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July 18, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street NW - Room 222
Washington, D.C. 20554

**RE: Ex Parte Meeting
CC Docket No. 96-61**

Dear Mr. Caton:

On July 18, 1996, David Cohen, John Hunter, Todd Colquitt and Jim Lowell representing the United States Telephone Association (USTA), met with Sherille Ismail of the Competitive Pricing Division of the Common Carrier Division to discuss USTA's position regarding the issues in the above-referenced proceeding. The attached material was the basis for the presentation and the discussion.

The discussion was consistent with USTA's comments and reply comments on file in this proceeding.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two copies of this notice are being submitted to the Secretary of the FCC today. Please include it in the public record of this proceeding.

Respectfully submitted,

Charles D. Cosson
Regulatory Attorney

Attachment

cc: S. Ismail

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USTA POSITION ON GEOGRAPHIC TOLL RATE AVERAGING

Policy and Rules Concerning the Interstate Marketplace
as a Non-Dominant Carrier and Implementation of Section 254(g)
of the Communications Act of 1934, as Amended

CC Docket No 96-61

- o **The 1996 Act requires the Commission to adopt rules which require**
 - Providers of interexchange telecommunications services to charge rates to subscribers in rural and high cost areas that are no higher than rates it charges its urban area subscribers (*rate averaging*), and
 - Providers of interstate interexchange telecommunications services to charge subscribers in each state at rates no higher than it charges subscribers in any other state (*rate integration*).

- o **USTA supports the existing Commission position that rate averaging and integration benefit customers in rural and high cost areas in three ways:**
 - Prevents disproportionate burden due to recovery of non-traffic sensitive costs in these areas.
 - Allows customers in more remote areas to share in benefits of nationwide interexchange competition.
 - Customer confusion is reduced in the process of comparing rates from various competing providers. This will be increasingly important with the entry as competitors of the regional Bell companies.

- o **Appropriate mechanisms to enforce rate averaging and integration requirements of the Act and the Commission's Rules is essential**
 - Compliance should not be enforced through the tariff process because advance price notice chills interexchange competition.
 - Commission reliance on the complaint process requires the availability of some type of price information to enable parties to establish a *prima facie* complaint of averaging or integration violations.

- o **USTA recommends a minimally intrusive plan for compliance with rate averaging and integration requirements**
 - Interexchange carriers would periodically certify over signature of an officer of the company that they are in compliance with rate averaging and integration requirements.
 - Interexchange carriers would be required to identify an address and telephone number where interested parties can request price information.
 - The Commission should specify further standards for complaints alleging violation of rate averaging or integration rules:
 - * It may be necessary to use the formal complaint process to obtain full relief.
 - * A party should be able to "state a cause of action under the Communications Act" for purposes of compliance with the Commission's complaint process rules.
 - * Parties should not be required to meet an unreasonably high burden of proof in their initial complaint filings. They should be able to further support their complaint through discovery.
 - * Complaining parties should be allowed to determine a level of damages by demonstrating the effect of the difference between the actual price and what the price would be had the averaging or integration rules been complied with (e.g., loss of access charges due to reduced demand).

- o **Forbearance from rate averaging and integration requirements is not justified under forbearance criteria in the 1996 Act**
 - Congress intends the Commission's rules to require geographic rate averaging and rate integration. Forbearance would be inconsistent with this intent.
 - Enforcement is needed to ensure that rates are not unreasonably discriminatory.
 - Forbearance is not consistent with the public interest as noted under the second bullet above.