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

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OFFICE OF THE SECRETARY

In the Matter of)
)
Federal-State Joint Board)
on Universal Service)
_____)

CC Docket No. 96-45
DA No. 98-2410

**AT&T REPLY COMMENTS ON
JOINT BOARD SECOND RECOMMENDED DECISION**

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SUMMARY

The commenters generally recognize that the Joint Board's Second Recommended Decision is a major step forward in the effort to design a new federal universal service system that maintains support at appropriate levels.

As shown in Section I, there is widespread agreement that the Commission should adopt those portions of the Joint Board's recommendation designed to keep federal universal service support at reasonable levels. For example, commenters support the Joint Board's recommendation, which was initially adopted by the Commission, to base federal universal service support on a forward-looking economic cost model. The commenters demonstrate that such an approach will keep the federal USF at manageable levels, will provide appropriate incentives for new entrants, and will avoid rewarding carriers that operate inefficiently. As a result, the commenters generally agree that the Commission should reject USTA's "alternative proposal," in which the Commission would simply convert all of the revenues the LECs currently receive from the Presubscribed Interexchange Carrier Charge ("PICC") and the Carrier Common Line Charge ("CCLC") into universal service funding. USTA's blatant reliance on embedded costs is flatly at odds not only with the 1996 Act, but with the Commission's policy previously adopted in the universal service, access reform, and local competition dockets.

Many commenters support other aspects of the Joint Board's recommendations that would keep universal service funding at manageable levels. Accordingly, many commenters agree that universal service support should be calculated on a study area basis, rather than

on a wire center basis, because the wire center approach would only provide the LECs with an unwarranted windfall. Moreover, as AT&T has previously shown, the major LECs do not need any federal universal service support at all, and a strict “hold harmless” approach -- which guarantees carriers at least the same amount of support as they currently receive -- would also provide a windfall to those carriers. Accordingly, the Commission should withhold support from the major LECs and adopt on a transitional basis a hold harmless rule for other non-rural LECs, in which the difference between the support under the current system and the new system is phased out over a period of years

Section II demonstrates that the Commission should adopt some, but not all, of the Joint Board’s recommendations concerning the assessment and recovery of USF contributions. Specifically, most commenters agree with the Joint Board and AT&T that the Commission should include both interstate and intrastate telecommunications revenues in the assessment base for the high cost and low-income components of the USF. The Commission has already correctly decided that it has jurisdiction to assess intrastate revenues, contrary to the arguments of a few commenters.

The commenters also generally agree that, if the Commission decides to assess contributions for the federal USF on the basis of total revenues, it similarly should permit states, to the extent they create state USFs, to assess contributions for state USFs on the basis of total revenues. This approach will ameliorate the impact of a smaller federal USF on any given state, and will tend to minimize the high cost funding burden on a state’s intrastate services.

The overwhelming majority of commenters addressing the issue also believe that the Commission should not adopt the Joint Board's proposal to prevent carriers from assessing line item charges that exceed their universal service assessment rates. The proposed rule would interfere with the needs of carriers to recover uncollectible amounts associated with their USF obligations, would unnecessarily preclude IXCs from recovering certain USF costs that they incur through their indirect funding of ILECs, and would prevent carriers with declining revenues from recovering their USF obligations. Further, the Joint Board's principal rationale for its proposed rule -- the potential abuse of "market power" -- is simply inapplicable to the competitive long distance industry.

Finally, the overwhelming majority of commenters agree with AT&T that the Commission should decline the Joint Board's invitation to restrict carrier-customer communications. Existing market forces provide reputable carriers with ample incentives to communicate truthfully and in a non-misleading manner with their customers, and, in any event, it is preferable for the Commission to exercise its enforcement authority under Section 201(b) to punish carriers on an individual basis, rather than to micromanage the billing practices of all interstate carriers. If these forces prove insufficient over time, voluntary guidelines can be developed through industry forums. The few commenters that appear to support the adoption of "strict" regulations simply fail to consider or address other alternatives, and thus fail to justify the draconian remedies that they endorse.

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**AT&T REPLY COMMENTS ON
JOINT BOARD SECOND RECOMMENDED DECISION**

Pursuant to the Commission's Public Notice released November 25, 1998 (DA 98-2410), AT&T Corp. ("AT&T") hereby submits these reply comments on the Joint Board's Second Recommended Decision, FCC 98J-7, released November 25, 1998, in the above-captioned docket.

The commenters generally recognize that the Joint Board's Second Recommended Decision is a major step forward in the effort to design a new federal universal service system that maintains support at appropriate levels.¹ Further, the commenters generally agree that the Joint Board correctly determined that a forward-looking economic cost methodology should be used to calculate USF support. As a result, there is wide agreement among the commenters that USTA's "alternative proposal," which bases support on embedded costs, should be rejected by the Commission. The commenters also agree with the Joint Board that costs should be calculated at the study area level in order to maintain support at current levels, and a number of commenters recognize that a strict "hold harmless" rule is

¹ A list of the parties filing comments is attached as Appendix A.

inappropriate.

Similarly, the majority of commenters agree that high cost support should be simultaneously assessed and recovered from end-users on the basis of total interstate and intrastate revenues because such an approach is administratively simpler and eliminates incentives that would otherwise exist to misclassify revenues to avoid universal service assessments. The commenters also generally oppose restrictions on the ability of carriers to design their own recovery mechanisms, and demonstrate that the Joint Board's recommendations, if adopted, would not allow carriers to recover all of their USF costs. Finally, the commenters overwhelmingly oppose restrictions on the ability of carriers to communicate with their customers concerning USF funding obligations. As the commenters show, market forces and selective enforcement will encourage carriers to provide truthful and non-misleading information concerning these obligations, and there is thus no compelling reason for the Commission to micromanage the billing practices of all interstate carriers.

I. THE COMMENTERS SUPPORT THE JOINT BOARD'S RECOMMENDATIONS CONCERNING THE SIZE AND SCOPE OF THE UNIVERSAL SERVICE MECHANISMS.

The Joint Board recognized that the new federal universal service support mechanisms should not be significantly larger than the current ones, and the majority of commenters agree. Thus, most commenters support the Joint Board's recommendations that will keep the federal USF at manageable levels such as use of a forward-looking economic cost methodology, calculation of support on a study area (rather than a wire center) basis, and reduction of support to the major LECs that no longer need it. The only dissenters are USTA

and a few of the LECs (GTE, BellSouth, SBC and U S WEST), who continue to press USTA's discredited alternative proposal.

A. The Commenters Support The Joint Board's Recommendation That The Commission Base The Federal Universal Service Mechanisms On Forward-Looking Economic Cost.

A number of commenters support the Joint Board's recommendation, which was initially adopted by the Commission, that federal universal service support should be based on a forward-looking economic cost model. Second Recommended Decision, ¶¶ 27-29; MCI WorldCom at 9; Sprint at 3-4; CompTel at 2-3; California at 2. For example, California (at 2) specifically endorses the Joint Board's recommendation that the federal mechanisms should "rely on a forward-looking cost methodology that maintains the level of the federal high cost fund at or near the existing funding level." Other commenters reiterate that universal service funding should be based on the costs of an efficient carrier, both to provide appropriate incentives for new entrants and to avoid rewarding inefficient carriers. See, e.g., MCI WorldCom at 10-11; see also Federal-State Joint Board on Universal Service, Report and Order, 12 FCC Rcd. 8776, 8899-8901 (¶¶ 224-29) (1997) ("Universal Service Order").

In that regard, the Commission should reject USTA's alternative proposal, in which the Commission would simply convert all of the revenues the LECs currently receive from the Presubscribed Interexchange Carrier Charge ("PICC") and the Carrier Common Line Charge ("CCLC") into universal service funding. This alternative would completely undermine the forward-looking economic cost approach recommended by the Joint Board. See USTA at 2-4; BellSouth at 3; SBC at 3; GTE at 3-4.

Indeed, although the USTA proposal is riddled with innumerable flaws, the most fundamental flaw is its blatant reliance on embedded costs, rather than forward-looking economic costs, as the basis for determining the support implicit in access charges that should be made explicit. The PICC and the CCLC were never designed to be cost-based universal service subsidies, and certainly not subsidies based on forward-looking economic cost. USTA simply assumes, without any foundation, that the PICC and CCLC contain only legitimate universal service costs and no above-cost windfall. But there is no basis for such an assumption, and indeed, the Commission has elsewhere adopted mechanisms designed to subject those rate elements to competition precisely because they exceed the legitimate costs of access and universal service. See Access Charge Reform, First Report and Order, 12 FCC Rcd. 15982 (1997), aff'd sub nom. Southwestern Bell Tel. Co. v. FCC, 153 F.3d 520 (8th Cir. 1998). Shifting the entirety of these revenues into the USF, windfall and all, would simply protect these revenues from competitive forces and eliminate the possibility -- on which the Commission's "market-based" approach to access reform is founded -- that new entrants could reduce access charges to cost-based levels by competing away those windfalls.² In short, USTA's proposal is flatly at odds not only with the 1996 Act but with Commission policy previously adopted in the universal service, access reform, and local

² GTE would not limit the new USF to revenues from the PICC and the CCLC, but would also transfer windfalls resident in its other traffic sensitive rates to the USF as well. See GTE at 3-4. Thus, GTE would have the USF grow to an astounding \$5.9 billion -- even more than the \$4.3 billion embodied in the USTA proposal, which is limited to common line rates. See id.; see also MCI WorldCom at 3 n.1.

competition dockets.³

Although SBC feebly protests that the Commission should not use forward-looking cost models because a final model has not yet been chosen, SBC offers no reason to think that a model cannot be completed according to the timetable already established by the Commission.⁴ The Commission should stay the course, complete its work on the HCPM model, and use that forward-looking cost model both to size the funding mechanisms and to determine the amount of the implicit support that should be made explicit.

B. The Commission Should Adopt Other Reasonable Steps Recommended By The Joint Board To Keep The Size Of The USF Manageable.

Many commenters also agree with the Joint Board that the USF should “only be as large as necessary,” and especially, that “current circumstances [do not] warrant a high cost support mechanism that results in a significantly larger federal support amount than exists today.” Second Recommended Decision, ¶¶ 47, 49; see, e.g., Bell Atlantic at 3-5; Ameritech at 4-6; California at 2. To that end, the Joint Board has offered a number of constructive proposals that would keep the size of the USF from spinning out of control, and the

³ For a more complete rebuttal to USTA’s proposal, see Letter from Bruce K. Cox to Magalie Roman Salas, dated November 5, 1998 (“Cox Letter”). Another insidious feature of the USTA proposal, echoed here by GTE (at 25-26), is that, while embedded costs would be used to size the universal service support mechanisms, forward-looking cost studies would be used to direct subsidies to areas with higher relative costs -- i.e., areas where the embedded windfalls would be most protected from competitive entry. See Cox Letter at 3-4.

⁴ If for any reason a cost model cannot be completed according to the current timetable, the Commission should simply continue the present system for an interim period, just as it did when it extended the implementation date from January 1, 1999 to July 1, 1999. Under no circumstances should the Commission amend the Part 36 separations rules during such an interim period, as suggested by the Colorado PUC (at 2).

commenters generally support such measures.

In particular, the commenters support the Joint Board's recommendation that universal service support be calculated on a study areas basis, rather than on a wire center basis. See, e.g., CompTel at 2-3; Bell Atlantic at 5; Ameritech at 5. As the commenters appropriately recognize, calculation of support at the wire center level would cause the size of the USF to explode. E.g., CompTel at 3. Because current levels of support are fully sufficient to ensure universal service, such a dramatic increase would constitute a pure, unwarranted windfall to the LECs. To be sure, as the Joint Board recognized, once significant competition develops in the local exchange market, it may become appropriate to disaggregate universal service support and calculate support on a basis smaller than a study area.⁵ Until such competition develops, however, there is nothing to be gained by calculating universal service support on the most granular basis possible, with the result that incumbent LECs get a gigantic windfall.

Similarly, as AT&T has previously shown, the major LECs (the RBOCs and GTE) do not need any federal universal service support at all. See AT&T Comments on Proposed Methods for Determining High Cost Support at 5-7, Federal-State Joint Board on Universal Service (filed May 15, 1998). A number of commenters echo AT&T's concerns. Indeed, a number of commenters oppose the Joint Board's recommendation that all carriers be "held harmless" under the new system (i.e., that all carriers should receive at least the same amount of support as they do from current mechanisms). See, e.g., California at 6; Ohio Commission

⁵ Moreover, as CompTel notes (at 3), states invariably establish statewide prices for unbundled network elements ("UNEs"); in the absence of disaggregated UNE rates, disaggregated universal service support would simply invite arbitrage.

at 4-5; Bell Atlantic at 5; MCI WorldCom at 17. As the Ohio Commission notes, holding carriers harmless even though the cost models show that their support should decrease would violate the basic principles of the Universal Service Order, in which the Commission found that universal service subsidies should not reward carriers for inefficient operations. Ohio Commission at 5. Therefore, the Commission should withhold support from the major LECs, and in no event should the Commission, under the guise of a hold harmless approach, provide to these carriers greater support than that required by measuring the need for such support on a forward-looking economic cost basis at the study area level. The Commission should adopt a hold-harmless rule for other non-rural LECs only on a transitional basis, in which the difference between the support under the current system and the new system is phased out over a period of years. See Ameritech at 5 n.12; MCI WorldCom at 17.⁶

II. THE COMMISSION SHOULD ADOPT SOME, BUT NOT ALL, OF THE JOINT BOARD'S RECOMMENDATIONS CONCERNING THE ASSESSMENT AND RECOVERY OF USF CONTRIBUTIONS.

A. Federal Contributions Should Be Assessed On The Basis Of Both Interstate And Intrastate Revenues.

The Joint Board recommended that the Commission include both interstate and intrastate telecommunications revenues in the assessment base for the high cost and low-income components of the USF, rather than confining the assessment solely to interstate

⁶ As AT&T noted in its Comments (at 3-4), the Joint Board correctly recommended that the Commission use a single national cost model, rather than adopting state cost studies. As the ICC suggests (at 2-3), however, to the extent that a previously-submitted state study demonstrates that a carrier should receive less support than it would otherwise receive under the new federal system, the Commission should, at the election of the state, calculate support based on the state study.

revenues. Second Recommended Decision, ¶¶ 62-63. AT&T agreed with this conclusion (at 6), and noted that assessing total revenues would have several important benefits: (i) it would broaden the contribution base for the USF, and thereby lower the assessment rates needed to support the fund; (ii) it would avoid imposing additional burdens on certain carriers, such as wireless carriers, that do not separate revenues for regulatory and business purposes; and (iii) it would eliminate incentives for carriers to minimize their USF assessments by misclassifying revenues.⁷

Numerous commenters agree with the Joint Board and AT&T on this issue. See GTE at 30; BellSouth at 9; U S WEST at 15; RTC at 16; USTA at 11; Sprint at 14 (expressing agreement so long as ILECs are not allowed to pass their contributions onto IXC's through access charges). These commenters echo the reasoning provided by the Joint Board, and further note that assessing contributions on the basis of total revenues is desirable because “[a] non-jurisdictional contribution measurement . . . parallels the non-jurisdictional measurements, based on unseparated cost information, used to determine the extent to which an individual ILEC’s costs are above a national benchmark,” RTC at 15-16, and because it “provides the most equitable and competitively neutral assessment mechanism given the increasing blur between interstate and intrastate revenues,” BellSouth at 9.

The few commenters that oppose the Joint Board’s recommendation argue that it should be rejected because “the Commission does not have the authority under the Act to

⁷ The Joint Board also noted that assessing rates on total revenues would make it easier for carriers “to allocate the revenues associated with packages, or bundles, of services that include both intrastate and interstate components.” Second Recommended Decision, ¶ 63.

assess intrastate revenues.” Bell Atlantic at 7; see also ICC at 5; California at 8. The Commission already (and properly) has rejected this argument. Universal Service Order, ¶¶ 807, 813-23.⁸ Indeed, the Commission already has determined that universal support mechanisms for schools and libraries and rural health care providers will be funded based on both intrastate and interstate revenues, id. ¶ 837, and has recognized that the “majority [of] state members of the Joint Board recommended that all of the universal service mechanisms be supported ‘through an assessment on the interstate and intrastate revenues of interstate telecommunications carriers,’” id. ¶ 812 (emphasis added).

The few opposing commenters also suggest that assessing rates based on total revenues would “violate the principle of competitive neutrality” because “[a] carrier with no interstate revenues at all would be subject to assessment only by the states while its competitor that has both interstate and intrastate revenues, no matter how small an amount, would be subject to double-taxation based on all of its end user revenue.” See Bell Atlantic at 10; see also ICC at 5; California at 10. The Commission also has rejected this argument, noting that it misinterprets that Act’s direction that contributions be “equitable and nondiscriminatory.” Universal Service Order, ¶ 839 (quoting 47 U.S.C. § 254(b)(4)). As the Commission has recognized, “[e]quitable’ does not mean ‘equal,’” and there is nothing inequitable about “calculating contributions the same for all competitors competing in the same market segment.” Id. Although a provider of interstate and intrastate services may pay

⁸ The Commission’s determination is being reviewed by the Fifth Circuit. See Texas Office of Public Utility Counsel v. FCC, No. 97-60421 (5th Cir.).

a greater contribution than a provider of solely intrastate services, the provider of interstate and intrastate services would pay a contribution according to the same formula as other providers of interstate and intrastate services. See id. Because all similarly situated providers are treated in the same manner, there is nothing discriminatory about this outcome. See id.

B. The States Should Be Allowed To Assess Contributions On The Basis Of Interstate And Intrastate Revenues.

The Joint Board further recommended that, if the Commission decided to assess contributions for the federal USF on the basis of interstate and intrastate revenues, it similarly should permit states, to the extent they create USFs, to assess contributions for state USFs on the basis of total revenues. Second Recommended Decision, ¶ 63. AT&T's Comments expressed agreement with this conclusion,⁹ noting that assessing total revenues would ameliorate the impact of a smaller federal USF on any given state, and would tend to minimize the high cost funding burden on a state's intrastate services. AT&T at 7.

The majority of commenters that addressed this issue agree with the Joint Board and AT&T, noting that a contrary result would violate the principle of competitive neutrality. See Ameritech at 10; see also GTE at 30-31; U S WEST at 15; BellSouth at 9 n.16. But see Bell Atlantic at 8; California at 8-9. The minority opposition suggests that the Joint Board's

⁹ AT&T's Comments noted that if states are allowed to assess state USF support on the basis of total revenues, the state should reduce its intrastate access charges by a corresponding amount. AT&T at 7. If the state fails to reduce intrastate access charges, the Commission should reduce interstate access charges by a corresponding amount. Similarly, any increases to the federal USF should be offset by commensurate interstate access charge reductions. Id. at n.9.

recommended approach violates the Act, which allegedly permits the Commission to assess contributions only on the basis of interstate services, and the States to assess contributions only on the basis of intrastate services. See Bell Atlantic at 8. As discussed above, this jurisdictional argument already has been rejected by the Commission, and properly so. See also Universal Service Order, ¶ 823 (rejecting the argument that the Act “divides the world into two spheres”).

In addition, California’s suggestion that AT&T Communications of the Mountain States, Inc. v. Public Service Commission, 625 F. Supp. 1204 (D. Wyo. 1985), creates an “uncertainty” as to whether states may lawfully assess contributions on the basis of interstate revenues, California at 9-10, is ill-conceived. That case merely stands for the proposition that the Commission’s jurisdiction over interstate matters is exclusive absent a clear, express deferral to the states. See id. at 1208. Nothing in that case prevents the Commission from granting states the authority to assess state USF contributions on the basis of interstate revenues -- the exact result recommended by the Joint Board, AT&T, and the majority of commenters.

C. The Commission Should Not Adopt The Joint Board’s Proposal To Prevent Carriers From Assessing Line Item Charges That Exceed Their Universal Service Assessment Rates.

The Joint Board further recommended that “the Commission give careful consideration to a rule that provides that, for carriers that choose to pass through a line item charge to consumers, the line item assessment be no greater than the carrier’s universal service assessment rate.” Second Recommended Decision, ¶ 69. As AT&T showed,

however, the proposed rule would interfere with the needs of carriers to recover uncollectible amounts associated with their USF obligations, and would prevent carriers with declining revenues from recovering their USF obligations. AT&T at 9-10.

The overwhelming majority of commenters that addressed this issue agree with AT&T. See Sprint at 19-21; MCI WorldCom at 18; CompTel at 7; AirTouch at 2-3; PCIA at 4. These commenters demonstrate that the Joint Board's proposed rule ignores the fact that "the percentage recovery surcharge must always exceed the percentage contribution rates" as long as the Commission "requires USF contributions to be made on a broader base of revenues than it allows them to be recovered through." Sprint at 21. Further, the Joint Board's proposed rule would unnecessarily preclude IXCs from recovering certain USF costs that they incur through their indirect funding of ILEC USF costs. Sprint at 21; MCI WorldCom at 18. In addition, the proposed rule fails to account for the fact that, due to uncollectibles, "no carrier receives 100 percent of the revenue it is billed," Sprint at 21. Finally, because the long distance industry is competitive (as the Commission has repeatedly found, see CompTel at 7), the Joint Board's concerns over the potential abuse of "market power" are entirely misplaced. See MCI WorldCom at 19; CompTel at 7.

The two commenters that support the Joint Board's proposed rule do not provide any persuasive rationale for its adoption. See GTE at 32; GSA at 15. GTE merely claims that the rule is "reasonable," but fails to offer any explanation as to why. See GTE at 32. GSA, on the other hand, relies on the same erroneous rationale advanced by the Joint Board -- that IXCs may abuse their "market power" in the absence of the proposed rule. See GSA at 15.

Because the long distance market is, in fact, competitive, “[t]he Commission can and should rely upon market forces to ensure that carriers allocate universal service costs among their customers in a just and reasonable manner.” CompTel at 7.

D. The Commission Should Decline The Joint Board’s Invitation To Restrict Carrier-Customer Communications.

The Joint Board also recommended that, in the interests of ensuring truthful communications between carriers and their customers, the Commission prohibit carriers from characterizing their USF funding obligation as a “tax” or “federally mandated,” and that the Commission consider standard nomenclature such as “Federal Carrier Universal Service Contribution” to describe line-items on consumer bills. Second Recommended Decision, ¶¶ 68-70, 72. AT&T’s Comments expressed concern with these proposals, noting that (i) existing market forces provide reputable carriers with ample incentives to communicate truthfully and in a non-misleading manner with their customers; (ii) it is preferable for the Commission to exercise its enforcement authority under Section 201(b) to punish the few unscrupulous carriers that may fail to provide truthful and non-misleading information, rather than to micromanage the billing practices of *all* interstate carriers; and (iii) to the extent billing guidelines are desirable, they should be established through industry forums that would include all relevant service providers. AT&T at 8.¹⁰

The overwhelming majority of commenters agree with AT&T. See Sprint at 18 (“it

¹⁰ AT&T’s Comments also demonstrated that the Joint Board’s concerns would be resolved if the Commission were to adopt a simultaneous assessment and recovery mechanism that would be assessed against carriers’ retail services and collected by carriers from their retail customers. AT&T at 9.

is far better to ‘punish the guilty’ than to impose new layers of regulation on the whole industry”); MCI WorldCom at 21 (“there is no need for the Commission to consider micro-managing the billing statements generated by competitive carriers”); DCC at 3 (“mandatory universal service billing language would be costly and administratively burdensome with little or no countervailing public interest benefit”); CompTel at 7-8 (the Board’s recommendations would “dramatically increase . . . billing costs” and “engender more confusion”) (internal quotation omitted); USTA at 12 (prescriptive rules “would inhibit a carrier’s ability to respond quickly to changing customer needs”); AirTouch at 4 (“the recommended requirements do not further either the goal of bill clarity or lower prices”); U S WEST at 15-16.

The few commenters that appear to support the adoption of “strict” regulations, see GSA at 14 -17; ICC at 4; RTC at 24-25, fail to recognize that strict, industry-wide, Commission-mandated regulations are not the only, and certainly are not the most desirable, means of addressing the concerns raised by untruthful or misleading billing charge descriptions. The competitive marketplace will push carriers to provide truthful information and to remedy consumer confusion, and selective punishment of transgressors can provide additional deterrence while affording other carriers the flexibility to meet their customers’ evolving needs. If these forces prove insufficient over time, voluntary guidelines can be developed through industry forums. The opponents fail to consider or address these other alternatives, and thus fail to justify the draconian remedies that they endorse.

In any event, this issue is pending before the Commission in the Truth-In-Billing

Proceeding, CC Docket No. 98-170, and should be resolved based on the record developed in that proceeding.

CONCLUSION

For the reasons stated above, the Commission should adopt the Second Recommended Decision, except as noted above.

Respectfully submitted,

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January 13, 1999

**LIST OF COMMENTERS
CC Docket No. 96-45, DA 98-2410
December 23, 1998**

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Arkansas Public Service Commission, Kansas Corporation Commission, Maine Public Utilities Commission, Montana Public Service Commission, New Hampshire Public Utilities Commission, New Mexico Public Utility Commission, Vermont Public Service Board, and West Virginia Public Service Commission (the "Rural States")

AT&T Corp. ("AT&T")

Bell Atlantic Telephone Companies ("Bell Atlantic")

BellSouth Corporation ("BellSouth")

Trustees of Boston University ("Boston University")

Colorado Public Utilities Commission ("Colorado PUC")

People of the State of California and the Public Utilities Commission of the State of California ("California" or "CPUC")

Competitive Telecommunications Association ("CompTel")

Dobson Communications Corporation ("DCC")

General Services Administration ("GSA")

GTE Service Corporation ("GTE")

Harris, Skrivan & Associates LLC ("HSA")

Illinois Commerce Commission ("ICC")

ITCs, Inc. ("ITCs")

Kentucky Public Service Commission ("Kentucky PSC")

Commonwealth of Massachusetts Department of Telecommunications and Energy ("MDTE")

APPENDIX A

MCI WorldCom, Inc. ("MCI WorldCom")

National Exchange Carrier Association, Inc. ("NECA")

New York State Department of Public Service ("NYDPS")

Public Utilities Commission of Ohio
("Ohio Commission")

Personal Communications Industry Association ("PCIA")

Puerto Rico Telephone Company ("PRTC")

Rural Telephone Coalition ("RTC")

SBC Communications, Inc. ("SBC")

Sprint Corporation ("Sprint")

Telecommunications Resellers Association ("TRA")

United States Telephone Association ("USTA")

U S WEST Communications, Inc. ("U S WEST")

Western Wireless Corporation ("Western Wireless")

Wyoming Public Service Commission ("WPSC")

CERTIFICATE OF SERVICE

I, James P. Young, do hereby certify that on this 13th day of January, 1999, a copy of the foregoing "AT&T Reply Comments on Second Joint Board Recommended Decision" was served via U.S. first class mail, postage prepaid, to the parties on the attached Service List.

/s/ James P. Young
James P. Young

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