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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

January 31, 1997

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
Washington, DC 20554

Re: CC Docket No. 96-61, Part II (Rate Integration)

Dear Mr. Caton:

In the Ordering Clauses of the Report and Order (FCC 96-331) released August 7, 1996 in this docket, Paragraph 92 requires GTE to submit a preliminary plan for rate integration for interexchange services between any US state, territory or possession and Guam, the Northern Marianas or American Samoa no later than February 1, 1997.

On behalf of its affiliated telecommunications companies, GTE Service Corporation filed a Petition for Reconsideration and Clarification on September 16, 1996 in this matter. The Commission has not yet acted upon this Petition. Without conceding its position with respect to any of the matters contained in its Petition or its rights to further review of the Commission's interpretation of Section 254(g) of the Telecommunications Act of 1996 ("the Act"), GTE submits this report of its preliminary plans for rate integration.

Prior to release of the Commission's Report and Order of August 7, 1996, the Common Carrier Bureau had asked GTE Service Corporation about implementation of Section 254(g) of the Act with respect to the Northern Mariana Islands. A meeting was held with members of the Common Carrier Bureau staff on June 14, 1996 concerning this matter and an *ex parte* letter was filed on June 20, 1996 stating GTE's position and describing the structure of GTE Corporation's subsidiaries which are common carriers. There was a subsequent meeting on June 27, 1996 with respect to the June 20, 1996 letter. From these meetings, it was determined that the Bureau intended GTE to consider integrating the rates of Micronesia Telecommunications Corporation (which operates only in the Commonwealth of the Northern Mariana Islands) with GTE Hawaiian Telephone (which operates only in the Hawaiian Islands) and GTE Long Distance (a reseller of long distance service of an unaffiliated interexchange carrier), rather than GTE Airfone (air-to-ground service), GTE Railfone (service aboard trains), GTE Mobilnet (cellular telephones), GTE Telecom (private lines) or GTE Government Systems (government private lines). Accordingly, this is the approach taken herein.

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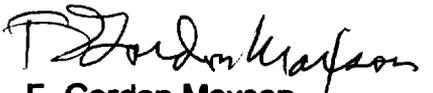
Because of the plethora of rates and rate structures which exist today, there appears to be a timely opportunity to simplify the rate structure of the GTE entities which are engaged in the domestic switched message telecommunications service. The interexchange carriers are clearly moving toward "postalized" rate structures rather than a complex set of calculations involving mileage. Such a rate structure facilitates a rational grouping of locations to which uniform basic rates can be applied.

The attached matrix portrays a simplified rate structure using the postalized concept. This is a preliminary format and the rate groups are by no means set, nor have the rates been determined. The Table contains only three columns because the three carriers do not originate traffic in Alaska, Guam, Puerto Rico, the US Virgin Islands, or American Samoa. If a carrier subsequently extends its service offering to originate traffic from one or more of those areas, the rates for the appropriate rate group would apply. Different rate schedules might be needed for different customer sets (such as residential, commercial and government), but they would be uniform for the carriers.

GTE notes that optional calling plans need not be geographically rate-averaged, but if a plan is offered to subscribers on the mainland, the same rate-making methodology and rate structure must be used when offering an optional calling plan in the Northern Marianas.

I may be reached at (202) 463-5291 if further information is desired.

Very truly yours,

  
F. Gordon Maxson  
Director - Regulatory Affairs

Attachment: Matrix

## RATE GROUPS

TO \ FROM	Mainland	Hawaii	CNMI
Mainland	1	3	4
Alaska	3	3	5
Hawaii	3	X	3
CNMI	4	3	X
Puerto Rico	2	4	6
Virgin Islands	2	4	6
Guam	4	3	1
American Samoa	6	5	3

**Applies to GTE Long Distance, GTE Hawaiian Tel and Micronesian Telecommunications Corporation**

## RATES FOR EACH RATE GROUP

Rate Group	Peak	Off Peak
	Per Minute	Per Minute
1	.AA	.SS
2	.BB	.TT
3	.CC	.UU
4	.DD	.VV
5	.EE	.XX
6	.FF	.ZZ

**Letters represent rates in \$0.xx per minute. Rate structure might be expanded to include additional rate groups, a separate rate for additional time (in minutes, or even shorter increments) after the initial period, and/or a third category (such as discount, economy or holiday).**