

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Local Competition Survey) CC Docket No. 91-141
)
) CCB-IAD File No. 98-102
)

REPLY COMMENTS OF AMERITECH

Ameritech files its Reply Comments supporting the Commission's Public Notice¹ ("Notice") seeking collection of information concerning the development of local telecommunications competition for the purpose of determining when and where regulatory forbearance is appropriate. Ameritech will demonstrate that, if the survey is to produce useful data, all providers of all local telecommunications services must report all relevant data. Calls for exceptions must be rejected. Equally as important, proposals by the competitive local exchange carriers ("CLECs") for the collection of extraneous data should be rejected on the grounds that such data is available from other sources, is not relevant to an analysis of regulatory forbearance, and is unduly burdensome to provide.

In its Comments, Ameritech supported the Commission's proposed survey because comprehensive data on local competition is not compiled today and cannot be developed by any single carrier or industry segment. However, Ameritech supports this initiative only to the extent the Commission obtains a comprehensive picture of the local marketplace.

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¹ Public Notice DA 98-839, CC Docket No. 91-141, CCB-IAD File No. 98-102 (released May 8, 1998).

Ameritech also agreed in its Comments that the survey should be limited to collecting data that will lead to “forbear[ance] from regulating . . . if the Commission determines that enforcement of regulation is not necessary . . . and is consistent with the public interest.” In order to fulfill this objective, the survey should collect data that addresses whether a firm has sufficient market power to raise and sustain prices above competitive levels. Tightly focusing on this objective is the best method of managing the administrative burden of responding to the survey, while retaining its usefulness.

Keeping the objective of measuring market power in mind, Ameritech pointed out in its Comments that the proposed survey falls short of providing all the data relevant to a consideration of regulatory forbearance. Rather, the Commission only seeks to collect data on one facet of that consideration -- market share. It should be noted that other factors (such as the elimination of barriers to entry, potential new entrants, elasticity of supply and demand, provision of essential network components, profitability and gross revenues, order activity, switch capability, competitive churn, etc.) are also very important to obtaining an accurate picture of market power in the local marketplace. Ameritech proposed several modifications and additions to the proposed survey that will provide more of the data necessary to make a more comprehensive analysis of market power.

Twenty parties filed comments in this proceeding, primarily representing three segments of the industry -- large incumbent LECs and RBOCs², small and rural incumbent LECs³, and

² Ameritech, Bell Atlantic Telephone Companies (Bell Atlantic), BellSouth Corporation (BellSouth), GTE Service Corporation (GTE); SBC Communications, Inc. (SBC); and U S West Communications, Inc. (U S West).

³ National Telephone Cooperative Association (NTCA); Rural ILECs; and United States Telephone Association (USTA).

Competitive Local Exchange Carriers (CLECs).⁴ In the balance of its Reply Comments, Ameritech will focus on new proposals that arose in the Comments of other parties.

I. ALL PROVIDERS IN COMPETITIVE AREAS SHOULD REPORT ALL RELEVANT DATA.

Most parties support the concept of collection of competitive data⁵, although some incumbent LECs question whether measurement of local competition is within the Commission's jurisdiction.⁶ With only one exception, the parties also agree that, in order to provide an accurate and complete picture of competition, all providers must report.⁷ Ameritech agrees.

However, some CLECs argue that they should be subject to reduced reporting requirements because they are small or do not provide some services. This position is frustrating since many of these same CLECs who seek to withhold data have been loudly complaining about the alleged slow growth of local competition. One would think they would be pleased to present proof of their claim. Nonetheless, in order to gain an accurate picture of local competition all CLECs must report, since they are the only source of reliable data on the key component of the survey – competitive services. Therefore, the concern about administrative burden is best addressed by limiting the survey to data that is relevant to an analysis of regulatory forbearance. Moreover, to the extent that a carrier is not offering a service, it will cause no administrative

⁴ Association of Local Telecommunications Services (ALTS); Allegiance Telecom, Inc. (Allegiance); AT&T Corporation (AT&T); KMC Telecom, Inc. (KMC); MediaOne Group, Inc. (MediaOne); MCI Telecommunications Corporation (MCI); Telecommunications Resellers Association (TRA); and Teleport Communications Group, Inc. (TCG).

⁵ See, for example, Allegiance at 1; ALTS at 1; AT&T at i; GTE at 1-4; KMC at 1; GSA at 1; MCI at 1; NTCA at 2; Rural at 2; TRA at 2; TCG at 1. But, see, BellSouth at 3-6; US West at 3-6.

⁶ See, BellSouth at 2; USTA at 2-5.

⁷ See, for example, Allegiance at 2; BellSouth at 7; GSA at i; MCI at 3; SBC at 1; TRA at 2-3; US West at 7-8; USTA at 6.

burden to report zero.

AT&T claims that wireless services are “collateral” to, rather than competitive with, local exchange services and need not be reported.⁸ However, AT&T’s claim is not only factually incorrect, it also ignores the fact that wireless services are garnering an ever increasing share of the local telecommunications market place. As such, wireless services cannot simply be ignored.

Rural LECs are concerned about the administrative burden that will be imposed upon them by the survey, since many of these carriers do not have systems that record the type of data required by the survey.⁹ For that reason, Ameritech proposed in its Comments that rural LECs not report, as long as there is no local competition in their service territory.¹⁰ However, since some rural LECs may need to report because of the competition they face, their plight underscores the need to limit the survey to relevant data.

II. THE COMMISSION SHOULD RESIST CALLS TO REQUIRE THE REPORTING OF EXTRANEIOUS DATA.

Some CLECs propose the addition of data to the survey that is not directly relevant to the measurement of market power.¹¹ Apparently, these parties are seeking additional data to further their own business ends or to gain competitive intelligence. It is ironic that some of these same CLECs also fret about the burden imposed by the survey.¹² However, the Commission should

⁸ AT&T at 6-9.

⁹ NTCA at 3-4; Rural at 4-9; USTA at 10.

¹⁰ at 1.

¹¹ See, Allegiance at 3-4 (large customers); KMC at 4-5 (OSS performance); TRA at 7 (advanced services).

¹² Allegiance at 2; ALTS at 4-5; MCI at 3; TRA at 4.

resist these pleas to expand the scope of the survey to include extraneous data by continuing to tightly focus the survey on data relevant to measuring local competition and market power.

For example, KMC¹³ proposes the inclusion of OSS performance measurements in the survey. However, performance measurements are not relevant to gauging the extent of local competition and, in any event, are the subject of a separate proceeding (CC Docket No. 98-56). Therefore, the inclusion of market performance data in the survey is both unnecessary and redundant. Further, the Commission itself has recognized that performance measurement is a state issue upon which it should not impose mandatory national measurements.¹⁴

Another example of a proposal that will significantly increase the administrative burden imposed by the survey, while not providing relevant data, is the request to add product or customer specific data to the survey.¹⁵ In order to keep the survey manageable, the Commission should reject proposals for disaggregation by product or customer type. Such data is not necessary for a general assessment of local competition and market power, is highly proprietary, and should be obtained, if at all, in the context of proceedings examining those services.

III. TRANSACTIONS WITH AFFILIATES SHOULD NOT BE SEPARATELY REPORTED.

TCG proposes that incumbent LECs separately report transactions with their affiliates.¹⁶ Ameritech opposes this proposal because transactions with affiliates are not relevant to measuring

¹³ KMC at 4-5.

¹⁴ Performance Measurements and Reporting Requirements for Operations Support Systems, Interconnection and Operator Service and Directory Assistance; CC Docket No. 98-56, RM-1901, Notice of Proposed Rulemaking (released April 17, 1998) at ¶¶22-26.

¹⁵ Id. ft nt. 11.

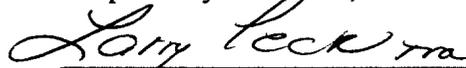
¹⁶ TCG at 2-4.

market power and are already extensively regulated and reported on through other mechanisms. In fact, Ameritech's affiliated asset transactions are already separately reported in the ARMIS USOA Report, Table B-4-Analysis of Assets Purchased from or Sold to Affiliates, and both asset and service transactions are subject to an extensive annual external audit and Commission review pursuant to Section 64.904, Independent Audits, of the Commission's Rules. Ameritech agrees with GTE that this data should be reported with the other resale and network element transactions.¹⁷

IV. CONCLUSION.

For the above reasons, Ameritech agrees that the Commission should require all providers of local telecommunications services to answer the survey. The survey should be modified to reflect all factors relevant to regulatory forbearance, including profits and revenues, substitute products, elasticity of supply, potential new competitors, capacity and competitive churn, etc., but calls for additional data not relevant to these factors or already available from other sources should be rejected.

Respectfully submitted,



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¹⁷ GTE at 5-7.

CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Reply Comments of Ameritech has been served on all parties of record, on this 22nd day of June, 1998.

By: Todd H. Bond *tra*
Todd H. Bond