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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554

DISPATCHED BY

DA No. 97-1628

Policy and Rules Concerning the)
Interstate, Interexchange Marketplace)
Implementation of Section 254(g) of the)
Communications Act of 1934, as amended)

CC Docket No. 96-61

MEMORANDUM OPINION AND ORDER

Adopted: July 30, 1997

Released: July 30, 1997

By the Deputy Chief, Common Carrier Bureau:

I. INTRODUCTION

1. In this Memorandum Opinion and Order, we review plans submitted by MCI Telecommunications Corporation ("MCI"), PCI Communications, Inc. ("PCI"), AT&T, Sprint Communications Company, L.P. ("Sprint"), GTE Service Corporation ("GTE"), and IT&E Overseas, Inc. ("IT&E") for implementing rate integration for interstate interexchange services provided to, or from, Guam, the Commonwealth of the Northern Mariana Islands ("CNMI"), and American Samoa as required by the Commission in the *Rate Averaging and Rate Integration Report & Order*.¹ We find that Sprint's proposal does not achieve rate integration for service offered between Guam and CNMI, and between Puerto Rico and the U.S. Virgin Islands, and other U.S. points, and direct it to implement rate integration for such services by September 1, 1997. We find that IT&E's plan does not address private line services. We will require it to integrate private line services by September 1, 1997, and to file a plan by August 15, 1997, to do so. We find that GTE's submissions are inadequate to determine whether its offerings of prepaid calling cards and calling cards in Guam and CNMI are integrated with those offerings in other states. Accordingly, we require GTE to demonstrate that it has integrated rates for provision of these services in Guam and CNMI and to submit a

¹ *Policy and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended*, Report and Order, 11 FCC Rcd 9564 (1996) ("*Rate Averaging and Rate Integration Report and Order*" or the "*Report & Order*"), *aff'd on recon.*, First Memorandum Opinion and Order on Reconsideration, (rel. July 30, 1997) ("*First Reconsideration*"). In *GTE Service Corp. and Micronesian Telecommunications Corp v. FCC*, No. 97-1402 (D.C. Cir., decided July 16, 1997), the court denied an Emergency Petition for a Writ of Mandamus and an Emergency Motion for Partial Stay filed by GTE.

plan for doing so on or before August 15, 1997, and to implement rate integration for these services on or before September 1, 1997. We additionally set for comment issues concerning rate integration for services offered in American Samoa. We suspend the obligation of interexchange carriers (IXCs) to implement rate integration for American Samoa pending further order of the Common Carrier Bureau ("Bureau"). We further determine that no further steps are necessary to ensure implementation of rate integration for U.S. territories or possessions other than Guam, CNMI, and American Samoa.

II. BACKGROUND

2. The Commission has a well-established policy of rate integration. Beginning in 1972, the Commission required interstate interexchange carriers to integrate the rates for the forty-eight contiguous states.² It extended this policy to Alaska, Hawaii, Puerto Rico, and the Virgin Islands in 1976,³ requiring IXCs to lower their rates for services provided to, or from, these areas to levels comparable to those prevailing in the mainland for interexchange calls of similar distance, duration, and time of day.⁴ Congress codified the Commission's rate integration policy in the Telecommunications Act of 1996 ("1996 Act")⁵ by adding section 254(g) to the Communications Act of 1934, as amended (the "Act").⁶ Section 254(g) states that "a provider of interstate interexchange telecommunications services shall provide such services to its subscribers in each State at rates no higher than the rates charged to its subscribers in any other State."⁷

3. In the *Rate Averaging and Rate Integration Report & Order*, the Commission adopted a rate integration rule that mirrors the text of section 254(g). The Commission stated that this rule would incorporate its existing rate integration policy, and would apply to all interstate interexchange services, as defined in the Act, and to all providers of these services.⁸

² *Establishment of Domestic Communications-Satellite Facilities*, Second Report and Order, 35 FCC 2d 844, 856-66 ¶¶35-36 (1972), *aff'd on recon.*, Memorandum Opinion and Order, 38 FCC 2d 665, 695-96 (1972), *aff'd sub nom.* Network Project v. FCC, 511 F.2d 786 (D.C. Cir. 1975).

³ *Integration of Rates and Services*, Memorandum Opinion, Order and Authorization, 61 FCC 2d 380, 392 (1976); *Integration of Rates and Services*, Memorandum Opinion, 62 FCC 2d 693, 695 (1976); *Application of GTE Corp. and Southern Pac. Co. for Consent to Transfer Control of Southern Pac. Satellite Co.*, Memorandum Opinion and Order, 94 FCC 2d 235, 262-63 (1983).

⁴ *Referral of Questions from General Communications Inc. v. Alascom Inc.*, Memorandum Opinion and Order, 2 FCC Rcd 6479, 6481 (1987).

⁵ The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

⁶ See S. Rep. No. 230, 104th Congress, 2d Sess. 1, 132 (1996) (Joint Explanatory Statement).

⁷ See 47 U.S.C. § 254(g).

⁸ *Report & Order* at 9588, ¶ 52.

Because the Act defines "state" to include all U.S. territories and possessions, the Commission concluded that providers of interexchange services to offshore points, including Guam, CNMI, and American Samoa, must do so on an integrated basis with services they provide to other states.⁹ The Commission directed that IXCs implement these requirements by August 1, 1997. In order to permit it to review progress toward achieving rate integration, the Commission directed AT&T, GTE, MCI, Sprint, PCI, and IT&E to submit by February 1, 1997, preliminary plans to achieve rate integration, and final plans, including rates, by June 1, 1997.¹⁰ The Commission delegated to the Chief, Common Carrier Bureau, authority to resolve any issues concerning these plans for rate integration for offshore points. Pursuant to the *Report & Order*, MCI, PCI, AT&T, GTE, Sprint, and IT&E filed initial and final rate integration plans on or before February 3, 1997 and June 2, 1997, respectively.

4. Concerning U.S. territories and possessions other than Guam, CNMI, and American Samoa, the *Report & Order* directed the Common Carrier Bureau to investigate service arrangements for these points to ensure compliance with Section 254(g) for these points by August 1, 1997.¹¹ These points are: Baker Island, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Atoll, Navassa Island, Palmyra Atoll, and Wake Island.

III. RATE INTEGRATION PLANS

5. AT&T proposes to comply with rate integration requirements by expanding its longest current mileage band to include calls to Guam and CNMI.¹² For services that have rate bands that name specific termination points, such as Puerto Rico and the US Virgin Islands, AT&T proposes to include Guam and CNMI in the most distant band.¹³ AT&T also proposes to make calls to Guam and CNMI eligible for inclusion in all of AT&T's domestic optional calling plans and/or volume discount programs.¹⁴ With respect to private line services, AT&T proposes to adopt the same rate-making methodology for services to these

⁹ *Id.* at 9596, ¶ 66.

¹⁰ *Id.* at 9597, ¶ 68.

¹¹ *Id.* at 9598, ¶ 71.

¹² *Letter from E. E. Estey, AT&T, to Regina M. Keeney, Chief, Common Carrier Bureau, (Com. Car. Bur., June 2, 1997) ("AT&T Final Rate Plan") at 1.*

¹³ AT&T Final Rate Plan at 2. The rate structure for Puerto Rico and the US Virgin Islands has traditionally been based on rate bands with each band including specific states. The bands and states within the bands generally cover distances that match appropriate mileage bands used for calls within the mainland and Hawaii and reflect the rates for those mileage bands.

¹⁴ *Id.*

offshore points as for other domestic services.¹⁵ AT&T does not propose to implement rate integration for American Samoa. It states that American Samoa has been invited to participate in the North American Numbering Plan ("NANP"), but has declined. AT&T states that it will be unable to integrate rates for American Samoa into its domestic systems for rating toll calls until American Samoa participates in the NANP.¹⁶

6. In its proposal, Sprint states that it will integrate Guam and CNMI into its existing Dial-1 interstate interexchange time, time of day, and distance sensitive rate structure by adding two additional mileage bands.¹⁷ Sprint states that these rates will apply to calls made between the U.S. Mainland and Guam, and between the U.S. Mainland and the CNMI, irrespective of whether the call originates in Guam/CNMI or on the U.S. Mainland.¹⁸ Sprint also states that "calls between Guam and the CNMI will not be integrated into the Dial 1 rate structure until certain facilities issues involving the CNMI are resolved."¹⁹ Sprint asserts that access charges of the Micronesian Telephone Company (MTC), the incumbent local exchange carrier in the CNMI, are considerably higher than the rates which the Guam Telephone Authority is likely to charge as a member of the National Exchange Carrier Association, and that the lease rates which MTC has offered for capacity on the Guam-CNMI fiber cable are also higher than Sprint anticipated.²⁰

7. GTE proposes to introduce a distance-sensitive rate schedule. GTE states that its proposed schedule will ensure that a customer in one state will pay the same rate as a customer in another state for calls of the same distance (*e.g.*, the rate for a call in mileage band 0-3500 will be the same regardless of the originating point of the call).²¹ GTE states that it will keep the same Initial/Additional Minute/Peak and Off Peak Periods as the existing structure.²²

8. PCI states that it will achieve rate integration by using postalized rates for its

¹⁵ *Id.*

¹⁶ *Id.* at n.3.

¹⁷ *Letter from Kent Y. Nakamura, Sprint Communications Company, L.P., to Regina M. Keeney, Chief, Common Carrier Bureau, (Com. Car. Bur., June 2, 1997) ("Sprint Final Rate Plan") at 1.*

¹⁸ *Sprint Final Rate Plan at 2.*

¹⁹ *Id.*

²⁰ *Id.* at 2.

²¹ *Letter from F. Gordon Maxson, GTE Service Corporation, to Regina M. Keeney, Chief, Common Carrier Bureau, (Com. Car. Bur., June 2, 1997) ("GTE Final Rate Plan").*

²² *Id.*

interstate interexchange services offered in Guam and the CNMI.²³ Its proposed plan will offer rates that are uniform for Guam and CNMI subscribers for service between Guam, CNMI, and other domestic points.²⁴ PCI states that it will continue to offer optional calling plans, discounts and other promotional offerings to its subscribers on Guam and CNMI on the same terms and conditions, without regard to geographic location.²⁵

9. IT&E, an IXC that provides outgoing interstate interexchange service from Guam and CNMI to other U.S. points, states that it will eliminate any differential between rates charged to subscribers on Guam and rates charged to subscribers on CNMI for domestic interstate interexchange services by charging postalized rates for calls to the US Mainland.²⁶ IT&E also states that it will offer separate, different rates for calls from Guam and the CNMI to other U.S. offshore locations, such as Alaska, Puerto Rico, the Virgin Islands, and American Samoa, that vary based on the location to which the call is terminated.²⁷ The rate for calls to a specific location will be the same for its subscribers regardless of whether the call originates in Guam or CNMI. It contends that this is not prohibited by the Commission's rules because, according to IT&E, the rules only prohibit charging different rates based on the geographic location of the subscriber.²⁸ IT&E also states that it reserves the right to offer temporary promotions and private line services on different terms and conditions to different groups of subscribers.²⁹ IT&E states that it plans to discontinue its 800/888 "paid" access service.³⁰ The plan states that IT&E's rates from Guam to CNMI will be the same as the rates from CNMI to Guam.³¹

10. MCI states that it will move Guam and CNMI from its international rate schedule to its domestic rate schedule, and states that it will implement rate integration by treating Guam and CNMI in a manner consistent with the current treatment accorded Puerto

²³ Letter from Eric Fishman, on behalf of PCI Communications, Inc. to Regina M. Keeney, Chief, Common Carrier Bureau, (Com. Car. Bur., May 30, 1997) ("PCI Final Rate Plan") at 1.

²⁴ *Id.* at 2.

²⁵ *Id.*

²⁶ Letter from Margaret L. Tobey, and Phuong N. Pham, on behalf of IT&E to Regina M. Keeney, Chief, Common Carrier Bureau, (Com. Car. Bur., June 2, 1997) ("IT&E Final Rate Plan") at 1-2.

²⁷ *Id.* at 2.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.* at 2-3.

³¹ *Id.* at Attachment 1.

Rico and the U.S. Virgin Islands.³² It submitted proposed rates for its interstate interexchange services offered in CNMI and Guam. MCI states that it does not propose to integrate services to American Samoa because American Samoa has stated that it does not want rate integration and has repudiated any rights under section 254(g).³³

IV. COMMENTS

11. CNMI contends that Sprint's proposal disregards the clear language of the *Report & Order*, and of the 1996 Act, because Sprint's proposed rate schedule does not integrate its rates for interexchange calls between CNMI and Guam.³⁴ CNMI rejects Sprint's argument that higher costs justify its exclusion of these charges from its integrated rates offered to mainland areas, and notes that the Commission has previously rejected this argument.³⁵ Furthermore, CNMI argues that Sprint's refusal to integrate its rates between CNMI and Guam constitutes a discriminatory practice in violation of section 202(a) of the Act since Sprint has integrated its rates for calls between other offshore points such as Puerto Rico and the US Virgin Islands.³⁶

12. In its response to CNMI, Sprint argues that the *Report & Order* does not require Sprint's other subscribers, through rate integration, to subsidize calls between Guam and CNMI.³⁷ According to Sprint, if required to integrate Dial-1 rates for calls between Guam and CNMI, it will lose money on every call, due in part to high access rates allegedly charged by MTC.³⁸ Sprint contends that, in a competitive environment, averaging is only required when costs of serving certain customers or routes are not widely divergent and when competition permits such averaging.³⁹ Sprint contends that the Commission has previously determined that it was not in the public interest to impose upon a large group of subscribers

³² *Letter from Donald J. Elardo, MCI, to Regina M. Keeney, Chief, Common Carrier Bureau, (Com. Car. Bur., May 30, 1997) ("MCI Final Rate Plan").*

³³ *Letter from Donald J. Elardo, MCI, to William F. Caton, Acting Secretary, Federal Communications Commission, (July 15, 1997), ("MCI Ex Parte Letter") at 1-2.*

³⁴ *See Comments of the Commonwealth of the Northern Mariana Islands ("CNMI Comments") at 1-3.*

³⁵ *Id.* at 3-4 (citing *Report & Order* at 9588-9599 ¶¶ 52-53).

³⁶ *Id.* at 4.

³⁷ *Opposition of Sprint* at 1-2.

³⁸ *Opposition of Sprint* at 2.

³⁹ *Id.* at 5.

substantial expenses benefitting only a specialized group of users.⁴⁰ Sprint urges an investigation into allegedly excessive access charges assessed by MTC.⁴¹ Finally, Sprint cautions that a requirement that carriers provide services at rates that do not recover expenses will lead to poor service, withdrawal from the market, and less competition, contrary to the results that rate integration is intended to produce.⁴²

13. The State of Alaska ("Alaska") argues that Sprint's position would effectively eliminate rate averaging and rate integration, and would contradict the clear intent of Congress when it enacted Section 254(g). Alaska asserts that high cost areas are precisely the locations that Congress sought to protect in enacting section 254(g).⁴³ According to Alaska, Congress decided that interexchange services are sufficiently important that they must be provided at averaged and integrated rates even in markets where competition exists.⁴⁴

14. CNMI alleges that GTE's rate integration plan fails to include rates for additional services, including calling card services, private line services, and operator-assisted calls.⁴⁵ CNMI requests that the Commission take any action necessary to ensure full compliance by GTE with the *Report & Order*.⁴⁶ In a letter response to CNMI's comments, GTE states that its affiliates will assess on domestic interexchange switched message telecommunications traffic a uniform surcharge of \$4.50 for operator assisted person-to-person calls and \$2.20 for all other operator handled traffic.⁴⁷ With respect to private line services, GTE contends that the Commission's *Report & Order* requires only that carriers integrate their services by using the same ratemaking methodology and rate structure.⁴⁸ With respect to credit card calls, GTE states only that prepaid calling card offerings vary and are not tied to

⁴⁰ *Id.* at 6 (citing *Offshore Telephone Company*, 3 FCC Rcd 4137 (1988) (refusing to allow the Offshore Telephone Company (OTC) to join NECA because OTC's high costs of providing service to offshore oil rigs in the Gulf of Mexico would be paid by the nation's long distance callers generally)).

⁴¹ *Id.* at 7.

⁴² *Id.* at 8.

⁴³ *Letter from Robert M. Halperin, on behalf of the State of Alaska, to the Honorable Reed E. Hundt, Chairman, Federal Communications Commission* (July 2, 1997) ("Alaska Comments").

⁴⁴ *Id.* at 2-3.

⁴⁵ *Id.* at 9-11.

⁴⁶ *Id.* at 13.

⁴⁷ *Letter from F. Gordon Maxson, GTE, to William F. Caton, Acting Secretary, Federal Communications Commission* (July 14, 1997) ("GTE Ex Parte Letter") at 1.

⁴⁸ *Id.*

basic rates.⁴⁹

15. CNMI also points out that none of the carriers proposes to integrate its rates for calls to, or from, American Samoa.⁵⁰ CNMI states that the *Report and Order* requires that rates for services provided to American Samoa be integrated. CNMI adds that this requirement cannot be repudiated by American Samoa, as suggested by MCI, and does not carry the precondition of participation in the North American Numbering Plan ("NANP"), as suggested by AT&T.⁵¹ CNMI requests that the Commission ensure that all carriers providing service from CNMI to American Samoa include American Samoa within their integrated, domestic rates.⁵²

16. On June 26, 1997, American Samoa Acting Governor Togiola T.A Tulafono asked that the FCC provide American Samoa sixty days in which to formulate a position on rate integration.⁵³ On July 1, 1997, Governor Tauese P.F. Sunia submitted a letter stating that the government of American Samoa supports rate integration and believes that the benefits of rate integration have been achieved with respect to outbound calls.⁵⁴ The letter states that, contrary to the representations made by some carriers, the government of American Samoa does not see any obstacle to the implementation of rate integration for inbound calls to American Samoa. The letter states that American Samoa is in the process of discussing this matter with carriers, and that it is confident that a mutually satisfactory resolution will be reached."⁵⁵

17. MCI requests additional time to address new, complex issues regarding implementation of rate integration for calls terminating in American Samoa.⁵⁶ MCI states that it relied on previous statements by the American Samoan government that it did not wish to be affected by this proceeding.⁵⁷ MCI further states that, given American Samoa's intention

⁴⁹ *Id.*

⁵⁰ *Id.* at 5.

⁵¹ *Id.* at 5-6.

⁵² *Id.* at 8.

⁵³ *Letter from Togiola T.A. Tulafono, Acting Governor of American Samoa, to the Honorable Reed E. Hundt, Chairman, Federal Communications Commission, (June 26, 1997).*

⁵⁴ *Letter from Tauese P.F. Sunia, Governor of American Samoa, to the Honorable Reed E. Hundt, Chairman, Federal Communications Commission, (July 1, 1997) at 1-2.*

⁵⁵ *Id.*

⁵⁶ MCI Ex Parte Letter at 1-2.

⁵⁷ *Id.* at 1.

to continue to operate outside the North American Numbering Plan, which means that inbound calls are routed as international traffic, MCI and other carriers are faced with a need to implement substantial changes to their systems to accommodate rate integration for American Samoa.⁵⁸ GTE states its willingness to cooperate with American Samoa to establish rate integration for American Samoa.⁵⁹

VI. DISCUSSION

18. Sprint proposes not to integrate rates for calls between Guam and the CNMI with its rate structure for service offered to other states because of allegedly higher costs of service between Guam and CNMI. As recently noted by the Commission, however, higher costs do not generally justify a departure from the rate integration requirements of section 254(g).⁶⁰ Moreover, the Commission, in the *First Reconsideration*, rejected the identical claim by IT&E that it should not be required to offer services between Guam and CNMI on a rate integrated basis.⁶¹ Therefore, Sprint's proposal not to integrate rates for calls between Guam and CNMI violates the statute and the Commission's rules. Accordingly, we direct Sprint to achieve rate integration for calls between Guam and CNMI on or before September 1, 1997, and to file a plan for doing so, with proposed rates, by August 15, 1997. In addition, we note that Sprint's rates for service between Puerto Rico and the U.S. Virgin Islands and other points in the United States are not presently rate integrated, and its plan does not propose integration of these services. We direct Sprint to integrate its rates for services provided to, and from, these points on or before September 1, 1997, and to file a plan for doing so, with proposed rates, by August 15, 1997. If it has already integrated rates for these services before August 15, 1997, it may, on that date, submit a description and justification explaining that it has done so.

19. We reject IT&E's view that it may implement a uniform rate schedule containing rates that vary based on the location to which a call is terminated.⁶² This approach would permit a carrier to charge its subscribers in every state a higher rate for calls destined for one state than the carrier assessed for calls of the same distance and duration to other states. This is directly contrary to the goals of rate integration for offshore points⁶³ and would permit carriers to charge excessive rates for calls to specific offshore points. In the Joint Explanatory Statement, Congressional conferees made clear that section 254(g) was intended

⁵⁸ *Id.* at 1.

⁵⁹ GTE Ex Parte Letter at 1.

⁶⁰ *Report & Order* at 9589, ¶ 53.

⁶¹ *First Reconsideration* at ¶¶ 32-33.

⁶² IT&E Final Rate Plan at 2.

⁶³ *See Report & Order* at 9586, ¶ 47.

to incorporate the Commission's existing rate integration policy.⁶⁴ The Commission's rate integration policy historically has required IXCs to incorporate individual states, such as Alaska, into an entire nationwide rate regime, and not just into an originating rate regime. Therefore, we conclude that IT&E's view violates the Commission's rate integration policy and section 254(g). IT&E has not explained or supported its view that it may offer temporary promotions and private line services on different terms and conditions to different groups of subscribers. Nor has it specifically proposed any such offerings. Nor does IT&E's plan address whether it will provide private line services on a rate integrated basis. Accordingly, we will not directly address this view. We note, however, that specific offerings must comply with section 254(g) and the Commission's rules. Moreover, the Commission determined in the *Report & Order* that, to the extent a provider of interexchange service offers optional calling plans, contract tariffs, discounts, promotions and private line services to its subscribers in one area, it must use the same ratemaking methodology and rate structure when offering those services to its subscribers in each other area where it provides services.⁶⁵ Because IT&E's plan does not address private line services, we will require it to integrate private line services by September 1, 1997, and to file a plan by August 15, 1997 to do so.

20. As noted, the rate integration requirements of section 254(g) apply to all interstate interexchange services.⁶⁶ Therefore, carriers are required to integrate interstate interexchange offerings of private line services, operator services, prepaid calling card services, and calling card offerings.⁶⁷ In order to offer these services on an integrated basis, carriers must use the same rate structure and rate making methodology in every state in which they offer these services.⁶⁸ Based on the current record, we find that GTE's proposal satisfies the Commission's rate integration requirements for operator-handled calls and private line services. GTE's submissions are inadequate, however, to determine whether its offerings of prepaid calling cards and calling cards in Guam and CNMI are integrated with those offerings in other states. Accordingly, we require GTE to demonstrate that it has integrated rates for provision of these services to Guam and CNMI and to submit a plan for doing so on or before August 15, 1997, and to implement rate integration for these services on or before September 1, 1997.

21. Based in part on continuing discussions over the last year between industry and the government of American Samoa regarding the implementation of rate integration in the Western Pacific, none of the carriers proposes specific rate integration steps for American Samoa. In the past few weeks, however, the government of American Samoa has indicated

⁶⁴ S. Rep. No. 230, 104th Congress, 2d Sess. 1, 132 (1996) (Joint Explanatory Statement).

⁶⁵ *Report & Order* at 9596-9597, ¶ 67.

⁶⁶ *Id.* at 9588-9599, ¶ 52.

⁶⁷ *Id.* at 9596-9597, ¶ 67.

⁶⁸ *Id.* at 9598-9599, ¶ 52.

its active interest in implementing rate integration and has continued discussions with the relevant carriers toward that end. We note that there are several measures that could be implemented in American Samoa that likely would facilitate the ability of interexchange carriers to integrate their service offerings to American Samoa with their interstate offerings to the mainland and other offshore points. These steps include participation in the North American Numbering Plan, provision of access services to IXCs on a basis comparable to that of LECs in other parts of the U.S. (such as by offering National Exchange Carrier Association access rates), and provision of Feature Group D service if requested by IXCs.⁶⁹ Thus, inclusion of American Samoa in the NANP would help carriers integrate American Samoa into their nationwide service plans, billing systems, and switching mechanisms. Implementation of Feature Group D service would provide subscribers with high-quality equal access to providers of interexchange service serving American Samoa. Provision of access services by American Samoa to interexchange carriers on a basis more comparable to such services provided in other parts of the U.S. could help interexchange carriers set rates at integrated levels. Further, these measures could promote the provision of competitive services to American Samoa and stimulate introduction of new services.

22. The record, however, does not indicate the extent to which the government of American Samoa, as the provider of local service and of interconnection to interstate long distance service providers in American Samoa, may plan to take any of these steps. In order to make further determinations on these issues on the basis of a more complete record, we are establishing a comment period for the purpose of determining the extent to which these and other steps should be taken to integrate American Samoa into the pattern for provision of interstate communications services that exists elsewhere in the U.S. We encourage American Samoa to submit a complete plan for taking these and any other measures that could help to integrate provision of communications services to American Samoa. On the basis of the resulting record, we will determine whether any regulatory action is necessary. The Commission has jurisdiction over provision of interstate communication to, and from, American Samoa, including those provided by the government of American Samoa.⁷⁰ Pending resolution of this issue, we temporarily suspend the obligation of carriers to provide services on an integrated basis to American Samoa.

⁶⁹ See, e.g., *IT&E Overseas, Inc. and PCI Communications, Inc. Petition for Emergency Relief and Expedited Declaratory Ruling*, Memorandum Opinion and Order, 7 FCC Rcd 4023 (1992) ("*Show Cause Order*") (Commission declared it had exclusive jurisdiction over all interstate and foreign common carrier communications in Guam, and ordered the Guam Telephone Authority to show cause why it should not be required to file interstate and foreign service tariffs with the Commission); see also *Guam Telephone Authority Petition for Declaratory Ruling to Participate in the National Exchange Carrier Association, Inc.*, Memorandum Opinion and Order, DA 97-1007, (rel. May 12, 1997) (GTA efforts to comply with *Show Cause Order* include filing of federal access tariffs, establishment of protocols to measure interexchange carrier usage, application to participate in North American Numbering Plan, application of a study area in Guam, and petition for authority to join NECA).

⁷⁰ See *Show Cause Order* at 4023-4025, ¶¶ 5-12.

23. Pursuant to the Commission's direction in the *Report & Order*, the Bureau has conducted an informal investigation of U.S. territories and possessions to assure compliance with rate integration requirements for these points by August 1, 1997. As indicated, these other U.S. territories and possessions are Baker Island, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Atoll, Navassa Island, Palmyra Atoll, and Wake Island.⁷¹ Of these, only Wake Island, Johnston Atoll, Midway Atoll, and Palmyra Atoll are permanently inhabited.⁷² Communications services to Wake Island and Johnston Atoll are provided pursuant to special arrangements by U.S. military authorities under which callers on these points pay rates as if calls were placed from Hawaii.⁷³ Similarly, callers to those points are charged as if the calls terminated in Hawaii. Section 254(g) does not require termination or revision of these types of special military communications arrangements. Palmyra Island maintains a permanent population of fewer than four persons.⁷⁴ There are currently no permanent telecommunications facilities on the island.⁷⁵ Midway Atoll has recently been converted from a naval installation to a national wildlife refuge administered by the U.S. Fish and Wildlife Service.⁷⁶ The U.S. Fish and Wildlife Service has entered into an operating agreement with Midway Phoenix Corporation ("Midway Phoenix") through which limited telecommunications services are provided to the island's employees and visitors. Reportedly, Midway Phoenix will operate a cellular system and customers will be charged flat rated per minute charges for calls within the island and to other U.S. points.⁷⁷ Midway Phoenix does not currently offer telecommunications services from any other points.⁷⁸ We require Midway Phoenix to comply with Section 254(g) with respect to any services offered from Midway and any other services it may offer in the future from other points. Accordingly, we conclude that no further steps are required with respect to these points in order to assure compliance with Section 254(g) by August 1, 1997.

VII. ORDERING CLAUSES

24. Accordingly, IT IS ORDERED that Sprint SHALL SUBMIT by August 15,

⁷¹ See Memorandum from Jeremy Jennings, Competitive Pricing Division, Common Carrier Bureau to William F. Caton, Acting Secretary, Federal Communications Commission, dated July 29, 1997, at 1.

⁷² *Id.* at 1-2.

⁷³ *Id.*

⁷⁴ *Id.* at 1.

⁷⁵ *Id.*

⁷⁶ *Id.* at 2.

⁷⁷ *Id.*

⁷⁸ *Id.*

1997, a plan to implement rate integration by September 1, 1997, for interstate interexchange services provided between Guam and CNMI, and for services provided between Puerto Rico and the U.S. Virgin Islands, and other U.S. points as discussed in ¶ 16.

25. IT IS FURTHER ORDERED that IT&E SHALL SUBMIT by August 15, 1997, a plan to integrate its offering of private line services by September 1, 1997.

26. IT IS FURTHER ORDERED that GTE SHALL SUBMIT by August 15, 1997, a plan to integrate rates for provision of prepaid calling cards and calling cards in Guam and CNMI by September 1, 1997.

27. IT IS FURTHER ORDERED that interexchange carriers providing interexchange service to, and from, American Samoa may submit comments on the issues discussed in ¶¶ 21-22 by August 18, 1997, and that American Samoa and other interested parties may submit responsive comments by September 5, 1997.

28. IT IS FURTHER ORDERED that the obligation of interexchange carriers to implement rate integration for American Samoa IS TEMPORARILY SUSPENDED pending further order of the Common Carrier Bureau.

FEDERAL COMMUNICATIONS COMMISSION


A. Richard Metzger, Jr.
Deputy Chief, Common Carrier Bureau