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Before the
Federal Communications Commission
Washington, D.C. 20554

OCT - 9 1997

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Access Charge Reform, Price Cap Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge	)	CC Docket Nos. 96-262, 94-1, 91-213, 95-72

REPLY COMMENTS OF BELL ATLANTIC[1]

All of the parties agree with the Commission's tentative conclusion that the presubscribed interexchange carrier charge ("PICC") for Lifeline subscribers who take toll blocking and choose not to presubscribe to an interexchange carrier ("IXC") should be recovered from the universal service fund rather than the end user.[2] AT&T, however, is trying to turn a proceeding designed to help low-income consumers into a windfall for itself.

AT&T, alone among interexchange carriers, wants the universal service fund to pay the PICC for all Lifeline customers who take toll blocking, including those who presubscribe

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[1] The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company; and New England Telephone and Telegraph Company.

[2] ***Second Further Notice of Proposed Rulemaking***, FCC 97-317, ¶ 5 (rel. Sept. 4, 1997) ("Notice").

to an IXC.[3] AT&T justifies its proposal by arguing that "by electing toll blocking, the customer has indicated that he or she will not be placing long distance calls and thus will not be generating long distance revenue for the IXC."[4] As the Florida PSC points out, however, the PICC is intended to recover non-traffic sensitive ("NTS") network costs that IXCs currently pay through the carrier common line charge.[5] The PICC is based on presubscribed lines simply to allocate the NTS costs on a non-traffic sensitive basis equitably among IXCs. Whether or not a customer places any long distance calls and the number of such calls a customer places are irrelevant.[6] Moreover, AT&T ignores the fact that many, if not most, Lifeline subscribers receive interexchange calls which generate revenues for the IXCs.

The Commission's proposal in this proceeding is designed solely to avoid deterring low-income consumers from electing a toll blocking service.[7] If the IXC pays the PICC, as it would if the customer were pre-subscribed to that carrier, there would be no such deterrence, and the policy goal of this proceeding would be fulfilled.[8]

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[3] AT&T Comments on Second Further Notice of Proposed Rulemaking. This may occur, for example, when a Lifeline customer who newly decides to take toll blocking remains presubscribed to an IXC.

[4] ***Id.*** at 5.

[5] Comments of the Florida Public Service Commission in Response to Second Further Notice of Proposed Rulemaking at 3 ("Florida PSC").

[6] ***Id.***

[7] Notice at ¶ 4.

[8] The need to recover the PICC from the universal service fund would disappear if the Commission were to adopt the Florida PSC's proposal to charge the IXCs for <u>all</u> of the PICCs and not to impose those charges directly on end users under any circumstances. Florida notes that, because the costs being recovered are NTS costs, recovery should not be based upon the amount of interexchange traffic, if any, that a customer generates. ***See*** Florida PSC at 3-4.

The universal service fund should be limited to providing support for those customers who otherwise would be deprived of affordable telephone service. It should not be used, as AT&T proposes, as a mechanism to subsidize charges for which the IXCs are responsible under the Rules. Accordingly, the Commission should reject AT&T's proposal.

Respectfully Submitted,

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October 9, 1997

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of October, 1997, a copy of the foregoing "Reply Comments of Bell Atlantic" was served by first class U.S. mail, postage prepaid, on the parties listed on the attached service list.

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