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**Anthony M. Alessi**  
Director  
Federal Relations

April 2, 1997

EX PARTE OR LATE FILED

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

RECEIVED

APR 2 1997

Re: **Ex Parte Statement**  
CC Docket 96-262

Federal Communications Commission  
Office of Secretary

Dear Mr. Caton:

At the request of Mr. Jim Casserly, Senior Legal Advisor to Commissioner Ness, the following information is being entered into the record of the above referenced docket.

Sincerely,

A handwritten signature in cursive script that reads "Anthony M. Alessi".

cc: J. Casserly

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**Ameritech**  
**Phased Proposal to Market Based Access Reform Solution**

	<u>Notice of Proposed Rulemaking</u>	<u>Ameritech</u>
<b>Phase 1 Triggers</b>	unbundled network element prices are based on geographically deaveraged, forward-looking economic costs in a manner that reflects the way costs are incurred	unbundled network elements (UNE) are available either under a state-approved negotiated or arbitrated agreement and/or a state approved statement of generally available terms and conditions
	transport and termination charges are based on the additional cost of transporting and terminating another carrier's traffic	transport and termination is available for local traffic at state approved cost-based rates
	wholesale prices for retail services are based on reasonably avoidable costs	retail services are available at wholesale rates that are equal to the retail price minus the reasonably avoidable cost of providing wholesale rather than retail service as determined by the state
	network elements and services are capable of being provisioned rapidly and consistent with a significant level of demand	based on forecasts supplied by carriers, the ILEC is able to provision UNEs, transport and termination and resale in a commercially reasonable manner and in necessary quantities
	dialing parity is provided by the incumbent LEC to competitors, number portability is provided by the incumbent LEC to competitors, access to incumbent LEC rights-of-way is provided to competitors, open and non-discriminatory network standards and protocols are put into effect	(while it is clear that these triggers will enhance the development of local competition they are not appropriate to be used as triggers for access competition)
<b>Phase 1 Proposed Relief</b>	eliminate the prohibition against geographic deaveraging within a study area	agree
	eliminate the ban on volume and term discounts for interstate access services	agree
	eliminate the current prohibition against contract tariffs and individual request for proposals (RFP) responses	agree
	eliminate or reduce various restraints on the ability of incumbent LECs to offer new, innovative access services	deregulate technically new services
		ability to offer growth discounts (this option would allow smaller carriers to qualify for discounts they would not normally qualify for due to their limited volumes; instead of denying this option, the FCC should carefully review ILEC growth discount plans to ensure that ILECs do not discriminate in favor of their affiliates)
		reduction in the no-sharing x-factor choice from 5.3 to 4.0 (once the phase 1 triggers are met there is no need for the additional safeguard of earnings sharing)

**Ameritech**  
**Phased Proposal to Market Based Access Reform Solution**

	<u>Notice of Proposed Rulemaking</u>	<u>Ameritech</u>
<b>Phase 2 Triggers</b>	demonstrated presence of competition	agree
	full implementation of competitively neutral universal service support mechanisms and credible and timely enforcement of pro-competitive rules	(As noted by Dr. Gordon, relief for a company that is already subject to actual competition should not be dependent on the actions of third parties; otherwise, the company will be unable to respond effectively to actual competitive pressures even when the company has done everything in its power to comply with the market-development rules.)
<b>Phase 2 Proposed Relief</b>	eliminate price cap service categories within baskets and consolidate traffic-sensitive and trunking baskets	eliminate separate price cap baskets and bands
	remove the ban on differential pricing for access among different classes of customers	agree
	end mandatory rate structure rules for transport and local switching	agree
	(once actual competition is in place the x-factor no longer is needed for the purpose it was originally designed for i.e. as a substitute for competition)	eliminate the x-factor from the price cap formula

