

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEB 6 1997
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)	
)	
800 Data Base Access Tariffs and)	
the 800 Service Management System)	CC Docket No. 93-129
Tariff and)	
)	
Provision of 800 Services)	CC Docket No. 86-10

AT&T CORP.'S OPPOSITION
TO PACIFIC BELL'S PETITION FOR RECONSIDERATION

Pursuant to Section 1.106(g) of the Commission's Rules, 47 C.F.R. § 1.106(g), AT&T Corp. ("AT&T") opposes Pacific Bell's Petition for Reconsideration of the Commission's Report and Order¹ in this proceeding.² Pacific Bell seeks reconsideration of the Commission's decision to disallow cost recovery related to Pacific Bell's upgrade of its tandems to provide 800 data base service.³ As discussed below, Pacific Bell's contention that the Commission erred in rejecting Pacific Bell's claim is wrong. Moreover, Pacific Bell inappropriately attempts to reargue issues

¹ 800 Data Base Access Tariffs and the 800 Service Management System Tariff and Provision of 800 Services, Report and Order, CC Docket Nos. 93-129 and 86-10, released October 28, 1996, para. 101 ("Report and Order").

² AT&T has concurrently filed a Motion to Accept Late-Filed Opposition.

³ Pacific Bell's costs to upgrade the tandems totaled \$1,315,000. Pacific Bell Petition at 1.

already considered by the Commission, under the guise of "new evidence." Pacific Bell has offered no basis for the Commission to alter its decision, thus the Commission should deny Pacific Bell's petition.

Pacific Bell claims (at 2) that the Commission's only basis for denying the tandem cost recovery is that such costs do not meet the Rate Structure Order⁴ standard, which limits exogenous treatment "only to costs incurred specifically to implement basic 800 data base service" and does not extend to "the costs of meeting the access time standards."⁵ According to Pacific Bell, the Rate Structure Order makes no such express statement. Pacific Bell, therefore, concludes that the disallowance of its tandem costs is based on an erroneous premise, and should be reversed.

Contrary to Pacific Bell's claim, the Commission's Rate Structure Order does support the disallowance of certain costs associated with meeting the access time standards. Pacific Bell reaches its conclusion based

⁴ Provision of Access for 800 Service, Second Report and Order, 8 FCC Rcd 907 (1993) ("Rate Structure Order").

⁵ Report and Order at para. 125. "Access time" is defined as "the time beginning when the caller completes dialing an 800 call and ending when the call is delivered by the originating LEC to an IXC." Provision of Access for 800 Service, Memorandum Opinion and Order on Reconsideration and Second Supplemental Notice of Proposed Rulemaking, 6 FCC Rcd 5421, 5422 (1991).

exclusively on the Commission's acknowledgment that local exchange carriers ("LECs") will incur increased costs as a result of meeting the access time standards.⁶ However, the Commission did not end its analysis there. Instead, the Commission concluded "that the costs of accelerating SS7 deployment to meet [the] implementation timetable [will not] be granted exogenous treatment."⁷ Only those reasonable costs "specifically incurred for the implementation and operation of the 800 data base system, such as core SS7 costs," may be treated as exogenous.⁸ Clearly, the LECs do not have unfettered discretion to treat all costs associated with meeting the access time standards as exogenous.

In light of these rulings, Pacific Bell's claim (at 4) that the tandems are being used today solely for 800 service does not justify exogenous cost treatment. To the contrary, the Commission determined that "[t]he costs of increasing tandem capacity differ from the other requests for exogenous treatment of costs because these costs are for the switch hardware and software that are capable of actually carrying traffic, whether it is 800 message traffic

⁶ Pacific Bell Petition at 2-3. See Rate Structure Order, 8 FCC Rcd at 911.

⁷ Id.

⁸ Id. (emphasis supplied).

or interstate or intrastate toll traffic."⁹ Pacific Bell has offered no reason -- either in its Petition or in its original submission -- to conclude that its tandem upgrades cannot be used for services other than 800 service.

In further support of its claim that tandem costs should be treated as exogenous, Pacific Bell attempts (at 4) to introduce what it describes as "new evidence to justify[] [its] original decision to install 800 data base software at the tandem," which apparently consists of the fact that "[i]t is necessary today to use this feature for 800/888 traffic for any call routed via Operator Services." This after-the-fact justification does not alter the reality that such tandem switch upgrades are capable of other functions, and thus differ from truly exogenous costs, as addressed by the Commission in its Report and Order.

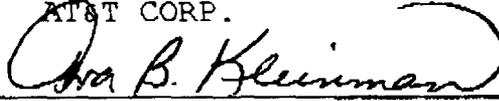
⁹ Report and Order at para. 125.

For the reasons stated above, the Commission
should deny Pacific Bell's petition for reconsideration.

Respectfully submitted,

AT&T CORP.

By



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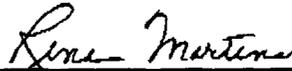
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February 6, 1997

CERTIFICATE OF SERVICE

I, Rena Martens, do hereby certify that on this 6th day of February, 1997, a copy of the foregoing "AT&T Corp.'s Opposition to Pacific Bell's Petition for Reconsideration" was mailed by U.S. first class mail, postage prepaid, to the parties listed on the attached Service List.



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