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Mr. Willaim F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 10554

In re: Policy and Rules Concerning the Interstate,  
Interexchange Marketplace, CC Docket No. 96-61

Dear Mr. Caton:

The Woolworth Corporation wishes to express its opposition to the Commission's proposal to allow interexchange carriers to bundle customer premises equipment ("CPE") with interstate, interexchange service.

The Commission's existing antibundling rule provides significant benefits to consumers, allowing them to obtain innovative, state-of-the-art equipment at reasonable prices from a large number of suppliers. The rule permits consumers to purchase the equipment of their choice and connect it to the transmission service they prefer, creating a CPE/service package designed exactly to suit each individual user's needs.

Some carriers are suggesting that users do not wish to retain the flexibility of creating their own CPE/service package. These carriers assert that users would prefer to have carriers assemble the package for them, so that consumers can have the convenience of "one-stop-shopping." Carriers, however, already have the option of offering this convenience to those users who prefer it. Under the Commission's existing antibundling rule, carriers may assemble and offer packages of CPE and service as long as they do not subsidize the cost of the CPE with service revenues. There is, therefore, no benefit arising to the consumer from repeal of the antibundling rule.

There are, on the other hand, disadvantages to the consumer that would result from the repeal of the antibundling rule, primarily in the form of a reduction in choice. For example, users may be forced to choose among carrier-determined service/CPE packages rather than being able to create their own.

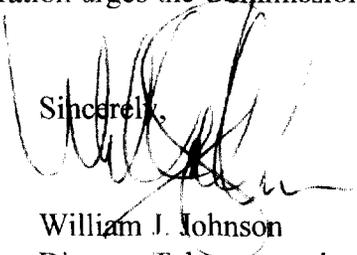
Also, since bundling allows the development of proprietary CPE, customers will have difficulty switching carriers, and may be unable to use the same CPE to access services provided by

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different carriers. Finally, the inevitable partnering of carriers and their favored vendors will have the effect both of driving other vendors from the market, thereby decreasing the number of suppliers of CPE, and of making the favored vendors dependent on pleasing the carriers rather than the end-users.

Users of CPE and communications services such as the Woolworth Corporation have a major stake in ensuring that as many options as possible continue to exist for meeting their communications needs. Abolishing the antibundling rule will lead to fewer, and less desirable, choices. Therefore the Woolworth Corporation urges the Commission to retain its antibundling rule in its existing form.

Sincerely,



William J. Johnson  
Director Telecommunications