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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of	
Access Charge Reform	CC Docket No. 96-262
Price Cap Performance Review for Local Exchange Carriers	CC Docket No. 94-1
Transport Rate Structure and Pricing Under Price Cap Regulation	CC Docket No. 91-213

JOINT ERRATUM OF BELL ATLANTIC AND NYNEX

On February 14, 1997 Bell Atlantic[1] and NYNEX[2] ("Joint Parties") filed reply comments in the above referenced proceeding. Due to a photocopying error, pages 39 and 40 were not included in that filing. The pages were included in the diskette version of the reply comments, however, also filed on February 14. The Joint Parties have attached pages 39 and 40 and respectfully request that the Commission incorporate these pages into the Joint Parties' reply comments.

[1] The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

[2] The NYNEX Telephone Companies ("NYNEX") are New York Telephone Company and New England Telephone and Telegraph Company.

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Respectfully submitted,

Edward Shakin

Edward D. Young, III
Betsy L. Anderson
Of Counsel

1320 North Court House Road
Eighth Floor
Arlington, VA 22201
(703) 974-4864

Attorney for the
Bell Atlantic Telephone Companies

/s/ Joseph Di Bella JD
Joseph Di Bella

1300 I Street, N.W., Suite 400 West
Washington, D.C. 20005
(202) 336-7894

Attorney for the
NYNEX Telephone Companies

Dated: February 18, 1997

that cannot legally be disallowed.[94] In addition to transport costs that the current rules assign to the TIC, such as 80 percent of tandem switching costs, the TIC also recovers overallocations of costs from the state to the interstate jurisdiction. Therefore, many commenters agree that the TIC should be reduced by the net amount of (1) costs that are reassigned to transport rate elements; (2) net universal service payments that a LEC receives; and (3) costs that are reassigned to the states through changes in the separations rules. The commenters also argue that price cap index reductions should be targeted at the TIC, which would tend to reduce it over time.

Bell Atlantic and NYNEX agree that these rate changes should be used to reduce the TIC. However, while these amounts are likely to be significant, it is also likely that a substantial amount of revenues will remain in the TIC.

The Commission cannot, as some parties claim, simply disallow or phase out the remaining TIC. As Bell Atlantic and NYNEX showed in their initial comments, these costs are real, they are ongoing, and they generally represent local exchange network costs that have been allocated to the interstate jurisdiction. Since these costs are primarily nontraffic sensitive, some commenters agree with Bell Atlantic and NYNEX that they can be recovered through a flat rate charge.[95]

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[94] ***See, e.g.,*** TDS at 22-24; US West at 49, 50; BellSouth at 75.
[95] ***See, e.g.,*** WorldCom at 65-66.

In considering the benefits of flat rate charges, the Commission should note that the resulting rate structure would resemble the rate structures that have been adopted by the states for UNEs. The proposals described above would reduce the arbitrage problem for high-volume customers, because the LECs would no longer have to charge high per-minute rates for access services in comparison with UNE rates. The flat rates, when combined with current flat rates for local telephone lines and the EUCL charge, would come closer to UNE rates for loops and switch ports in many instances.

There is some concern that the combination of these rate structure proposals would make it difficult for the IXCs to comply with the geographic rate averaging requirements of Section 254(g) of the Act.[96] This concern is exaggerated. The Commission should bear in mind that per-minute access charges today vary greatly by company, and the IXCs have been able to maintain nationally-averaged rates. Congress was aware of these variations when it passed Section 254(g). In addition, the current per-minute differences are magnified depending on a customer's usage. In many cases, high-volume customers currently generate access revenues many times the level of the proposed per-line charges. It should also be noted that the restructuring of access charges would not increase the amount of revenues generated from the

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[96] *See, e.g.,* WorldCom at 33.

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of February, 1997 a copy of the foregoing "Joint Erratum of Bell Atlantic and NYNEX" was served by hand on the parties on the attached list.

Tracey M. DeVaux

Tracey M. DeVaux

Mr. William F. Caton
Office of the Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

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Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

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ITS, Inc.
1919 M Street, NW
Room 246
Washington, DC 20554