

NYNEX Government Affairs  
1300 I Street NW Suite 400 West Washington DC 20005  
202-336-7888

Susanne Guyer  
Executive Director  
Federal Regulatory Policy Issues

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**NYNEX**

July 21, 1997

**Ex Parte**

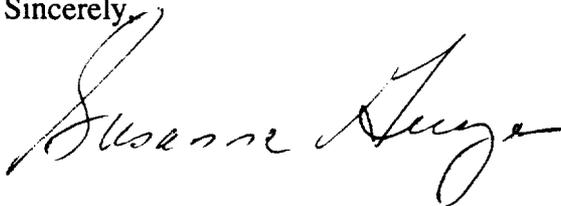
Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

**Re: CC Docket Nos. 91-213 and 96-262**

Dear Mr. Caton:

On Friday, July 18, Mr. F. Gumper and I, representing NYNEX, met with Mr. J. Schlichting and Mr. D. Slotten of the Competitive Pricing Division of the Common Carrier Bureau. The purpose of the meeting was to discuss the Commission's recent decision that prohibits the local exchange carriers (LECs) from assessing the residual transport interconnection charge on minutes of use that use a LEC's local switching services, but that do not use the LEC's local transport services. The attached charts were used during the discussion.

Sincerely,



Attachments

cc: Mr. J. Schlichting  
Mr. D. Slotten



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OFFICE OF THE SECRETARY

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# ACCESS REFORM

TIC Recovery Issue

# Access Reform - TIC Recovery Issue

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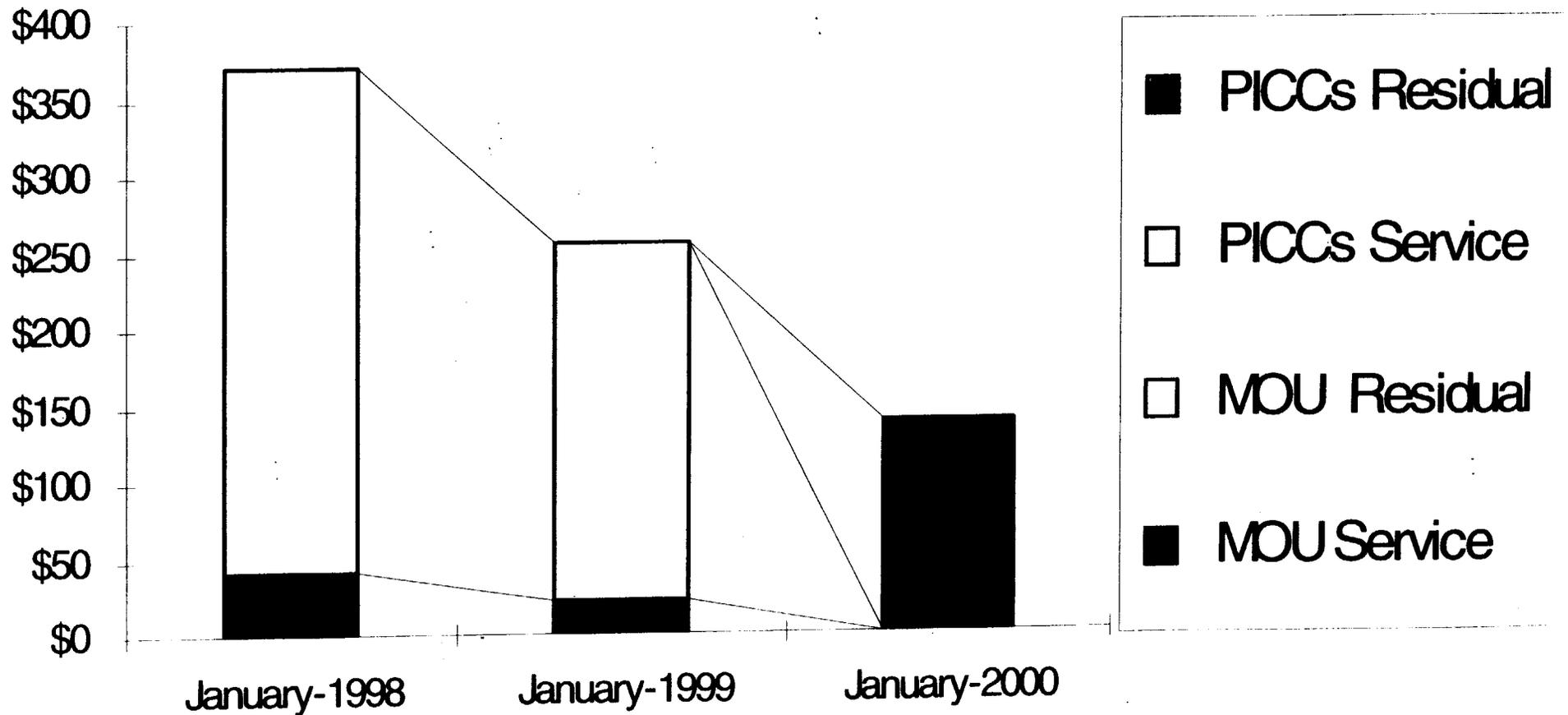
- The FCC decision not to apply per minute TIC when alternative transport is provided -
  - » Does not allow LECs opportunity to recover non-transport costs in the TIC
  - » Disadvantages a LEC which has opened up its markets, and has more transport competition, because only that usage carried over competitive transport is at risk
  - » Most severely disadvantages NYNEX because of level of
    - Residual per minute TIC for NYNEX
    - Level of transport competition

# Access Reform - TIC Recovery Issue

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- The Commission recognizes that the residual TIC contains costs that are traffic sensitive or non-traffic sensitive that may be associated with common line, transport or switching services (par 232)
- In concluding that recovery of the Residual TIC from IXC's should be on a per line basis, the Commission recognizes that "at least some amount of the residual TIC represents NTS costs..." (par 233)
- BUT
  - » Only NYNEX will ever recover non-service related residual TIC costs on a per line basis
  - » And - after 7/1/98, only two LECs have non-service related residual TIC recovered in usage charges.

# NYNEX's TIC Recovery



# NYNEX is Disproportionally Affected by TIC Rule

<b>P e r M O U</b>	<u>January-1998</u>	<u>January-1999</u>	<u>January-2000</u>
<u><b>I n d u s t r y</b></u>			
Service	\$ 2 5 5 M	\$ 7 7 M	\$ 0
Residual	\$ 5 2 0 M	\$ 2 7 1 M	\$ 0
<u><b>N Y N E X</b></u>			
Service	\$ 4 1 M	\$ 2 1 M	\$ 0
Residual	\$ 3 2 9 M	\$ 2 3 6 M	\$ 0

<b>P I C C s</b>	<u>January-1998</u>	<u>January-1999</u>	<u>January-2000</u>
<u><b>I n d u s t r y</b></u>			
Service	\$ 5 0 M	\$ 5 5 M	\$ 0 M
Residual	\$ 0 M	\$ . 7 M	\$ 1 3 9 M
<u><b>N Y N E X</b></u>			
Service	\$ 0	\$ 0	\$ 0 M
Residual	\$ 0	\$ 0	\$ 1 3 9 M

# Impact of TIC Rule on Competitive Services

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## Pricing Incentives in the Marketplace \$000

### LATA 132, Zone 1

- Per DS3 Costs with NYNEX
  - » Facility \$ 44
  - » TIC/MOU \$ 145\*
  - » Total \$ 189
- Per DS3 Costs with CAP
  - » Facility \$ 41\*\*
  - » LEC Conn. \$ 2 (1 per DS1)
  - » Total \$ 43
- **Annual Savings \$146**

### All Other Zones

- Per DS3 Costs with NYNEX
  - » Facility \$ 44
  - » TIC/MOU \$ 471\*
  - » Total \$ 515
- Per DS3 Costs with CAP
  - » Facility \$ 41\*\*
  - » LEC Conn. \$ 2 (1 per DS1)
  - » Total \$ 43
- **Annual Savings \$ 472**

\* Assumes 9,000 MOUs per trunk with a fully loaded DS3 of 672 trunks.

\*\* Assumes a 10% discount off NYNEX's rates. In addition, in zone 1 offices in New York a \$400 NRC applies.