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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of:)

Defining Primary Lines)

) CC Docket No. 97-181
)

GTE's REPLY COMMENTS

GTE Service Corporation and its affiliated
telecommunications companies

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SUMMARY

1. The concept of distinguishing between "primary" residential lines and "secondary" residential lines was broached in the Commission's *Universal Service* proceeding as a means of managing universal service. This CC Docket No. 97-181 demonstrates that drawing the line between primary and secondary is like trying to pick up mercury: A little short of impossible. The closest GTE has come is to say a primary line is one employed for the principal activities of the residence while a secondary line is employed for back-up or ancillary purposes.

2. GTE's "Reactive Customer Self-Certification" proposal maintains the common sense embodied in the self-certification approach favored by the Notice, and does so in a manner that (A) is friendly to customers, and (B) avoids the massive and unnecessary costs that would be associated with balloting customers.

3. Reactive Customer Self-Certification is a workable approach under which the ILEC would do the following:

- (1) initially designate residence lines as "primary" or "secondary" based on subscriber account at a service address -- which provides a reasonable approximation;
- (2) inform subscribers of this designation, of the guiding primary-secondary principle set out *supra*, and of the subscriber's right to correct any designation by notifying the ILEC; and
- (3) make the status correction in accordance with customer notification -- the customer being the only party having the requisite knowledge of relationships among persons at the subscriber's address.

4. Under this plan, the ILECs could avoid the expenditure of many millions of dollars on balloting activities that are unlikely to elicit a response from ninety percent of the customers involved.

5. In any case, the imposition of the primary-secondary line distinction will continue to produce unfortunate economic distortions and misplaced burdens that will make it more difficult to assure a competitive environment. In view of these harmful effects, GTE urges the FCC to reconsider the need for imposing the primary-secondary distinction.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of:)
) CC Docket No. 97-181
Defining Primary Lines)

GTE's REPLY COMMENTS

GTE Service Corporation and its affiliated telecommunications companies¹ (collectively "GTE"), in response to comments filed by various parties and the FCC's Notice of Proposed Rulemaking, FCC 97-316 (released September 4, 1997), 1997 FCC LEXIS 4826 (the "Notice"), offer the following reply comments.

BACKGROUND

In its *Universal Service Order*² and its *Access Charge Reform Order*,³ the Commission acknowledged the recommendation of the Federal-State Joint Board on

¹ GTE Alaska Incorporated, GTE Arkansas Incorporated, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., and Contel of the South, Inc.

² Federal-State Joint Board on Universal Service, CC Docket No. 96-45 "D.96-45", Report and Order, FCC 97-157 (released May 8, 1997) (the "*Universal Service Order*").

³ Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charges, CC Docket Nos. 96-262, 94-1, 91-213, and 95-72, First Report and Order, FCC 97-158 (released May 16, 1997), 1997 FCC LEXIS 2591 (the "*Access Charge Reform Order*").

Universal Service⁴ that primary residential lines provided by Incumbent Local Exchange Carriers ("ILECs") should be supported by the Commission's new universal service mechanism, while secondary lines provided by ILECs should not.⁵ However, as part of the universal service proceeding, the Commission wisely decided to continue to support all residential lines pending further evaluation of the primary-secondary distinction.⁶

The Notice (at paragraph 1) observes that "in 1998 SLC [Subscriber Line Charge] and PICC [Presubscribed Interexchange Carrier Charge] levels for primary residential and single-line business lines will be lower than the levels prescribed for secondary and multi-line business lines"; and in this CC Docket No. 97-181 ("D.97-181") proposes to "establish criteria to identify primary residential lines for the purpose of determining SLC and PICC levels."

⁴ Federal-State Joint Board on Universal Service, D. 96-45, Recommended Decision, 12 FCC Rcd 87 (1996) (the "*Recommended Decision*").

⁵ *Recommended Decision*, 12 FCC Rcd at 132-134.

⁶ *Universal Service Order* at paragraph 275: "Although the Joint Board defined universal service to include support for single residential and business lines only, we join the state members of the Joint Board in recognizing that an abrupt withdrawal of support for multiple lines may significantly affect the operations of carriers currently receiving support for businesses and residential customers using multiple lines. Again, because we will only continue to use the existing support mechanisms for 1998, we find that non-rural carriers should continue to receive high cost assistance and LTS for all lines. We shall continue to evaluate whether support for second residential lines, second residences, and multiple line businesses should be provided under the forward-looking economic cost methodology." *Footnote omitted.*

DISCUSSION

I. GTE URGES THE COMMISSION TO ALLOW IMPLEMENTATION OF GTE'S REACTIVE CUSTOMER SELF-CERTIFICATION PROGRAM.

A. Overview.

As GTE seeks to develop a workable plan to implement the primary-secondary line distinction, there must inevitably emerge from the discussion a sense of the grave difficulties involved. Every alternative approach offered in this D.97-181 is conceptually weak and in practical terms likely to prove unfortunate in its consequences. This is because the concept underlying the primary-secondary distinction -- as shown *infra* -- is not grounded in an understanding of how the demand for basic local telephone service is generated and the wide disparity of living arrangements and life-styles that characterize the population of this country today. And because of this, the continuing imposition of the primary-secondary distinction will produce economic distortions that will simply confiscate a mass of ILEC customers and deliver them to the ILEC's competitors by virtue of governmental dictation rather than competition. Indeed, continuing imposition of these economically arbitrary and distortive distinctions will exacerbate existing price distortions in the market for basic local telephone service, and will leave masses of customers confused and resentful.

To minimize these effects, and to avoid the selective imposition of massive and unnecessary costs and administrative burdens, *i.e.*, on the ILECs only, GTE recommends what it calls "Reactive Customer Self-Certification." This is an approach that achieves the same outcome as what the Notice (at paragraph 2) tentatively adopts, *i.e.*, what GTE calls "Active Customer Self-Certification." The difference between the Reactive and the Active alternatives is that the latter would waste tens of millions of

dollars in balloting activities when in all likelihood -- based on extensive industry experience -- ninety percent of those contacted will not respond. The Reactive approach avoids this costly empty ceremony. It allows the ILEC to make primary-secondary designations at the outset, based on data within the control of the company; and then each customer will be informed of the right to change designation by notifying the ILEC.

The customer will be informed -- terms being kept as simple as possible -- that a primary line is one employed for the principal activities of the residence, while a secondary line is employed for backup or ancillary purposes. For GTE, the best way to make the initial assignment is on a subscriber account basis (subscriber account at a service address), which produces a satisfactory approximation subject to correction by customer notification. In contrast, GTE does not support the use of subscriber account data to impose a designation on the subscriber because subscriber account information -- as in the case of address information -- is not sensitive to subscribers' underlying living arrangements.

GTE offers its recommendations *infra* while continuing to maintain that the rational approach is to reexamine the whole question of whether there is a need for a primary-secondary distinction in view of what has been discovered in this proceeding.

B. The ILEC will not be in a position to override the determination of the subscriber, who is the only party with full knowledge of the relationships among persons at the subscriber's premises.

The relevant question is whether the distinction between primary and secondary lines captures any fundamental difference in the public's need for basic local service, and hence the policy interest in supporting those lines. The primary-secondary concept

does not naturally emerge from telecommunications since, from that point of view: (1) the second line (in time) costs no more, and perhaps less, to provide; (2) the use to be made of each line is decided by the subscriber based on circumstances within the knowledge and control of the subscriber; and (3) either line may be employed to call the police or an ambulance, or to carry on either a serious or a trivial conversation.

Moreover, the driving factor is each subscriber's intensely personal and private social needs.

At the same time, even though much of the thrust of federal regulation has been, and continues to be, avoiding discrimination, the primary-secondary principle mandates discrimination in the provision of identical services based on social factors generally outside the knowledge of the ILEC. At the very least, these considerations should raise a red flag of warning before the Commission embarks on requiring vast expenditures that produce destructive effects on competition.

At the outset, it must be stressed that (1) the life-style of the population today varies greatly; and (2) telecommunications are -- and will be even more so in the future -- employed for a vast range of purposes. For example, the fact that a line is connected to a computer does not show that it does not play a critical role in terms of the life and perhaps livelihood of the subscriber. If a subscriber states that a line is "primary" in the subscriber's terms, the ILEC is not in a position to challenge that assertion, lacking data as to who lives at the subscriber's address, what the relationship is among those who live there, much less what the relationship is to who lives at other residences involving some of the same parties.

The Commission received comments in support of all three of the proposed definitions listed in the Notice (at paragraph 6). There were comments in support of basing the status designation on subscribers (*e.g.*, Bell Atlantic at 2), residence (*e.g.*, Ameritech at 5, U S WEST at 3), and even on households (California PUC at 2). In GTE's view, a primary-secondary designation by place of residence is not sufficiently sensitive to the relevant social reality. As for designation by household, this places the decision squarely within the zone of customers' varying relationships and social groups and slippery terminology -- thus dragging the ILEC into potentially personal matters where objective criteria are hard to identify much less apply.

While designation by customer account would only be an approximation of reality, it is a plausible approximation for purposes of a first step because essentially it relates to the economics of the customer-ILEC business relationship in real terms, *i.e.*, who pays for the service. And it is based on ILEC data that can be used quickly and easily. GTE would be the first to say that account data is not the appropriate benchmark for final status determinations because account data merely reflects a business relationship; it is completely insensitive to the specifics of the living arrangements of persons at the subscriber's location. GTE would make use of account data only for purposes of an initial assignment of status. The final determination, under GTE's plan, would be made by the only party in possession of the relevant facts, the subscriber.

Given all these ragged necessities, the Notice (at paragraph 2) tentatively -- and sensibly -- adopts a subscriber self-certification approach. While there are problems with self-certification in any form, if it is employed in a sensible way this concept can be

made workable -- that is, its deficiencies and burdens will be far less than under other proposals. This is particularly true if we combine designation by account and customer self-certification -- and Reactive Customer Self-Certification is just such a combination.

Implicit in the concept of a primary-secondary line distinction is the notion that there is some underlying social unit -- one that can be defined in some general way, such as a "household" or a "residence"-- that somehow determines the demand for basic local telephone service. If this were true, then it might be argued that the underlying "need" for basic local service, which the public would have an interest in supporting, is also generated in this way. But there is no basis for making this fundamental assumption and for creating objective criteria proceeding from this assumption. In fact, different households have different basic local service needs.

Suppose, for example, a social entity consists of three adults. The adults might be a husband and wife plus a grown child. Or plus the wife's mother or the husband's brother. It might consist of a single mother and her mother, plus the friend of either one. Or plus a grown child. It might consist of unrelated people such as college students, or close friends. Or people who simply share the premises and related expenses. Or any combination of the foregoing -- to which might be added small children to complicate the picture.

On what basis does a telephone company override the statement of the subscriber that -- in any combination of usage possible -- the two lines are each to serve a separate group on the premises? Apart from what's necessary for billing and directory purposes, the ILEC neither knows nor wishes to know nor should know who all these people are and what the relationship is among them. In this kind of situation --

which embraces many millions of people in the country -- GTE can identify no reasonable objective criteria on which it could base action overriding the stated determination of the subscriber.

The fact that they are all at the same address proves nothing. The existence of the ILEC's business relationship in a certain form (one or more accounts) is a workable starting point, but there is no logic in dictating treatment of customers' personal relationships based on the ILEC's business relationship with one of the parties involved. Nor would there be any logic in requiring customer accounts to be changed -- as for example, requiring the opening of a new account to show there is a new primary line -- for this would impose substantial costs on ILECs and customers, and it would essentially prove nothing. Account data is, in GTE's view, the most suitable for a preliminary assignment of status; but always the final decision on status should rest with the subscriber, who is the party in possession of the essential data concerning relationships of various persons at the subscriber's premises.

GTE's plan for Reactive Subscriber Self-Certification recognizes and accepts this reality. Under this plan, the ILEC would select an appropriate basis (e.g., subscriber account at an address) for assigning primary-secondary status in the first instance, and would so notify every subscriber affected. GTE recommends basing the preliminary assignment on subscriber account at an address, since this is data readily available, data that is essentially concerned with who pays for the service, and thus data that provides a satisfactory estimate of primary-secondary status while avoiding the rigidity of, e.g., the address approach which ignores the possibility of multiple social groups at the same address.

As previously observed, no scenario is without serious imperfections. GTE's Reactive Customer Self-Certification procedure ensures that the burdens of the primary-secondary concept can be kept under control, particularly that there would be no empty exercise where the ILECs would have to make massive mailings at enormous cost for the sake of responses from six or eight or ten percent of the subscribers.

Still, the essential wastefulness and illogicality of the primary-secondary concept would impose distortions and burdens. Doubtless some customers will characterize their second line as primary merely to avoid paying the SLC associated with secondary lines. An ILEC policing effort would be ineffective when the customers know the relevant facts involving their own services and their own social entity, and the ILEC has only dry business records that disclose just the bare facts concerning service. To require ILECs to investigate would pile on still another absurd burden, and it would raise the specter of ILECs being obliged to overrule their own customers -- which would again put ILECs at a competitive disadvantage in that they would be placed in the uniquely unfavorable position of policing their own customers. All of this would be in aid of a concept whose criteria cannot be firmly identified in relation to the scenario outlined *supra*. Since there are no objective criteria on which the primary-secondary distinction can be based, and the ILEC is in possession of only dry facts that say little about relationships among persons, the ILEC would be unable to furnish a persuasive answer to objections or criticisms. Extreme difficulty in defining a coherent policy suggests essential deficiencies in the concept itself.

ACCORDINGLY: The Commission, if it decides to continue with the primary-secondary distinction, should adopt GTE's Reactive Customer Self-Certification

proposal, under which the customer -- the only party having knowledge of relationships among persons at the same address -- is advised of a right to correct status by notification to the ILEC.

C. A major problem area continues to be the distortions that will be produced by any approach to the primary-secondary distinction.

Whenever a regulatory body intervenes to hold certain prices down, it then becomes crucial that the "dividing line" between supported and unsupported services be drawn very carefully. Otherwise, there will inevitably be a distortion introduced between the prices of service on either side of that line. Excluding secondary lines from universal service would introduce new and, in many areas, very large price distortions. GTE maintains the primary-secondary concept is not robust because, in its *Universal Service Order*, the Commission adopted a policy lacking any sound economic underpinning.

If the Notice is implemented in any of the various living arrangements described *supra*, the proposed distinction between primary and secondary lines would introduce an artificial distortion in the relative prices of primary and secondary lines, as well as a distortion of customers' choices in the marketplace.⁷ These distortions would influence not only the number of lines subscribers purchase but the choice of carrier from which they buy the lines.

The Notice (at paragraph 4) focuses attention on the use of the primary-secondary line distinction to determine the application of SLC and PICC charges, since

⁷ Note that in this case the customer's expectations with respect to the price of basic local service -- that the second line would cost the same or less -- is an accurate reflection of the cost of providing basic local service.

this is a reason for implementing the distinction. However, it must be remembered that the concept finds its genesis in the universal service proceeding, D.96-45. It is an overriding concern about the affordability of basic local service that causes the Commission to place caps on the SLC and PICC charges in the first place. The specific implementation arrived at through the Notice must be expected to apply to universal service funding as well, since it is inconceivable that the Commission would adopt two different sets of definitions for primary and secondary lines, thereby creating for the industry a double nightmare.

If so-called secondary lines are not supported as a matter of universal service policy, their prices will ultimately move to market levels. The difference in price between a primary line and a secondary line will not only be the difference in the SLC and PICC caps set forth in the *Access Charge Reform Order*, but will also reflect the difference between the market price and the "affordable" price for basic local service. An ILEC will be faced with the challenge of explaining to its customers why, when the first line costs \$10, the second line should cost \$20, or \$30. Initial customer reaction to this pricing scheme is bound to be negative, especially since there is no good reason the ILEC can give for why the relative prices should look this way.

The action the customer will take is predictable. Customers will either 1) repress their purchases of second lines, which is a major source of growth in telephone demand, and which is the vehicle whereby subscribers are gaining access to the information superhighway; 2) seek other sources of supply from competing CLECs; or 3) seek to discover how to order service in such a way as to accommodate or evade the artificial distinction between primary and secondary lines. When viewed from the

perspective of these undesirable outcomes, it is understandable that many of the ILECs' current and future competitors have enthusiastically supported the primary-secondary line distinction. This distinction imposes irrational structures and inexplicable pricing variations on certain ILEC customers, thereby impelling these customers to abandon the ILEC. Thus, these parties support Commission procedures that will destroy the ILECs' competitive thrust by imposing irrationality on their prices and thereby creating market opportunities for competitors.

A further consideration that should lead to a reexamination of the Notice's assumptions and premises is the patently discriminatory effects that would result from the pricing distortions inherent in imposing the primary-secondary distinction. 47 U.S.C. section 202(a) -- which prohibits unjust or unreasonable discrimination -- has not been written out of the statute.

ACCORDINGLY: The primary-secondary line distinction will continue to produce unfortunate economic distortions that will make it more difficult to assure a competitive environment.

II. GIVEN THE REALITY OF THE SHORT TIME REMAINING IN 1997, THE ONLY AVAILABLE OPTION IS TO PERMIT EACH ILEC TO IMPLEMENT THE PRIMARY-SECONDARY DISTINCTION BY AN APPROPRIATE MEANS IN ITS DISCRETION.

Several commenters (*e.g.*, GTE at 15, Bell Atlantic at 8, MCI at 10) express major concern about their ability to identify and notify customers, train internal personnel, and modify systems in time to meet the Commission-imposed January 1, 1998 deadline to implement the new SLC and PICC charges. In fact, by the passage of time, the Commission has lost the ability to prescribe a methodology for implementing the primary-secondary distinction. The only approach GTE could conceivably carry out

between now and the end of 1997 is the approach it has adopted internally and recommended to the Commission in this D.97-181, the Reactive Customer Self-Certification approach. One of the best features of this approach is it is not initially dependent on customer input; it can be implemented based on nothing more than company records. Its disadvantage, *i.e.*, that company records have been created for another purpose and are insensitive to the living arrangements of its customers, is overcome by giving the customer the option to change status by simple notification. Thus, company records are employed to provide a reasonable and workable start in the process, subject to prompt correction by the customer's self-certification.

Other ILECs may choose other approaches. But it appears most unlikely that any ILEC would be able to shift in the short time remaining in 1997 from its chosen approach to another. Certainly, at this late date, any Commission-imposed criteria that cause an ILEC to rework customer notification materials (which may require state approval), employee training procedures, or system modifications will mean the ILEC would be unable to comply with the Commission's order by January 1, 1998.

There are disadvantages in having different ILECs employing different methodologies. Customers may be puzzled at why the rules are so different in adjacent territory. But the constraints of time mean that these problems will have to be faced. Perhaps there might be a silver lining in that extensive experience in the course of 1997 involving a number of different broad approaches and differing details of implementation might be useful in addressing these matters in 1998.

These considerations of practicality must be kept in mind with regard to the ILEC tariffs that are to be in effect January 1, 1998. Absent a formal FCC decision issued by

that time or a decision to delay the start date, the Commission's tariff review staff will have to recognize that an ILEC will be set up to implement the Commission's orders by means of the methodology the ILEC has selected. While there may be improvements in this methodology in the course of 1997, the integrity of the company's plan must be respected.

ACCORDINGLY: The Commission should permit each ILEC to implement the primary-secondary distinction by an appropriate means within its discretion.

III. FOR GTE, SUBSCRIBER ACCOUNT AT A SERVICE ADDRESS IS THE BEST CHOICE AS THE BASIS FOR INITIAL STATUS ASSIGNMENT SUBJECT TO CORRECTION BY CUSTOMER SELF-CERTIFICATION.

The Notice (at paragraph 6) requests comment on the advisability of defining primary residential lines as the primary line to a subscriber, residence, household, or some other parameter. One commenter (California PUC at 2) recommended a household-based definition. Two other responses (Ameritech at 5 and U S WEST at 3) suggested adopting a residence-based definition.

The definition of primary residential line based on a subscriber account at a service address was preferred by several key commenters. See, e.g., GTE at 12, BellSouth at 7, and Sprint at 4-5, although a number of commenters added qualifying conditions. Bell Atlantic (at 2) and USTA (at 6) list very specific conditions about the line such as the only line at the address, the first line at the address, the line designated by the customer, and so forth. BellSouth (at 7) narrows the definition by limiting it to one primary line per account at an address. SBC (at 12) recommends that there should be no limit to the number of primary lines at a specific service address.

As GTE points out *supra*, the great disadvantage of the address approach is it is fundamentally inflexible. Indeed, it seeks to impose a model on the living arrangements of human beings -- a self-defeating notion in today's world. Exceptions to the rule will never suffice in capturing all the plausible distinctions; and in any case the ILEC lacks basic information to cross-check what the customer says.

As discussed *supra*, GTE urges the Commission to adopt GTE's Reactive Customer Self-Certification procedure, which takes the unworkable proposal for self-certification discussed in the Notice and makes it workable. Using the subscriber account at a specific address as a method to preliminarily assign each customer's line status, the GTE proposal avoids any need for massive and costly balloting of customers, and focuses a company's resources on those customers who believe they have legitimate reasons to change their line status. Moreover, the Reactive Customer Self-Certification program places the responsibility for determining the true status of the line in the hands of the only persons qualified to make that decision -- the customers themselves.

ACCORDINGLY: GTE's Reactive Customer Self-Certification program makes the concept of self-certification workable.

IV. ACTIVE CUSTOMER SELF-CERTIFICATION WAS SOUNDLY DENOUNCED FROM ALL SIDES AS UNWORKABLE, PROHIBITIVELY EXPENSIVE, AND CONFUSING TO CUSTOMERS.

The overwhelming response to the Commission's request for comment on the possibility of using Active Customer Self-Certification to classify primary and non-primary lines was negative. Under this method there would be massive mailing and handling costs, exceedingly low expectations (experience indicates no more than ten

percent) of customers returning ballots, and repetitious and fruitless follow-up exercises. ILECs correctly informed the Commission that the burden of classifying lines would fall heavily on both customers and ILECs. Bell Atlantic (at 5) estimates its costs for what GTE calls Active Customer Self-Certification to be in excess of twenty million dollars. USTA (at 7) goes a step further and puts the figure close to eighty million dollars for the industry; and this assumes a program limited to mailing forms to only those subscribers understood to have a second line.

A massive balloting procedure is not the answer. On the other hand, regardless of the type of company record (account or service address) used to assign the primary line status, there is no way the ILEC can know all the unique circumstances that cause customers to see their phone service as primary or secondary; and the ILEC should not be required to debate living arrangements with its own customers -- an activity that would raise considerations of privacy. Reactive Customer Self-Certification as proposed by GTE avoids these pitfalls, and meets the dual requirement of applying objective standards in the first instance while allowing the customer to make corrections against that standard.

ACCORDINGLY: The Commission should reject proposals for Active Customer Self-Certification, which would entail for the ILECs many millions of dollars of ineffective and wasteful expenditures for the sake of balloting activities when ninety percent of the customers are unlikely to respond.

V. THE COMMISSION SHOULD CATEGORICALLY REJECT MCI'S SELF-SERVING AND UNWORKABLE PROPOSALS.

After agreeing with the majority of commenters that subscriber account is an appropriate method to determine primary line status, MCI (at 3) departs from industry

sentiment by supporting what GTE calls Active Customer Self-Certification, and MCI would make it mandatory. MCI is consistent in one respect; as always, it argues that huge amounts of ILEC funds should be spent -- in this case, to get a response from a small fraction of the customers. Further, if customers do not select a primary line, MCI would have the ILEC randomly assign a status because MCI (at 3) is concerned that ILECs will market secondary lines as primary lines, which MCI says would result in a lower SLC, and the ILEC would then make up the difference in other rates.

Apart from these preposterous speculations, MCI has shown itself a firm believer in the empty ceremony of massive and costly balloting at the expense, of course, of ILECs; a ceremony that will provide a response from only a very small share of the customers. Then, the ILEC having gone through this pointless exercise, MCI says assignment of status for the non-responsive should be on a random basis! Surely it makes more sense to adopt a reasonable estimation at the outset based on company account records, and then correct the status based on customer notification -- which is GTE's Reactive Customer Self-Certification proposal.

The Commission seeks comment on whether uniform language should be developed to educate customers about primary lines and how they are determined. While the industry correctly asserts that this type of government oversight is not necessary, MCI even goes so far as to specify the language ILECs should use (at 4). MCI's proposed language would arbitrarily exclude from primary status great numbers of subscribers who are likely to make a reasonable claim to primary status. Since this would put the ILECs into the position of giving bad news to their own customers, this works out very well for MCI.

Now as in the past, what makes sense is that ILECs should address their own customers, as MCI addresses its own customers. The difficulty we have to grapple with at this stage is not the words but the substance of how to apply the primary-secondary distinction so as to do the least damage. Again, the answer is the Reactive Customer Self-Certification proposal.

In responding to the Commission's request for comment on how to certify primary lines when one line is provided by the ILEC and another line is provided by a competitive LEC ("CLEC"), MCI almost gets it right when it suggests each company be responsible for administering the self-certification process for its own customers. However, once again MCI makes the critical decision for all customers by limiting the *primary line to one per service provider (at 5)*.

As if the Active Customer Self-Certification process would not be costly enough, MCI outlines a program to control misreporting of primary lines that would be an icon to bureaucrats everywhere. Remarkably, MCI would oblige ILECs to provide sufficient insight to permit the IXC to audit the charges before paying the bill each month. MCI then proceeds to argue (at 10) that the Commission should specify that ILEC bills for PICCs should include a long list of items. And MCI has the audacity to suggest that this information should be provided in advance of payment. This thinly veiled attempt to exact customer-specific marketing information from the ILEC is about as subtle as a train wreck and should be soundly rejected by the Commission. And the Commission should not consider granting IXCs the right to delay and evade payment based on examination of nit-picking detail. Many billions of dollars pass in the industry from company to company subject to later true-up and correction. There is no reason for this

to be treated differently. As for billing detail, that is already under active consideration by the Ordering and Billing Forum (OBF).

MCI puts forth its Hatfield model -- which has been discredited in every forum -- as a useful source of information in verifying or auditing the number of primary lines (at 11-13). No consideration should be given to this outrageous proposal.

Predictably, MCI (at 14-16) would provide for heavy penalties on ILECs. The Commission is grappling with the difficulties of giving effect to an unworkable scheme, and MCI is as usual calling for a heavy-handed and punitive approach even before the program has been identified. Again, this should be rejected.

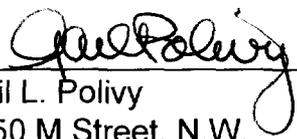
ACCORDINGLY: The Commission should reject these outlandish proposals of MCI.

Respectfully submitted,

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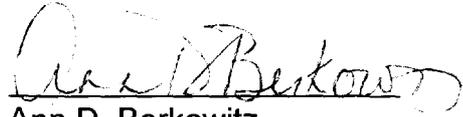

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October 9, 1997

Their Attorneys

Certificate of Service

I, Ann D. Berkowitz, hereby certify that copies of the foregoing "GTE's Reply Comments" have been mailed by first class United States mail, postage prepaid, on October 9, 1997 to all parties on the attached list.

A handwritten signature in cursive script, appearing to read "Ann D. Berkowitz", written in black ink.

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