GVNW

November 12, 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 four copies of the comments of GVNW Inc./Management in response to the Commission' s Notice Of Proposed Rulemaking (NPRM) in CC Docket No. 98-170 (Reference FCC 98-232) released September 17, 1998 pertaining to Truth-in-Billing and Billing Format.

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

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Vice President

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

In the Matter of	)	
	)	
Truth-in-Billing	)	
	)	CC Docket No. 98-170
and	)	
	)	
Billing Format	)	

COMMENTS OF GVNW INC./MANAGEMENT

GVNW Inc./Management (GVNW) respectfully submits its comments in the above-referenced Notice of Proposed Rulemaking (NPRM). GVNW is a management consulting firm, which provides financial and regulatory consulting services to independent telephone companies. Any rules adopted by the Commission with respect to billing format or content will directly impact independent telephone companies. These comments focus on the impact of the Commission's proposed guidelines for billing format and content on small companies.

Summary

Implementation of many of the bill format and content changes proposed by the Commission would involve expensive billing system modifications. As much as possible, the operational and financial responsibility for meeting any requirements adopted by the Commission with respect to cramming should rest with the third parties causing the vast majority of cramming problems associated with Incumbent Local Exchange Carrier (ILEC) telephone bills. Many small, independent ILECs are unable to recover all of the

costs currently allocated to B&C, indicating that additional costs to implement and maintain the bill format and content modifications proposed in the NPRM would further erode the profitability or increase the losses associated with small company provision of B&C to third parties. Because of the prospect of increased burdens associated with ILEC provision of B&C services, ILECs may need to terminate some or all B&C for third parties. To that end, the Commission needs to clarify ILEC responsibilities to third parties for the provision of B&C.

1. Background; Small Company Billing and Collection

Small, independent telephone companies produce bills containing charges for both their own communications services and those of third party communication service providers including interexchange carriers, operator service providers and enhanced service providers. The small companies bill charges for third parties generally pursuant to B&C contracts with clearinghouses, such as Independent NECA Services ("INS") or Illuminet, who represent the small companies with respect to B&C. The ILEC clearinghouses, in turn, contract with the three or four largest interexchange carriers ("IXCs"). In addition to the agreements with the large IXCs, the ILEC clearinghouses contract with clearinghouses representing third parties. This chain of relationships allows literally thousands of third party communication service providers to bill on small telephone company bills. This system is necessary as small companies would not have the resources to negotiate and deal directly with the numerous third parties. Unfortunately, the system severely limits direct small company control over which third party charges appear on ILEC customer bills.

Many small companies engage the services of billing vendors (also called "service bureaus") to provide data processing services associated with producing customer bills. Some small companies maintain in-house billing systems. In either case, the telephone companies pay the costs of billing system enhancements necessary to comply with regulatory mandates such as those suggested by the Commission in its NPRM. Once paid for by small ILECs, the costs are absorbed over a much smaller number of access lines than for similar modifications made by large ILECs.

2. Organization of Bills

In the NPRM, the Commission indicates that telephone bills should be clearly organized and highlight any new charges or changes to consumers' services.[1] In this regard, the Commission is asking for comment on several proposals.

a) The Commission is seeking comments on whether ILEC bills should contain a separate page or section highlighting any changes in the consumer's service since the last bill, including the addition of a new provider or new charges.[2] With respect to third party charges, no means exist today for most or all small companies whereby a charge passed to the ILEC bill from a clearinghouse can be identified as being for either a new or continuing service. ILECs and their billing vendors would have to create or expand databases to track services and service providers appearing on ILEC bills. In addition to the great expense of creating or expanding databases, maintenance and processing associated with such databases will increase recurring processing costs. As an alternative

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1 NPRM at ¶ 16.

2 Id. at ¶ 19.

to burdening the ILEC with such costs, the Commission should place the burden on the service provider to notify the customer in a separate mailing of the new service together with an explanation that they will be billing on the ILEC bills. The letter should also include the service provider's toll free number for questions or disputes.

b) The Commission is seeking comment on whether companies should present separate categories of service (such as charges for local, long distance, and miscellaneous services) in clearly separate sections of phone bills.[3] Currently, ILECs have separate sections for local, "toll" and pay-per-call billing. Unfortunately, as third parties have worked over the years to expand the types of charges on ILEC bills, they have stretched "toll" records to accommodate a broad array of miscellaneous communication and non-communication services. The third parties use the call detail record (CDR) fields[4] normally associated with such things as the terminating telephone number and the place called to communicate the nature of the service. While larger companies may already have more robust means of handling billing of miscellaneous services, including more expansive use of EMI records, small ILECs generally cannot fully distinguish such charges from toll messages. Compliance with any requirement to segregate miscellaneous charges would require expensive billing system modifications that would result in higher B&C costs.

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[3] Id. at ¶ 17.

[4] For CDRs, the industry follows non-binding "Bellcore" guidelines with respect to exchange message interface (EMI) records. Modifications to the EMI standards are proposed to and approved by an industry group, the Message Processing Committee of the Ordering and Billing Forum (OBF) of the Alliance for Telecommunications Industry Solutions (ATIS). In many respects, "Bellcore" standards have been ambitiously expanded over the past several years to meet the needs of billing for third parties. With respect to small ILECs, however, many of these non-binding "standards" are a case of the OBF's reach exceeding its grasp. Smaller companies typically do not, for economic reasons, program for the full array of new EMI "standards" adopted by the OBF.

c) The Commission offers that it may be helpful for bills to include a single page or section summarizing the current status of the customer's services.[5] The Commission included among these services "interstate" and "intrastate" toll carriers. The Commission's suggestion does not directly match the most prevalent current jurisdictional breakdown of presubscription records which is based on presubscription to a single IXC for interLATA services, including both interstate and intrastate. The second presubscription, where mandated by the states, is generally for the intraLATA portion of intrastate toll.

Some large ILECs already provide data on customer bills indicating who is the customer's current presubscribed carrier for either interLATA or intraLATA toll. It appears the information is based on the Carrier Identification Code (CIC) resident in the switch database. This appears to work well where the IXC is not a switchless reseller. For many switchless resellers, however, the CIC indicated in the switch is that of the facilities carrier (also called "underlying carrier" or "wholesale carrier"). Thus, with respect to a presubscribed IXCs, the ILEC's bill will indicate to the consumer the name of the underlying carrier, usually a name with which the consumer is unfamiliar.

Switchless resellers market toll in their own name. Customers are usually unaware of the reseller's use of an underlying carrier, or even the identity of the underlying carrier. In some cases, resellers submit Access Service Requests (ASRs) to ILECs utilizing their own CIC with specification for toll to be routed to the underlying carrier (sometimes called "CIC Redirect"). More often the case, resellers rely on the underlying carrier to

[5] NPRM at ¶ 18.

handle the presubscription process, including utilizing the underlying carrier's CIC. This practice helps make toll resale more economical, efficient and less administratively burdensome for resellers. The Commission should not prescribe disclosure on ILEC bills of current presubscribed carriers if doing so increases instead of decreases confusion.

Elsewhere in the NPRM, the Commission has proposed that, in the case of an entity reselling the service of a facilities-based carrier, the name of the reseller must appear on the telephone bill.[6] GVNW believes most of its clients would agree with the Commission that reseller names should appear on ILEC bills, which include reseller toll. The proper place for the reseller's name is in proximity to the detail for their charges. However, to go beyond requiring the reseller's name to appear when reseller charges also appear and require the reseller's name to appear on the bill irrespective of whether or not any charges also appear would be problematic.[7] Such a requirement would require that the ILEC know who the reseller is. As discussed above, where switchless resale is involved, the only data available to the ILEC is often the facilities-based carrier's CIC (unless the reseller uses the more expensive and administratively burdensome CIC-Redirect). Thus, for most switchless resellers, no current data or interface exists that would allow ILECs to indicate reseller names on customer bills absent the reseller's charges appearing on the same bill.

For small ILECs employing billing vendors, no direct interface may exist between the billing vendor and the ILEC service order system or switch database with respect to

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[6] Id. at ¶ 23.

[7] Some IXCs, including resellers, bill their customers directly and do not use LEC B&C services to bill every customer.

presubscribed CICs. Thus, implementation of automatic bill presentation of current status regarding presubscription may require significant expense for the development of an interface.

3. Descriptions of Charges and Identification of Service Providers

As a second broad goal of proposed ILEC bill format and content changes, the Commission proposes that telephone bills should contain full and non-misleading descriptions of all charges and clear identification of the service provider responsible for each charge.[8] To achieve this, the Commission is proposing several specific requirements.

a) The Commission proposal for inclusion of brief, plain language descriptions of third party services on ILEC bills[9] is a daunting prospect to small ILECs. Given the broad array of services which third parties currently have the means to inject onto ILEC bills, a vast and complex expansion of current billing systems and interfaces (such as industry standards for EMI records) would be required to effect such descriptions for each service. While larger ILECs may have the economies of scale to effect such disclosures on behalf of their third party B&C customers, the logistics of such a requirement would be unduly burdensome to small ILECs, both with respect to the cost of implementation and the ongoing maintenance and operation.

b) Many ILECs already provide the name of the carrier providing the service through appending of the service provider's name under the charge appearing on the customer's bill. However, these disclosures may indicate "message carried by" instead of

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8 NPRM at ¶ 20.

9 Id. at ¶ 22.

"service provided by" because of their design reflecting the original purpose of casual B&C, to bill toll and operator service charges. However, universal application of this practice and modification to provide greater clarity will be costly for some small ILECs.

c) The Commission has requested comments regarding whether telephone bills should differentiate between charges for which non-payment could result in termination of basic telephone service and those charges for which telephone service would not be terminated for non-payment.[10] It should go without saying that, in a competitive environment, no ILEC wishes to lose a local service customer merely to play the bad guy for a third party. Even before competition takes a strong foothold, most ILECs are not interested in foregoing monthly local service charges and access revenues associated with an active customer simply to earn the much less significant revenues associated with billing for third parties.

Small ILECs do not typically disconnect local service for nonpayment of third party charges, especially non-toll charges. However, to include notification on bills for each charge regarding whether or not non-payment can result in disconnection is tantamount to inviting customers not to pay. Thus, ILECs will be burdened with billing charges for which a high proportion will lead to costly adjustments and recourse to the third party. Moreover, billing and accounts receivable systems would require modification to distinguish handling payments for local, toll and miscellaneous services. Many small ILECs feel the intervention of their customer services representatives serves to protect the customer from any unreasonable threat of disconnection posed by third party billing.

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[10] Id. at ¶ 24.

4. Disclosure of Contact Information for Inquiries

The Commission's third broad goal for billing format and content changes is that telephone bills should contain clear and conspicuous disclosure of any information consumers need to make inquiries about charges.[11] To achieve this, the Commission is proposing that each bill contain: a) the name of each service provider; b) a business address; and c) a toll-free telephone number for the receipt of consumer inquiries and complaints.

Provision of service provider addresses would unduly stretch the limits of small ILEC billing systems, especially given the possibility for the charges of thousands of different service providers to appear on ILEC bills via clearinghouses. Some ILECs are able to provide contact numbers for the largest IXCs and clearinghouses. However, provision of telephone numbers associated with individual service providers using clearinghouses for access to ILEC bills is not a common practice. Small companies have close relationships with their end user customers and feel that they are generally able to provide such contact information in response to customer calls. Moreover, clearinghouses have developed elaborate customer contact systems allowing them to be responsive to customer inquiries related to third party charges. However, to the extent there are any shortcomings in the provision of contact information or resolution of problems, the Commission should place the operational and economic burden of remedial action with the service providers and clearinghouses, not ILECs.

5. Many Small ILECs Do Not Fully Recover Costs Allocated to B&C

[11] NPRM at ¶ 34.

The Commission seeks comment on the extent to which its proposals with respect to billing format changes might be unduly burdensome to small or rural carriers.[12] Many small companies are currently in the process of obtaining input from their billing vendors regarding which of the proposals in the NPRM involve billing system modifications and the level of costs required for any indicated modifications. However, early indications are that the costs to individual small companies will be high.

In addition to billing system impacts, a common concern among small companies exists regarding increased postage. It appears most small ILEC customer bills are already at or near one ounce. The additional pages required for the types of disclosures mentioned in the NPRM would likely cause significant increases in postage cost.

The costs of billing system modifications required to comply with the types of guidelines outlined in the NPRM would further strain the ability of small ILECs to recover costs allocated to B&C under the Commission's Part 69 allocation rules. On the one hand, B&C contracts are generally for fixed terms and not readily subject to renegotiation to pass on unforeseen costs to third parties. Moreover, strong downward market pressure on B&C rates charged to third parties exists because of the lower prices charged by large ILECs. Individual small ILECs exercise very little control over the prices charged IXCs for B&C; essentially, they must accept the prices negotiated by ILEC clearinghouses with IXCs and other clearinghouses, or discontinue providing the service. On the other hand, the Commission's Part 69 access charge rules prescribe the methods for allocation of costs to the B&C category, fixing the level of costs that must be recovered from interstate B&C

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[12] Id. at ¶ 11.

charges. In many situations, these allocation procedures result in more cost assigned to B&C than can be recovered through the B&C charges paid by third parties.

GVNW recently pointed out to the Commission, in its comments in CC Docket No. 98-77,[13] that many small companies have costs assigned to interstate billing and collection, pursuant to the Commission's Part 69 access charge rules, in excess of interstate B&C revenues.[14] Moreover, the Commission's proposal to modify its rules to allocate rate-of-return ILEC General Support Facilities (GSF) costs related to B&C services to the B&C category[15] will further erode the profitability or increase losses related to small company B&C for third parties. In its comments in the *Rate-of-Return Access Reform* proceeding, GVNW has provided the Commission with data supporting the impact of both its recently adopted and proposed rule changes on the profitability of ILEC B&C services provided to third parties.[16] An additional source of increased B&C costs may come from implementation of software safeguards for CPNI.[17]

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13 *Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation*, CC Docket No. 98-77, Notice of Proposed Rulemaking, FCC 98-101 (rel. June 4, 1998) (*Rate-of-Return Access Reform NPRM*).

14 Comments of GVNW INC./MANAGEMENT in *Rate-of-Return Access Reform*, filed July 17, 1998, at pages 10 - 14.

15 *Rate-of-Return Access Reform NPRM* at ¶ 82.

16 See GVNW *Rate-of-Return Access Reform* Comments at pages 12-14. GVNW's analysis of Commission rule changes on ILEC B&C indicates that the combined effect of the recently adopted limitation on Other Billing and Collection (OB&C) and the proposed GSF allocation to B&C would be an average 70.41% increase in costs allocated to interstate B&C.

17 *Implementation of the Telecommunications Act of 1996: Telecommunications Carriers' Use of Customer Proprietary Network Information and Other Customer Information; Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934 as Amended*, CC Docket Nos. 96-115, 96-149, Second Report and Order and Further Notice of Proposed Rulemaking, FCC 98-27 13 FCC Rcd 8061 (rel. Feb. 26, 1998) (*CPNI Report and Order*) recon. pending. In the CPNI Report and Order, the Commission adopted, inter alia, rules requiring ILECs to implement software indicating current CPNI use customer approval status (47 C.F.R. § 64.2009(a)) and an electronic audit

6. Review of ILEC Obligations to Provide B&C to Third Parties

Many of the Commission's suggestions for complying with the proposed guidelines address problems caused by charges billed by telephone companies for third parties. The Commission points out that it has received numerous complaints from consumers regarding third party charges on their local telephone bills.[18] Any economic analysis, made with respect to implementation of those bill format changes necessary for continued third party billing, may lead some small ILECs to opt out of billing for third parties. Moreover, customer service and trademark protection may lead to small ILEC abandonment of some or all third party billing to better disassociate the telephone company from the unscrupulous or confusing practices of some third parties using telephone company bills.[19] As such abandonment of third party billing may be the indirect outcome of Commission prescription of bill format guidelines, GVNW believes the

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mechanism for CPNI use (47 C.F.R. § 64.2009(c)). On September 24, 1998, the Commission stayed application of Sections 64.2009(a) and (c) until six months after the release date of the Commission's order on reconsideration. The Commission is addressing issues related to proposals to tailor the CPNI software requirements more narrowly and to reduce burdens on the industry while serving the purposes of the CPNI rules. *Implementation of the Telecommunications Act of 1986: Telecommunications Carriers' Use of Customer Proprietary Network Information*, CC Docket No. 96-115, Order, FCC 98-239 (rel. Sep. 24, 1998) (*CPNI Stay Order*)

[18] NPRM at ¶ 2. In the related footnote, it referenced *Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards*, 7 FCC Rcd 3528; 3530-3533 (1992), *clarified on reconsideration*, 12 FCC Rcd 1632, 1643-1645 (1997); *Public Service Commission of Maryland*, 4 FCC Rcd 4000, 4004-4006 (1989), *aff'd Public Service Commission of Maryland v. FCC*, 909 F.2d 1510 (D.C. Cir. 1990); *Detariffing of Billing and Collection Services*, Report and Order, 102 F.C.C.2d 1150, 1169-71 (1986) (*Detariffing Order*).

[19] GVNW is aware that some large ILECs have recently terminated B&C relationships with abusive third parties. For example, the November 5, 1998, *TR Daily, " BOCs Halt Billing for Third-Party Provider"*, mentioned that several RBOCs were discontinuing their B&C relationships with Quintel Communications. Not withstanding the apparent ability to terminate B&C relationships in certain situations, small companies may need, for economic reasons, to terminate third party billing in broader circumstances.

Commission must address, as part of this proceeding, the issue of ILEC obligations regarding billing for third parties.

In the NPRM, the Commission indicates that a carrier's provision of B&C services for an unaffiliated carrier is not subject to regulation as a common carrier service under Title II of the Act.[20] However, the Commission indicates third party billing by ILECs may be subject to the Commission's ancillary jurisdiction pursuant to Title I of the Act. [21] In a related matter, the Commission is evaluating whether to initiate a proceeding with respect to ILEC obligations to provide B&C services to third parties. On May 9, 1997, MCI filed a Petition for Rulemaking (*MCI Petition*) with the Commission requesting a proceeding to formulate rules governing the provision of B&C for what it called "non-subscribed services." On June 25, 1997 the Commission released a public notice seeking comments regarding the *MCI Petition.*[22] The MCI Petition generated significant interest, as twenty-nine parties filed comments and fifteen parties filed reply comments.

In its petition, MCI described "non-subscribed services" as comprising "...collect services, long-distance service charged to "joint use" calling cards offered by Bell Operating Companies ("BOCs"), toll calls billed to third-party billing numbers, 900 services, and long-distance service offered through 10XXX [1010XXX] access..."[23] These types of calls are often called "casual" calls by the industry, with the related ILEC

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20 NPRM at ¶ 12

21 Id. at ¶ 12.

22 Public Notice, *MCI Telecommunications Corporation Files Petition for Rulemaking Regarding Local Exchange Company Requirements for Billing and Collection of Non-Subscribed Services,* RM No. 9108, DA-1328 (rel. June 25, 1997).

23 *MCI Petition* at page 1.

B&C services called "casual B&C." In the *MCI Petition*, MCI proposed that the Commission adopt a nondiscrimination safeguard for B&C for non-subscribed services under the Commission's Title I jurisdiction and in response to requirements of Section 272 of the Communications Act, as amended by the Telecommunications Act of 1996.[24]

An additional area that may benefit from clarification by the Commission regards whether third party B&C is an operational support system ("OSS") or unbundled network element ("UNE") subject to the ILEC's duty to provide nondiscriminatory access to network elements on an unbundled basis.[25] It may be axiomatic that B&C is not an OSS or UNE, however, discussions involving B&C often include an assertion by one or more parties that B&C is an OSS. The Communications Act definition of network element refers to "information sufficient for B&C",[26] not billing itself. In *the Interconnection Order,*[27] the Commission described billing with respect to OSSs as involving "the provision of appropriate usage data by one ILEC to another to facilitate customer billing with attendant acknowledgments and status reports. It also involves the exchange of information between ILECs to process claims and adjustments."[28] Moreover, the

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24 Id. at pages 11-13.

25 47 U.S.C.§ 251(c)(3)

26 47 U.S.C. § 153(29). The full definition is as follows: "NETWORK ELEMENT. The term "network element" means a facility or equipment used in the provision of a telecommunications service. Such term also includes features, functions, and capabilities that are provided by means of such facility or equipment, including subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of a telecommunications service."

27 *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, 11 FCC Rcd 15499 (1996), Order on Reconsideration, CC Docket No. 96-98, 11 FCC Rcd 13042 (1996), *vacated in part sub. nom. Iowa Utils Bd. v. FCC,* 120 F.3d753 (8th Cir. 1997), cert. granted sub. nom. AT&T Corp. v. Iowa Utils. Bd., 118 S.Ct. 879 (1998).

28 *Interconnection Order* at ¶ 514 (Footnote 1247).

Interconnection Order discussions did not include the term "billing and collection," the precise language traditionally used by the Commission in reference to ILEC billing for third parties. To the extent some parties consider B&C to be an OSS or UNE, GVNW respectfully requests the Commission provide clarification that B&C is not an OSS or UNE.

The types of third party practices bringing us to the instant proceeding appear to belie MCI's position, in support of a nondiscrimination standard, that "no harm or unwarranted burden is placed on the ILECs in providing billing and collection services..."[29] ILECs need to have the option to avoid, through partial or total elimination of third party billing, both the direct economic burdens associated with third party B&C and the indirect economic effects brought about by customer association of ILECs with unscrupulous third parties. To that end, GVNW recommends that the Commission take up the issues raised in the MCI Petition and affirmatively establish the right of ILECs to decline billing for third parties. GVNW respectfully requests that the Commission provide, in the instant proceeding, clear guidance regarding what duties ILECs may have, if any, to provide B&C for third parties.

7. Geographical Deaveraging of Interexchange Services Should not be Allowed

The commission posed the question "Should carriers include the exact cost of PICC and universal service obligations incurred as a result of serving that customer?"[30] GVNW believes it would be contrary to the Communications Act[31] to allow the

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29 *MCI Petition* at page 13.

30 *MCI Petition* at page 13.

31 The Communications Act of 1934 as Amended by the Telecommunications Act of 1996 Section

interexchange carriers to recover any portion of the access charges they pay to the exchange carriers through charges that are geographically deaveraged. This would be particularly true if these deaveraged charges result in the subscribers in the rural and high cost areas paying more than the subscribers in the urban areas. The Commission has a long well established policy of supporting geographic rate averaging.

> Geographic rate averaging redounds to the benefit of rural ratepayers, and customers of high cost local exchange carriers: First, geographic rate averaging ensures that interexchange rates for rural areas, or areas served by high cost companies, will not reflect the disproportionate burdens that may be associated with common line recovery costs in these areas. [32]

The 1996 legislation added Section 254(g) to the Act, mandating rate averaging between states and also between urban and rural and high cost areas. Pursuant to the requirement under Section 254(g), the FCC adopted new Part 64 Subpart R in its *Rate Averaging and Rate Integration Order*, to specifically establish the parameter that rates charged by providers of interexchange telecommunications services to subscribers in rural and high-cost areas shall be no higher than the rates charged by each such provider to its subscribers in urban areas.[33]

Currently, the rate-of-return Local Exchange Carriers (LECs) do not charge Presubscribed Interexchange Carrier Charges (PICCs). Should the Commission adopt an access rate structure for the rate-of-return companies that is the same as the price cap

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254(g) provides "the Commission shall adopt rules to require that the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged by each such provider to its subscribers in urban areas."

[32] *In re Policy and Rules Concerning Rates for Dominant Carriers*, Report and Order and Second Further Notice of Proposed Rulemaking, 4 FCC Rcd 2873, 3132 (1989) (*AT&T Price Cap Order*).

[33] 47 C.F.R. § 64.1801 (a)

companies, the Commission would need to establish procedures that would prevent the rates for the rural and high cost LECs from exceeding the rates for the price cap companies who serve urban areas.

GVNW believes it would set a bad precedent to require the IXCs to take a portion of their access costs and recover them through geographically deaveraged rates. Effectively, a precedent such as this would not meet with the goals of universal service nor the policies of geographic averaging which the Commission has long supported. It could set the groundwork for arguing that additives to toll for the per minute rates the IXCs pay for switching, transport and carrier common line should be implemented.

Conclusion

In prescribing rules with respect to bill format and content associated with billing for third parties, the Commission should be careful not to place significant burdens on small ILECs. The possibility of further erosion or increased losses associated with interstate B&C means many ILECs may consider partial or complete abandonment of third party B&C. As part of this proceeding, the Commission needs to clarify ILEC responsibilities to third parties for the provision of B&C. No matter how billed, operational and financial burdens related to third party billing should reside with the third parties, not ILECs.

Respectfully Submitted

GVNW Inc./Management

by Kenneth T. Burchett

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