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August 19, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street N.W., Room 222
Washington, DC 20554

Dear Ms. Salas:

Enclosed are the original and five copies of the reply comments of GVNW Inc./Management in response to the Commission's Public Notice in CC Docket No. 96-45 (Reference FCC No. DA 98-1421) released July 16, 1998 pertaining to GVNW Request for Clarification of Certain Rules in Parts 32, 36, 54, and 69.

Also enclosed is one copy of our comments to be stamped and returned in the enclosed self addressed stamped envelope.

Any questions regarding this filing may be directed to me at (503) 612-4400.

Sincerely,

Kenneth T. Burchett

Kenneth T. Burchett
Vice President

cc: Sheryl Todd (Diskette)
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554

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In the Matter of)
)
GVNW Request for Clarification of) CC Docket No. 96-45
Certain Rules in Parts 32, 36, 54) DA No. 98-1421
And 69)

REPLY COMMENTS OF GVNW INC./MANAGEMENT

GVNW Inc./Management (GVNW) submits these reply comments in response to the Public Notice dated July 16, 1998 in the matter of GVNW Request for Clarification of certain rules in Parts 32, 36, 54, and 69, and in response to the comments filed by AT&T Corp.

Point of Clarification on GVNW's Request

The Public Notice misstates GVNW's position when it states "GVNW claims that the rule should require that carriers calculate the weighted DEM using the 1996 COE Category 3 allocation factor, not the 1996 interstate weighted DEM factor as currently provided in the rule." GVNW believes the interstate weighted DEM should be used as prescribed.

GVNW's position is as follows:

1. The FCC prescribed how to calculate weighted DEM in 47 C.F.R. Part 36.125(a)(5) - "A weighted interstate DEM factor is the product of multiplying a weighting factor, as defined in paragraph (f) of this section, to the interstate DEM factor."

2. The FCC prescribed the Weighted DEM as the starting point for developing the additive to the measured DEM in the development of the Central Office Equipment Category 3 factor. Part 36.125(f) provides – "... the difference between the 1996 weighted interstate DEM factor and the 1996 interstate DEM factor."
3. The rules should be followed as prescribed. If the FCC intended something other than what was prescribed, the formulae in the rules should be changed on a going forward bases to achieve the Commissions intent.

Illustration of Impact

Following is an example of a computation using the prescribed formula compared to the alternative that has been suggested:

Assume:	1996 Measured Interstate DEM	.45
	1996 Weighting Multiple	3
	1998 Measured Interstate DEM	.30

Calculation of 1998 COE Category 3 Factor using prescribed Formulae:

1996 Weighted DEM (.45 * 3)	1.35
Minus 1996 Interstate DEM	.45
Equals Additive	.90
1998 Measured DEM	.30
Sum of Measured DEM & Additive	1.20
Lesser of .85 or sum of above	.85
COE Cat 3 Factor per rules	.85

Calculation of 1998 COE Category 3 Factor using 1996 COE Cat 3 in place of Wtd. DEM:

1996 COE Category 3 Factor	.85
Minus 1996 Measured DEM	.45
Equals Additive	.40
1998 Measured DEM	.30
Sum of Measured DEM & Additive	.70
Lesser of .85 or sum of above	.70
COE Cat 3 Factor per alternative	.70

In this example the use of the formula as prescribed results in an 85% assignment of switching cost to the interstate jurisdiction, the same as the company would have had under the previous rules. Using the alternative of starting with the COE Category 3 factor rather than weighted DEM results in a 15% shift in the switching revenue requirement from the interstate jurisdiction to the state jurisdiction. GVNW believes that if the Commission intended the alternative formulae rather than the prescribed use of the weighted DEM in the formulae, the Commission should initiate a proposed change to the rule and if the proposed change is adopted, implement it on a going forward bases as it would for any other rule change. GVNW favors keeping the rule with the formulae as prescribed.

Reply to AT&T's comments on Weighted DEM

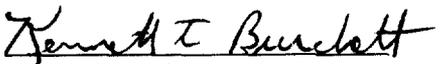
AT&T commented that "For Part 36 jurisdictional separations purposes, measured dial equipment minutes (DEM) should be used to apportion COE Category 3 investment for all study areas (regardless of the number of access lines) in accordance with the Commission's intent in the Access Reform and Universal Service Orders." This comment

is misplaced as it relates to an interpretation of the formulae prescribed in the current Part 36 rules for small companies.

Conclusion

GVNW requests that the commission confirm that the formulae for calculating the Central Office Category 3 Factor as prescribed in the Part 36 Rules should be used in preparing jurisdictional separations studies.

Respectfully Submitted

By 
Kenneth T. Burchett
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