Over CMRS Interconnection (cont'd)

- California legislation introduced past two years demonstrates continued micro-management of cellular pricing and network access.

    - SB 207 (passed Senate, held in House 1995) would have specified lengths of cellular contracts, set billing increments, and limited charging policies to calling party pays.

      SB 2088 (held in Senate 1996) would require unbundling of all cellular rate elements.

    - These bills demonstrate state policies impacting rates and entry:

        -- Impose uneconomic requirements.
        -- Create disparities among CMRS providers and distort competition.
        -- Deter investment in facilities.