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

In the Matter of	)	
	)	CC Docket No. 98-103
SBC Communications Inc.	)	
Pacific Bell Telephone Company	)	
Pacific Transmittal No. 1986	)	

ORDER

Adopted: June 29, 1998 **Released: June 29, 1998**

By the Chief, Competitive Pricing Division, Common Carrier Bureau:

1. On June 15, 1998, SBC Communications Inc., Pacific Bell Telephone Company (Pacific) filed Transmittal No. 1986 establishing a new offering, Asymmetrical Digital Subscriber Loop (ADSL) Service, to become effective June 30, 1998 and to be deployed in 87 wire centers in California.[1] Pacific describes its ADSL offering as an interstate data special access service that provides a high speed access connection between an end user subscriber and an Internet Service Provider (ISP) or Network Service Provider (NSP) by utilizing a combination of the subscriber's existing local exchange physical plant (*i.e.* copper facility), a specialized ADSL-equipped wire center, and transport to the ATM Cell Relay Switch where the ISP or NSP will connect to Pacific's network.[2] ADSL Service will allow for the simultaneous transmission of voice dialed calls and high speed data access over a single path, thereby reducing the need for subscribers to obtain additional lines for their Internet access capabilities, according to Pacific.[3]

2. Pacific asserts that the inclusion of ADSL in its interstate access tariff as a special access service is appropriate for three reasons. First, Pacific alleges that Internet traffic is overwhelmingly interstate in nature.[4] Second, Pacific contends that its ADSL service involves the dedicated transport of data, and is thus similar to other special access services.[5] Third, Pacific argues that its offering constitutes an "access service" as defined by 47 C.F.R § 69.2(b) of the Commission's rules, 47 C.F.R. § 69.2(b).[6] Pacific asserts that it will be providing access to the necessary network functions and equipment on a nondiscriminatory basis, to enable an ISP, competitive local exchange carrier, interexchange carrier, or any other entity to market and provide commercial ADSL service to subscribers.

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1 Pacific Transmittal No. 1986, Description and Justification at 8.

2 Pacific Transmittal No. 1986, Description and Justification at 2.

3 *Id.*

4 *Id* at 4.

5 *Id.*

6 *Id.*

3. We find that the petitions filed against Pacific's Transmittal No. 1986 have raised substantial questions of lawfulness that warrant investigation.[7] These issues include, but may not be limited to, the following: (1) whether the proposed ADSL service constitutes an interstate access service, and is subject to the Commission's jurisdiction; (2) whether Pacific's proposed rates for ADSL service fail to recover appropriate levels of direct and common costs, and are therefore unreasonably low, and; (3) whether Pacific's proposed ADSL rates, considered together with Pacific's rates for unbundled network elements used by Pacific's competitors, are anti-competitive. Therefore, Pacific's Transmittal No. 1986 is suspended for one day, following the effective date, and will be subject to investigation. The specific issues that will be the subject of the investigation in Pacific's Transmittal No. 1986 will be identified in an upcoming designation order. Pacific's Transmittal No. 1986 will also be subject to an accounting order to facilitate any refunds that may later prove to be necessary.

4. Accordingly, IT IS ORDERED that the petitions to suspend filed by ACI Corp, Covad Communications Company, America Online, Inc., the Association for Local Telecommunications Services, California Cable Television Association, Commercial Internet Exchange Association, Cox Communications, Inc., Northpoint Communications, Inc., MCI Telecommunications Corporation, Sprint Corporation, and Teleport Communications Group, Inc. are GRANTED to the extent stated herein, and are otherwise DENIED.

5. IT IS FURTHER ORDERED that the petitions to reject filed by ACI Corp, Covad Communications Company, the Association for Local Telecommunications Services, California Cable Television Association, Commercial Internet Exchange Association, Cox Communications, Inc., and Northpoint Communications, Inc. are DENIED.

6. IT IS FURTHER ORDERED that pursuant to Section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and authority delegated pursuant to Section 0.91 and Section 0.291 of the Commission's Rules, 47 C.F.R. §§ 0.91, 0.291, Pacific's Transmittal No. 1986 IS SUSPENDED for one day from the effective date and an investigation of the referenced tariff transmittal IS INSTITUTED.

7. IT IS FURTHER ORDERED that Pacific SHALL FILE tariff revisions within five business days of the release date of this Order to reflect this suspension.

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[7] The following companies filed petitions to reject or, in the alternative, to suspend Pacific's Transmittal No. 1986: ACI Corp, Covad Communications Company, the Association for Local Telecommunications Services, California Cable Television Association, Commercial Internet Exchange Association, Cox Communications, Inc., and Northpoint Communications, Inc. The following parties filed petitions to suspend Pacific's Transmittal No. 1986: America Online, Inc., MCI Telecommunications Corporation, Sprint Corporation, and Teleport Communications Group, Inc.

8. IT IS FURTHER ORDERED that, pursuant to Section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C.§ 204(a), Pacific shall keep accurate account of all amounts received by reason of the rates that are the subject of this investigation.

FEDERAL COMMUNICATIONS COMMISSION

Jane E. Jackson

Jane E. Jackson
Chief, Competitive Pricing Division
Common Carrier Bureau