

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

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FEDERAL COMMUNICATIONS COMMISSION  
 OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Access Charge Reform	)	CC Docket No. 96-262
	)	
Price Cap Performance Review for Local Exchange Carriers	)	CC Docket No. 94-1
	)	
Low-Volume Long Distance Users	)	CC Docket No. 99-249
	)	
Federal-State Joint Board On Universal Service	)	CC Docket No. 96-45
	)	
	)	

REPLY COMMENTS OF ONE CALL COMMUNICATIONS, INC.

One Call Communications, Inc. d/b/a Opticom ("Opticom"), through its undersigned counsel, hereby replies to the initial comments filed in response to the Notice of Proposed Rulemaking released by the Commission in the above-captioned dockets concerning the interstate universal service and access reform plan ("Proposal") submitted by the Coalition for Affordable Local and Long Distance Services ("CALLS" or "Coalition").<sup>1</sup> In its initial comments, Opticom urged the Commission, in the event that it adopts the CALLS Proposal, to apply, in the case of payphones, the common line cost recovery mechanism set forth in the CALLS Proposal for Single Line Business ("SLB") subscriber lines. Under such a treatment, the presubscribed interexchange carrier charge ("PICC") now assessed on payphone lines would be folded into the subscriber line charge ("SLC") applicable thereto. Opticom explained that such a common line cost recovery mechanism for payphones would address, in a manner consistent with the economic cost recovery goals of the *Access Charge Reform Order*<sup>2</sup> and the CALLS Proposal, all of the anomalies that have arisen from the application of the PICC to payphones.

<sup>1</sup> *Access Charge Reform*, CC Docket No. 96-262, Notice of Proposed Rulemaking, FCC 99-235 (Sept. 15, 1999)("CALLS NPRM").

<sup>2</sup> See *Access Charge Reform*, 12 FCC Rcd 15982 (1997).

As Opticom explained, because of the unique nature of the payphone market, the PICC cost recovery assumptions underlying the *Access Charge Reform Order* -- in which the presubscribed interexchange carrier ("PIC") recovers the PICC from its subscriber, or where there is no PIC, in which the PICC is imposed on the subscriber directly -- have no application or relevance to the payphone context. Accordingly, the CALLS rationale for combining the SLB SLC and PICC into a new SLB SLC -- that it would recover SLB common line costs directly from the cost causer -- applies with even greater force to payphone lines, since the payphone PICC currently is even less likely to be borne ultimately by the cost causer than the PICC for other types of subscriber lines. Opticom concluded that such an approach would not alter the CALLS Proposal in any material fashion, would be consistent with current access charge rules and would further the Commission's and Coalition's shared goal of recovering costs in an economically rational manner.

One other party, Operator Communications, Inc., d/b/a Oncor Communications, Inc. ("Oncor") also commented on the application of the CALLS Proposal to payphones. Oncor agrees with Opticom that the PICC now assessed against payphone PICs should be folded into the SLC imposed on payphone lines, in the manner proposed by CALLS for SLB lines.<sup>3</sup> As Oncor points out, folding the PICC now assessed against payphone PICs into the SLC imposed on payphone providers comports with principles of cost causation, since it is the payphone provider that has caused the local exchange carrier to install the local loop serving the payphone. Moreover, a payphone 0+ PIC, unlike the typical PIC, carries only a fraction of the long distance calls at any given payphone and thus does not benefit substantially from the provision of such service. Continued imposition of the PICC on payphone 0+ PICs will cause many such carriers to cease providing service, thereby decreasing the availability of payphone 0+ service.<sup>4</sup>

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<sup>3</sup> It should be noted that while Oncor specifies that the PICC that is folded into the SLC assessed on payphones should be equivalent to the SLB PICC rate, Opticom takes no position as to the level of the new SLC to be imposed on payphones.

<sup>4</sup> Oncor Comments at 6-9. (All initial comments filed in the above-captioned proceedings in response to the CALLS NPRM will be cited in this abbreviated fashion.)

Furthermore, payphones resemble SLB lines more closely than they do Multiline Business (“MLB”) lines, and the Commission has not addressed the issue of whether payphones should be treated like SLB or MLB lines for purposes of assessing the PICC. The only regulatory agency that has addressed that issue, the Michigan Public Service Commission, has found that payphones should be subject to the intrastate PICC at the SLB, rather than the MLB, rate, on account of their similarity to SLB lines.<sup>5</sup>

Although Oncor was the only other party to discuss the application of the CALLS Proposal to payphones, other comments are also instructive because the parallel policy concerns they raise as to the PICC apply with so much greater force to payphones. For example, several parties argued that all PICCs, not just SLB PICCs, should be folded into the SLC assessed on each subscriber line, since the principles of cost causation on which the CALLS Proposal is based apply equally to all lines.<sup>6</sup> Other small interexchange carriers (“IXCs”) report that their low long distance call volumes yield insufficient benefits from reduced per-minute access charges to make up for the burden of the PICC. The Telecommunications Resellers Association (“TRA”) and Pathfinder Communications, Inc., for example, point out that the PICC imposes a disproportionate burden on small IXCs serving low volume MLB subscribers generally, thereby distorting competition. They accordingly argue that the PICC should be eliminated and common line costs recovered through the SLC for all types of subscriber lines.<sup>7</sup>

Opticom cites those comments because their reasoning applies even more strongly to payphone PICs, especially 0+ payphone PICs, given that the latter are even less able than other types of carriers to pass through the PICC to the ultimate cost causers. It should be noted that those comments that support the CALLS approach to the PICC without any modifications also do so on economic rationality grounds that apply with even greater force to payphone lines. For example, Intermedia Communications, Inc. observes that folding the SLB PICC into the SLC,

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<sup>5</sup> *Id.* at 5-6 (citing *AT&T Communications of Michigan, Inc. against Ameritech Michigan*, Case No. U-11660, 1998 Mich. PSC LEXIS 279, at \*50-51 (Oct. 26, 1998)).

<sup>6</sup> *See, e.g.*, GSA Comments at 8-9.

<sup>7</sup> Pathfinder Comments at 2-5; TRA Comments at 3-4.

thereby charging local loop costs directly to end users, will more accurately reflect underlying costs and thus establish a more economically rational cost recovery scheme.<sup>8</sup> The importance of treating payphones in the same manner is underscored by AT&T's observation that in most cases, the PICC "for all intents and purposes has functioned as an increase in the SLC."<sup>9</sup> The contrast between the typical situation described by AT&T and payphone PICs, for which the PICC has been a catastrophically non-recoverable burden, underscores how vitally necessary it is to fold the PICC assessed against payphones into the SLC in order to equalize the common line cost recovery burdens of payphone PICs and other IXCs.

Based on the initial comments, it is clear that the pro-competitive cost recovery principles underlying the *Access Charge Reform Order* and the CALLS Proposal would be advanced by applying the SLB common line cost recovery mechanism set forth in the CALLS Proposal to payphones, thereby folding the PICC assessed on those lines into the SLC applicable thereto. There is no conceivable rationale under which the treatment of the SLB PICC set forth in the CALLS Proposal could be adopted by the Commission but not applied to payphones.

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<sup>8</sup> Intermedia Communications Comments at 3-4. *See also* CALLS Comments at 18 (PICCs are an inefficient means of charging for loop use).

<sup>9</sup> AT&T Comments at 8.

Accordingly, Opticom would support the CALLS Proposal if it were applied to payphones in the manner advocated here and in Opticom's initial comments.

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December 3, 1999

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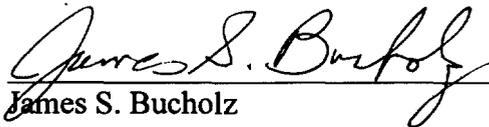
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