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

SEP - 3 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Price Cap Performance Review for)	CC Docket No. 94-1
Local Exchange Carriers)	
)	
Access Charge Reform)	CC Docket No. 96-262

**AMERITECH REPLY TO COMMENTS
ON PETITIONS FOR RECONSIDERATION**

Ameritech¹ submits this reply in support of the oppositions of USTA, US West, Sprint, Bell Atlantic, and GTE to the petitions for reconsideration filed by AT&T and Ad Hoc with respect to the Commission's latest Price Cap Order.²

The Commission should deny AT&T's request to use interstate-only data to determine local exchange carrier ("LEC") productivity. This request has been denied several times, and, as USTA points out, interstate and intrastate services are largely provided over common facilities and the record provides no evidence that an economically meaningful way exists to measure productivity on other than a total-company basis.

¹ Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company and, Wisconsin Bell, Inc.

² *In the Matter of Price Cap Performance Review for Local Exchange Carriers, Access Charge Reform, Forth Report and Order in CC Docket No. 94-1, Second Report and Order in CC Docket No. 96-262, FCC 97-159 (released May 21, 1997) ("Price Cap Order").*

Similarly, the Commission should refuse AT&T's invitation to change its decision to eliminate the sharing obligation from price cap regulation. Sharing is inconsistent with the general competitive paradigm established by the Telecommunications Act of 1996.³ AT&T's request provides no additional information that has not already been presented to the Commission on that point.

Similarly, the Commission should deny AT&T's request to require price cap LECs to adjust their price cap indexes ("PCIs") to levels that would have been in effect had the 6.5% X-factor become effective with the 1995 annual tariff filing (a year earlier than the adjustment required by the Commission). While AT&T argues that the adjustment would benefit long distance customers, that would be true only if IXCs flowed reductions through to their customers. Moreover, the mere fact that rates would be reduced is not sufficient reason for requiring the adjustment. Further, this backward-looking adjustment contravenes assumptions underlying business decisions by price cap LEC who relied on the X-factor established by the Commission in the 1995 Price Cap Performance Review Order. While the Commission's decision to take the adjustment back to 1996 is problematic in its own right, its decision not to take it back further is correct.

Finally, the Commission should deny Ad Hoc's request to reconsider the

³ Price Cap Order at ¶151.

decision to reject Ad Hoc's productivity estimates. The Commission properly rejected Ad Hoc's undocumented TFP calculations and Ad Hoc's unreasonably volatile estimates of input prices.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael S. Pabian". The signature is written in a cursive style with a large loop at the end.

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Dated: September 3, 1997

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CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Ameritech Reply to Comments on Petitions for Reconsideration has been served on the parties on the attached service list, via first class mail, postage prepaid, on this 3rd day of September, 1997.

By: _____

A handwritten signature in black ink, appearing to read 'Todd H. Bond', written over a horizontal line.

Todd H. Bond

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