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***SDN Users Association, Inc.***

*P.O. Box 4014, Bridgewater, N.J. 08807*

**RECEIVED**

**JAN 28 1997**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

January 27, 1997

William F. Caton, Acting Secretary  
Federal Communication Commission  
1919 M Street N. W.  
Washington, DC 20554

Re: CC Docket No. 96-262

Dear Mr. Caton:

The SDN Users Association Inc. hereby responds to the Commission's proposed ruling on Access Reform.

The SDN Users Association Inc. represents more than 520 large, independent business customers of AT&T's Software Defined Network service. Our members are in all sectors of the economy and all regions of the country, many are Fortune 500 Companies, with multi-state and multi-national enterprises. Each company or institution is a sophisticated consumer of telecommunications services. We are commenting on this NPRM because the rules implemented to reform access compensation will materially affect the costs of telecommunications to our businesses for the next five to ten years.

The SDN Users Association Inc. supports a goal of free market pricing for long distance access. The Association regards this as the most desirable outcome of the policy under consideration. Experience has shown us, in the long distance market, that in an orderly competitive market, prices will move toward costs, and will so move in a time and method which benefits customers both small and large. This experience, however, was not achieved easily: as the Commission, courts, and states all had substantial roles to play in establishing inter-related policies which allowed commercial interests to achieve an orderly market. We know that there will likely have to be a phased in process leading from the current market conditions to fully open competition.

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For these and other reasons to be stated later, the Association suggests that the Commission choose the 'prescriptive approach' to access reform, with modifications to adjust policies as competition takes hold and prices respond to market forces. We understand that making a ruling on this matter is not simple.

We know there is substantial pressure to choose the 'market based approach' to access reform, particularly from RBOC's and ILEC's, because it sounds like the desired outcome can be achieved quickly. In our experience, however, which extends to many venues across the country, incumbent company responses to reform initiatives, including local service competition have not been consistent. While it is true that some arenas have shown movement, most have seen resistance, slow action, and disingenuous behavior. At the time the 1996 Telecommunications Reform Act was passed there was high expectation that everything was aligned for rapid transition from a heavily regulated environment to full open competition. Several things have occurred which mitigate against assuming that the advent of competition can be achieved simply by commanding it. Specifically, ILEC's have not attempted to compete outside of their own territories, cable companies seem to be reluctant to enter the phone market, ILEC's have not chosen to enter markets other than telephony. The prospect of offering long distance service has not proven an adequate incentive for ILEC's to seek rapid completion of interconnection agreements and allow local competition to occur.

The Association is concerned that these last facts are of great consequence. They suggest that not all parties value the implied components of each deal the same way, or in the way contemplated by Congress. If this is the case, then the appropriate choice, as suggested, is to move the access market directly toward the desired outcome by selecting the 'prescriptive approach', and not rely on the perceived attraction of revenue acquisition in other markets or the often misunderstood working of an 'open' market.

We look forward to the Commission's action in this docket, and plan to comment further in the next phase of the deliberation.

Sincerely,

A handwritten signature in cursive script that reads "Reginald R. Bernard".

Reginald R. Bernard, President