III. REGULARIZING ASOC'S STATUS UNDER FCC REGULATIONS

A. Interstate Long Distance Access

1. **Reorganization of ASOC.** The American Samoa Government will separate ASOC's functions as local exchange carrier ("LEC") and interexchange carrier ("IXC") and will establish interstate and international access rates pursuant to Part 69 of the Commission's rules. The ASOC IXC entity, as well as any competitive IXCs that may in the future seek to enter the American Samoa market, will pay the established access rate to the ASOC LEC entity.

   (a) **The ASOC LEC** entity will operate all local and intra-territorial facilities, including lines to customers' residences, switching centers, and transmission facilities within the territory. The ASOC LEC entity will provide interstate access service on a non-discriminatory basis to the ASOC IXC entity and to any other IXC that establishes a POP within American Samoa. Revenues for local service and for interstate access, and universal service support revenues, will accrue to the ASOC LEC entity.

   (b) **The ASOC IXC** entity will provide outbound long-distance interstate and international service originating in American Samoa, and will collect revenues for these services. The ASOC

IXC entity will continue its "connecting carrier" arrangements with U.S. carriers, and will continue its settlement arrangements with foreign correspondent carriers, paying and receiving international accounting rates.

(c) **Options for Reorganization.** The American Samoa Government is considering a number of options for this reorganization:

(1) In the short term, the current organizational structure may be retained for operational purposes (*i.e.*, a single government agency may continue to operate both entities), but the two entities will exist separately for bookkeeping and accounting purposes.

(2) In the longer term, ASOC may be split into two separate government agencies, each of which would function separately.

(3) The American Samoa Government will consider the feasibility of converting either the ASOC LEC, the ASOC IXC, or both entities into government-owned corporations, in which stock could be sold to private investors.

2. **Access Rates.** The rates, terms, and conditions for the ASOC LEC's interstate access service will be filed in a tariff with the Commission.

The access rate levels in the initial tariff filing will be established based on an appropriate costing methodology. In subsequent years, changes to the ASOC LEC's access rates will be governed by the Commission's cost-based pricing rules. The ASOC LEC entity will receive high-cost support from the universal service fund administrator, based on the formulas in the Commission's rules.

3. **Equal Access and Feature Group D Implementation.** If and when one or more independent IXCs seek to establish a POP in American Samoa for the provision of facilities-based long distance service, the ASOC LEC will implement "equal access" and technical switching arrangements for interconnecting independent IXCs comparable to the "Feature Group D" interconnection and dialing arrangements used in the continental U.S. The ASOC LEC will implement these arrangements within a reasonable period of time after receipt of a *bona fide* request, pursuant to the Commission's policies for equal access implementation by independent LECs.

4. **Telecommunications Commission.** In order to provide a separate regulatory authority, the American Samoa Government will establish an independent, multi-member Telecommunications Commission. Pending establishment of the Commission, the Governor will perform any necessary regulatory functions.

B. Interstate Long Distance Service

1. **Rates.** The ASOC IXC will file tariffs with the Commission governing the rates, terms, and conditions of its interstate and international offerings for service originating in American Samoa. The rate levels in the initial tariff filing will be set at the rate levels described above, with any future reductions to be reflected in future tariff filings.

2. **Interconnection Arrangements with U.S. Connecting Carriers.** The ASOC IXC will retain its current "connecting carrier" interconnection arrangements with AT&T, MCI, Sprint, and GTE, subject to future negotiation of these arrangements with the carriers.

C. International Long Distance Service

1. **Section 214 Authorizations.** Because ASOC is already providing international service between American Samoa and international points, and has done so for many years, ASOC will seek a waiver of the requirement that the ASOC IXC obtain authorization for such service under Section 214 of the Act. In the alternative, the ASOC IXC will seek an expedited grant of all necessary Section 214 authorizations.

2. **Accounting Rates.** The ASOC IXC will work with its foreign correspondent carriers to establish international accounting rates that comply with the Commission's new policy. *International Settlement*

Rates, IB Docket No. 96-261, Report and Order (released Aug. 18, 1997).

D. Local Competition

1. **Interconnection and Resale.** If and when one or more competitive LECs seek to enter the American Samoa market, the ASOC LEC will provide the interconnection and resale arrangements required of local exchange carriers by Sections 251(a) and (b) of the Act.

2. **Rural Telephone Company.** Because the ASOC LEC will qualify as a "rural telephone company" under Sections 3(37) and 251(f)(1) of the Act, it will be exempt from the requirements of Section 251(c). The ASOC LEC will consider whether to offer such arrangements in individual negotiations with prospective interconnecting local carriers.

3. **Arbitration.** Any necessary arbitration of interconnection arrangements will be supervised by the Telecommunications Commission pursuant to section 252 of the Act, or by the Governor pending establishment of this Commission.

IV. TRANSITION PLAN

The American Samoa Government proposes to implement the steps outlined above in phases. This process is designed to prevent financial dislocation, to be fair to ASOC's connecting carriers, and to accommodate the time needed to implement

the technical changes which will be needed. Specifically, the following schedule is proposed:

A. **By January 1, 1998:**

1. **Rate Reductions.** ASOC will reduce its rates for outbound domestic service as described above.

2. **Rate Integration.** AT&T, MCI, Sprint, and GTE will reduce their rates for service to American Samoa to rate-integrated levels.

B. **No Later Than Six Months After FCC Approval of This Plan:**

1. **Reorganization.** The initial stage of reorganization of ASOC LEC and ASOC IXC will be completed.

2. **Interstate Access.** The ASOC LEC will file interstate access tariffs and start providing access service to ASOC IXC (and to any other long distance carrier that establishes a POP in American Samoa) at the rates provided in those tariffs.

3. **Universal Service.** The ASOC LEC will begin drawing support from the Universal Service Fund.

4. **Access Rates and Support Payments.** The initial ASOC LEC access rate levels and Universal Support Fund payment amounts will be interim, based on a provisional formula agreed to by ASOC LEC and the Commission.

5. **FCC Filings.** The ASOC IXC will file interstate and international tariffs, and either a petition for a waiver of the Section 214

authorization requirement or an expedited request for Section 214 authorizations.

C. **No Later Than Eighteen Months After FCC Approval of this Plan:**

1. **Access Rates and Support Payments.** The ASOC LEC will put into effect access rate levels and universal service funding payments which fully satisfy the criteria in the FCC's rules.

2. **Reorganization.** The second stage of reorganization of ASOC LEC and ASOC IXC will be implemented.

D. **Within A Reasonable Time After *Bona Fide* Request by Carriers Seeking to Enter The American Samoa Market:**

1. **Long Distance Service.** "Equal access" and Feature Group D-type access arrangements for long distance carriers will be implemented.

2. **Local Service.** Local interconnection and resale arrangements for competitive local exchange carriers will be implemented.

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The American Samoa Government respectfully requests that the Commission expeditiously issue an order approving the plan as set forth above.

Respectfully submitted,

AMERICAN SAMOA GOVERNMENT

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