

Implementation of the Local Competition Provisions of the Telecommunications Act of 1996: Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers

(Released August 8, 1996)

<i>Para. No.</i>	<i>Statements Of the FCC On Matters Relating to Rural Issues</i>
706	<ul style="list-style-type: none"> • After considering the economic impact of precluding recovery of small incumbent LECs' embedded costs, the FCC determines that basing the prices of interconnection and unbundled elements on an incumbent LEC's unbundled cost would not advance the pro-competitive goals of the statute. • Noting that certain small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f).
722	<ul style="list-style-type: none"> • Recognizing that a mechanism that ensures incentives created by non-cost-based elements of access charges prior to completion of access reform and universal service proceedings should serve to minimize the potentially disruptive effects of FCC decisions on small incumbent LECs.
743	<ul style="list-style-type: none"> • Noting that there are regulatory burdens and economic impacts of FCC decisions on small incumbent LECs, the FCC concludes that, as a general rule, incumbent LECs' rates for interconnection and unbundled elements must recover costs in a manner that reflects the way they are incurred.
766	<ul style="list-style-type: none"> • Noting that decisions concerning averaging may be expected to lead to increased competition and more efficient allocation of resources, which should benefit small incumbent LECs.
783	<ul style="list-style-type: none"> • After considering the economic impact of the adoption of default proxy ceilings and ranges on small incumbent LECs, the FCC determines that the adoption of proxies for interim arbitrated rates should minimize regulatory burdens on the parties to arbitration, including small incumbent LECs, by permitting states to implement the 1996 Act more quickly and facilitating competition on a reasonable and efficient basis by all firms in the industry. • Also noting that small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f)(1).
907	<ul style="list-style-type: none"> • Noting that clear resale rules should minimize regulatory burdens and uncertainty for small incumbent LECs.

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934	<ul style="list-style-type: none"> • Stating that the presumptions established in conducting avoided cost studies regarding the avoidability of certain expenses may be rebutted by evidence that certain costs are not avoided, which should minimize any economic impact of the FCC's rule on this subject on small incumbent LECs. • Noting that certain small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f).
957	<ul style="list-style-type: none"> • After considering the proposal that services incumbent LECs offer at below-cost rates should not be subject to resale under § 251(c)(4), the FCC rejects the proposal, concluding that the 1996 Act provides that below-cost services are subject to the § 251(c)(4) resale obligation and that differences in incumbent LEC revenue resulting from the resale of below-cost services should be accommodated by decreased expenditures that are avoided because the service is being offered at wholesale. As such, resale of below-cost services at wholesale rates should not adversely impact small incumbent LECs. • Noting that certain small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f).
1059	<ul style="list-style-type: none"> • After considering the impact of rules regarding recovering lost contributions and common costs through termination charges on small incumbent LECs, the FCC concludes that termination rates for all LECs should include an allocation of forward-looking common costs, finding that the inclusion of an element for the recovery of lost contribution may lead to significant distortions in local exchange markets. • Noting that certain small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f).
1068	<ul style="list-style-type: none"> • Recognizing that there needs to be an adoption of interim rates, subject to a "true-up", which advances the pro-competitive goals of the statute, and also takes into consideration the economic impact of these rules on small incumbent LECs. • Noting that certain small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f).

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1088	<ul style="list-style-type: none"> • Rejecting the RTC's argument that symmetrical rates do not consider the cost involved and the use of another carrier's network. • Finding that, including small incumbent LECs' costs, serve as reasonable proxies for other carriers' costs of transport and termination for the purpose of reciprocal compensation. • Also finding that symmetry will avoid the need for small businesses to conduct forward-looking economic cost studies, in order for the states to arbitrate reciprocal compensation duties. • Noting that certain small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f).
1115	<ul style="list-style-type: none"> • Rejecting the RTC's argument that bill and keep arrangements fail to adequately deal with each carrier's costs. Finding that in addition to basing reciprocal compensation on the incumbent LEC's cost, allowing carriers to rebut a presumption of balance traffic volumes, the concern that bill and keep arrangements fail to adequately deal with each carrier's costs are addressed. • Noting that certain small incumbent LECs are either not subject to or can seek relief from the FCC's rules under § 251(f).
1144	<ul style="list-style-type: none"> • Adopting a flexible regulatory approach to pole attachment disputes that ensures consideration of local conditions and circumstances. This is the FCC's attempt to address the impact on small incumbent LECs.
1222	<ul style="list-style-type: none"> • Finding that utilities have the ultimate burden of proof in denial of access cases. Determining that this will minimize uncertainty and reduce litigation and transaction costs, because new entrants and small entities in particular are unlikely to have access to the relevant information without cooperation from the utilities.
1224	<ul style="list-style-type: none"> • Recognizing that written requirements regarding access and utilities involve some record-keeping obligations that could impose a burden on small incumbent LECs , but these burdens are outweighed by the benefit of certainty and expedient resolution of disputes.

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1253	<ul style="list-style-type: none"> • Agreeing with small incumbent LECs that the determination of whether a telephone company is entitled to exemption, suspension or modification of the § 251 requirements, generally should be left to the state commissions.
1262	<ul style="list-style-type: none"> • Finding that Congress did not intend to insulate smaller or rural LECs from competition and thereby prevent subscribers in those communities from obtaining the benefits of competitive local exchange service. As such, finding that in order to justify continued exemption once a bona fide request has been made, a LEC must offer evidence that application of those requirements would be likely to cause undue economic burdens beyond the economic burdens typically associated with efficient competitive entry.
1263	<ul style="list-style-type: none"> • Finding that rural LECs must prove to the state commission that they should continue to be exempt once a bona fide request has been made. • Finding that smaller companies must prove to state commissions that suspensions or modifications should be granted. • Finding that the party seeking exemption, suspension or modification is in control of the relevant information necessary for the state to make a determination regarding the request. • Finding that a rural company within § 251(f) only is required to make a showing when it receives a bona fide request for interconnection, services or network elements. • Declining to establish guidelines or rules on what constitutes a bona fide request or the universal service duties of requesting carriers that seek to compete with rural LECs.
1265	<ul style="list-style-type: none"> • Finding that there is no basis in the record for adopting other special rules or limiting the application of FCC rules to smaller or rural LECs.

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1283	<ul style="list-style-type: none">• Finding that states, in establishing procedures for arbitration, may develop specific measures that address concerns of small incumbent LECs.
1323	<ul style="list-style-type: none">• Rejecting the RTC's argument that making agreements between adjacent non-competing LECs available under § 252 will have a detrimental effect on small rural carriers.

Access Charge Reform Notice Of Proposed Rulemaking

(Released December 24, 1996)

Para. No.	Comments Requested Pertaining to Rural Issues
53	<ul style="list-style-type: none">• Seeking comment on the effect on small incumbent LECs of proposals to apply to incumbent LECs rules on allocation of universal service support interstate revenue requirements and to reform the transport rate structure.• Also seeking comment on the effect on small incumbent LECs of the tentative conclusion that changes adopted to TIC should apply to ROR incumbent LECs.
61	<ul style="list-style-type: none">• Seeking comment on how extending changes to recovery of certain NTS costs to ROR LECs would affect small incumbent LECs.
62	<ul style="list-style-type: none">• Seeking comment on the extent to which any proposed alternative recovery mechanism for recovering common line costs will affect small incumbent price cap LECs.
65	<ul style="list-style-type: none">• Seeking comment on how the extension of changes to the cap on SLCs to ROR LECs would affect small incumbent LECs.
119	<ul style="list-style-type: none">• Seeking comment on how possible revisions to the TIC would affect small incumbent LECs.
167	<ul style="list-style-type: none">• Seeking comment on the proposition that the removal of regulatory constraints only affects small incumbent LECs in the sense that regulatory constraints are not being removed for them as are some of the constraints for price cap incumbent LECs.• Also seeking comment on the proposition that small incumbent LECs will not be otherwise affected by the FCC's proposals regarding deregulation.• Also seeking comment on the proposition that while these proposals may indirectly affect small entities, especially competitive LECs and access customers, they will not have an impact on small entity reporting, recordkeeping or other compliance requirements.
215	<ul style="list-style-type: none">• Seeking comment on whether it is a violation of § 254(g) to allow LECs to collect charges from end users for originating access, terminate access or both and whether allowing such charges to be

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	imposed on the party placing a call or the party receiving the call.
246	<ul style="list-style-type: none">• Seeking comment on how the FCC's proposed interstate ratemaking treatment of the new universal service support mechanism affects small incumbent LECs.
248	<ul style="list-style-type: none">• Seeking comment on the impact of proposals relating to forward-looking mechanisms on small incumbent LECs.
259	<ul style="list-style-type: none">• Seeking comment on how a decision to permit incumbent LECs to recover some or all of the difference between embedded and forward-looking costs would affect small incumbent LECs.
260	<ul style="list-style-type: none">• Seeking comment on the impact of any particular recovery mechanism, i.e. market-based recovery or regulated recovery, on small incumbent LECs.
280	<ul style="list-style-type: none">• Seeking comment on how small incumbent LECs will be affected by the tentative conclusions that non-dominant carriers have market power with regard to terminating access charges or that market value would preclude the marketplace from ensuring that terminated access rates are just and reasonable.• Also seeking comment on the effect of proposals to regulate terminating access on small incumbent LECs.
296	<ul style="list-style-type: none">• Seeking comment on how the proposal to delete Section 69.4(f) and 69.122, which provide for a contribution charge that may be assessed on special access and expanded interconnection, would affect small incumbent LECs.