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MAR 24 1997

Federal Communications Commission
Office of Secretary

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

In the Matter of	
Access Charge Reform	CC Docket 96-262
Price Cap Performance Review for Local Exchange Carriers	CC Docket 94-1
Transport and Rate Structure and Pricing	CC Docket 91-213
Usage of the Public Switched Network by Information Service and Internet Access Providers	CC Docket 96-263

Comments of General Communication, Inc.

General Communication, Inc. (GCI) hereby submits comments in response to the Notice of Proposed Rulemaking, Third Report and Order and Notice of Inquiry (Notice)[1] issued in this matter.

Introduction

The Commission has tentatively concluded that information service providers (ISPs) should not be subject to access charges as they are currently constituted. The Commission states that it will support policies that best facilitate the development of high bandwidth data networks while preserving efficient incentives for investment and innovation in the underlying voice network. The Commission asks for information on the effects of Internet on network

[1] Access Charge Reform, FCC 96-488, released December 24, 1996.

usage, incumbent LEC costs recovery and development of the information services marketplace. The Commission notes that the Internet is being used today to complete voice calls.

The Commission should apply revised access charges to ISPs. Payment of access charges by ISPs is consistent with fair competition.

Information Services Should be Subject To Reformed Access Charges

GCI agrees with the Commission that ISPs should not pay access charges as they are "currently constituted." However, the Commission has issued this Notice to reform the access charge structure. GCI believes that ISPs should be subject to access charges, as reformed in this proceeding.

GCI believes that any ISPs, including Internet providers should pay access charges. Otherwise, ISPs, including Internet telephony providers receive a subsidy from interexchange carriers. Use of the Internet for voice communication is much more widely available than the Commission seems to realize and the technology is certain to improve even further in the near future. It is now possible to download software from the Internet and use that software to complete voice communications between a computer at the originating end and a normal landline telephone at the

terminating end.[2] The voice quality is quite good. The provider of the software demonstrated on the tape intends to institute a charge of about 5 cents/minute after a demonstration phase. The provider of this service can hardly be distinguished from an interexchange carrier, yet the provider escapes access charges.[3]

The use of Internet for voice communications is likely to spread significantly as technology improves. It is entirely appropriate to allow Internet providers to compete directly with interexchange carriers, but to exempt the Internet providers from the same charges placed on interexchange carriers is inappropriate. Such price distortions are contrary to the competitive market that the Telecommunications Act of 1996 was intended to promote. They are also inconsistent with the "a minute is a minute" approach that the Commission has embraced in other contexts.

Access charges established at the proper cost level should not unduly constrain use of the Internet or other information services. Indeed, usage charges at the proper level should encourage an economically appropriate level of

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[2]An audio tape demonstrating this technology is available to the Commission.

[3]GCI pays <u>on average</u> access charges equal to 4.3 cents a minute on each interstate call and 7 cents a minute on each intrastate call. Either a 5 cents a minute rate or a rate bundled in the ISPs basic monthly package rates puts carriers such as GCI at a disadvantage.

usage.

Conclusion

Access charges should be applied to information service providers as soon as access reform is complete. Exempting information service providers is economically inefficient and promotes unfair competition.

Respectfully submitted,

GENERAL COMMUNICATION, INC.

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March 24, 1997

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed March 24, 1997.

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CERTIFICATE OF SERVICE

I, Kathy L. Shobert, hereby certify that true and correct copies of the proceeding comments were served by first class mail, postage prepaid to the parties listed below.

Kathy L. Shobert

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