

treated in the same manner under the CALLS Proposal for purposes of assessing PICC charges. Under either scenario, PICC charges would not be assessed directly upon presubscribed 0+ carriers serving payphones. OCI supports such a result as necessary to prevent a severe – and potentially devastating -- financial impact on providers of 0+ services from payphones, as well as to avoid substantial harm to the public interest by reducing the availability of public telephones as well as the availability of 0+ Calling Services from payphone locations.

Under the CALLS Proposal, local exchange carriers (“LECs”) would charge end users of residential and single-line business lines a single charge comprised of the Subscriber Line Charge (“SLC”) and the PICC charge. In contrast, under the CALLS Proposal, LECs would assess the SLC on end users of multiline business lines, while assessing the multiline business line PICC charge to the presubscribed interexchange carriers (“IXCs”) of multiline business lines.² The CALLS Proposal does not specifically address whether payphone access lines are to be classified as single line business lines or as multiline business lines for PICC purposes -- a matter not, to date, addressed or resolved by the Commission. However, if payphone lines were to be considered multiline business lines, presubscribed 0+ IXCs serving payphones would be assessed directly the multiline business line PICC charge.³

Under the CALLS Proposal, commencing January 1, 2000, and continuing for one year, the maximum multiline business line PICC rate would be \$4.00 per line (reduced only modestly

² CALLS Proposal, ¶¶ 2, 2.1.2, 2.1.4.

³ OCI has asserted in other proceedings that PICC charges should not be assessed on presubscribed 0+ carriers serving payphones. Furthermore, OCI has stated that if PICC charges are applicable to payphone lines, then the lines should be treated as single-line business lines. See Comments of Oncor Communications, Inc. on Notice of Proposed Rulemaking and Request for Clarification, at n.6, 5-6 (“Comments of OCI”).

from the current capped multiline business line PICC rate of \$4.31).⁴ Each year, after the initial calendar year during which the CALLS Proposal would be effective, the multiline business line PICC rate would be adjusted to offset increases in SLCs and universal service charges. However, the multiline business line PICC rate would not even begin to be reduced until terminating and originating Carrier Common Line (“CCL”) charges were eliminated.⁵ Although eventually the multiline business line PICC charge would be eliminated, this would not occur for at least several years during which time providers of 0+ services from payphones would continue to be assessed PICC charges with no opportunity to recover those charges from end users. By the time the multiline business line PICC charges were to be phased out, carriers which serve primarily the payphone market segment on a 0+ basis would have suffered significant and probably irrevocable financial harm. Moreover, their inability to economically serve that market segment would likely lead to reductions in the availability of pay telephone service at many locations, including locations where such services are most necessary.

As explained in OCI’s initial comments, carriers whose businesses are based largely on provision of 0+ service from payphones are experiencing substantial declines in traffic and revenues.⁶ In fact, approximately eighty percent of the payphones for which OCI is the presubscribed 0+ carrier generate no monthly interstate revenues for OCI. Of those payphones served by OCI which are used to originate some 0+ interstate calling, many do not generate sufficient revenues to cover the PICC charges being assessed on OCI at the current multiline

⁴ CALLS Proposal, ¶ 2.1.4.1.

⁵ CALLS Proposal, ¶ 2.1.6.

⁶ Comments of OCI, at 8.

business line PICC rates. Indeed, in order to recover the current PICC charges for multiline business lines being assessed, OCI would need to impose a per call charge in the amount of \$6.42 on each completed interstate 0+ call. Recently, OCI revised its International Communication Services Tariff (Tariff FCC No. 1) and its Operator Service Informational Tariff to include an Aggregator Non-Usage Charge assessed periodically on those location providers (*i.e.*, aggregators) whose payphones do not generate interstate interLATA 0+ calls. The purpose for this charge is to enable OCI to recover from those location providers whose payphones are presubscribed to OCI for 0+ calling the PICC charges which OCI is assessed in circumstances in which those payphones have failed to produce any revenues which could be used by OCI to pay those assessed PICC charges. Location providers who do not pay the tariffed Aggregator Non-Usage Charge have been notified that failure to pay those charges would result in termination of service by OCI to those payphone locations. OCI is in the process of eliminating from its base of presubscribed payphones such non-revenue producing phones in accordance with the terms of its tariffs. Even with the elimination of those non-revenue-producing payphones, OCI will still need to impose a charge in the amount of \$4.32 per completed interstate call merely to recover the PICC charges imposed upon it under the current arrangements. Whether OCI assumes the cost of PICC charges (and terminates its 0+ service at a significant number of payphones) or passes the charges through to consumers (thereby making 0+ service too expensive for many consumers), the statutory policy of universal service will be impeded by limiting consumers' access to public telecommunications services at affordable rates.⁷ Therefore, if the Commission determines that LECs may assess PICC charges on payphone lines, the lines should be treated as

⁷ See 47 U.S.C. § 254(b).

single-line business lines and the associated PICC charges should be paid by payphone location providers, not presubscribed IXCs.

The comments of several parties are supportive of the views articulated in OCI's initial comments. In particular, OCI strongly supports the comments of Opticom which directly addressed the treatment of payphone lines. Opticom, a provider of 0+ calling services at payphones, urged the Commission to treat payphones lines as single-line business lines under the CALLS Proposal, and thus, to combine the PICC charge and SLC associated with payphone lines into a single charge to be assessed on payphone location providers.⁸ OCI agrees with Opticom's conclusion that assessing the PICC charge associated with payphone lines on the payphone location provider comports with the Commission's policy basing cost recovery on cost causation. In addition, OCI supports Opticom's conclusion that treating payphone lines as single-line business lines is consistent with the Commission's regulations and policies and would not require any modification to the CALLS Proposal. Opticom, like OCI, simply requests the Commission to clarify that, under the CALLS Proposal, PICC charges related to payphone lines would be assessed on the payphone location provider.⁹

Payphone lines should constitute single-line business lines for purposes of assessing PICC charges under the CALLS Proposal. However, in the event that the Commission does not choose to clarify the single-line business line status of payphone lines for PICC purposes, then, OCI notes its support of several entities' comments regarding the treatment of multiline business lines in the CALLS Proposal. Specifically, OCI agrees with the commenters that urged the

⁸ Comments of Opticom, at 7-9.

⁹ *Id.* at 9-11.

Commission to eliminate the disparate treatment of single-line and multiline business lines by requiring LECs to combine the multiline business line PICC charge with the subscriber line charge and to collect a single charge directly from end users.¹⁰ In the case of payphone lines, the PICC charge would be assessed on the payphone location provider.

The Telecommunications Resellers Association (“TRA”) notes that the CALLS Proposal’s requirement that IXCs, rather than end users, be assessed the multiline business line PICC charge, disproportionately impacts smaller IXCs. TRA explains that smaller IXCs do not generate sufficient traffic volume to spread the cost of the multiline business line PICC charge among a broad base of users nor do smaller carriers have the ability to absorb the charge themselves given their low operating margins relative to larger LECs.¹¹ As explained above and in OCI’s initial comments, smaller carriers who are exclusively or primarily 0+ carriers serving payphones would be especially financially harmed if they are directly subject to PICC charges at the multiline business line rate.¹²

OCI also generally agrees with those commenting parties who advocate the elimination of the PICC charge both for single-line and multiline business line end users. These commenters suggest, in the alternative, that the Commission develop a uniform PICC charge rate that would apply to all line types.¹³ While OCI is in favor of any proposal that would lower the PICC charge

¹⁰ Comments of the Ad Hoc Telecommunications Users Committee, at 7-9; Comments of the American Petroleum Institute, at 4; Comments of the General Services Administration, at 7-9; Comments of the Telecommunications Resellers Association, at 3.

¹¹ Comments of the Telecommunications Resellers Association, at 3.

¹² Comments of OCI, at 7-8.

¹³ Comments on Behalf of the New Jersey Division of the Ratepayer Advocate, at 14-16; Comments of Pathfinder Communications, Inc., at 5-6.

assessed on payphone lines, OCI's primary position is that payphone lines should not be subject to PICC charges, or at a minimum, should be treated as single-line business lines under the CALLS Proposal.

Finally, OCI agrees with the CALLS Coalition's position, as expressed in its comments on its own proposal, that PICC charges are an inefficient, confusing, and expensive way to recover loop costs. The CALLS Coalition notes correctly that PICC charges are not required by any provision of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, and that residential and single-line business line PICC charges are contrary to the public interest.¹⁴ CALLS's general criticism of PICC charges is applicable to all lines, including multiline business lines. Moreover, as explained in OCI's initial comments, imposition of PICC charges directly on presubscribed 0+ IXCs is particularly inappropriate for payphone lines, whether they are considered single-line or multiline business lines.¹⁵ CALLS also correctly states that IXCs have no control over the amount of the PICC charges assessed by LECs. According to CALLS, competition among IXCs will not lead to reduced recovery of PICC charges, so such reductions will only occur – if at all -- through Commission regulatory action.¹⁶ OCI agrees with CALLS that competitive forces will not impact the levels of PICC charges.

¹⁴ Comments of CALLS, at 11-19.

¹⁵ Comments of OCI, at 4 & n.6.

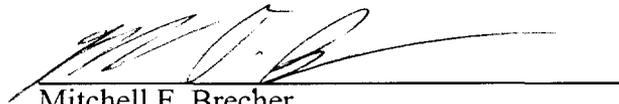
¹⁶ See Comments of CALLS, at 17.

CONCLUSION

For all of the foregoing reasons, and for the reasons stated in its initial Comments, OCI supports adoption of the CALLS Proposal with the important clarification that PICC charges will be assessed on payphone lines at the single-line business rate, and included in the combined SLC.

Respectfully submitted,

**OPERATOR COMMUNICATIONS, INC.
d/b/a ONCOR COMMUNICATIONS, Inc.**



Mitchell F. Brecher
Debra A. McGuire
GREENBERG TRAURIG
1300 Connecticut Avenue, NW
Washington, DC 20036
(202) 331-3100

Its Attorneys

December 3, 1999

CERTIFICATE OF SERVICE

I, Melodie Kate, a secretary in the law firm of Greenberg Traurig, certify that on the 3rd day of December, 1999, I have caused to be served by hand delivery, a true copy of the foregoing Reply Comments of Oncor Communications, Inc. to the following:

Wanda Harris
Common Carrier Bureau
Competitive Pricing Division
The Portals, Room 5-A207
445 Twelfth Street, S.W.,
Washington, D.C. 20554

Honorable Harold Furchtgott-Roth Commissioner
Federal Communications Commission
The Portals
445 Twelfth Street, S.W., Room 8-A302
Washington, D.C. 20554

International Transcription Service, Inc.
The Portals
Room CY-B400
445 Twelfth Street, S.W.
Washington, D.C. 20554

Honorable Michael K. Powell Commissioner
Federal Communications Commission
The Portals
445 Twelfth Street, S.W., Room 8-A204
Washington, D.C. 20554

Honorable William E. Kennard, Chairman
Federal Communications Commission
The Portals
445 Twelfth Street, S.W., Room 8-B201
Washington, D.C. 20554

Honorable Gloria Tristani, Commissioner
Federal Communications Commission
The Portals
445 Twelfth Street, S.W., Room 8-A302
Washington, D.C. 20554

Honorable Susan Ness Commissioner
Federal Communications Commission
The Portals
445 Twelfth Street, S.W., Room 8-B115
Washington, D.C. 20554

Jane E. Jackson
Chief, Competitive Pricing Division
Federal Communications Commission
The Portals
445 Twelfth Street, S.W., 5-A207
Washington, D.C. 20554

Lawrence E. Strickling
Chief, Common Carrier Bureau
Federal Communications Commission
The Portals
445 Twelfth Street, S.W., Room 5-B303
Washington, D.C. 20554



Melodie Kate

Wayne V. Black
C. Douglas Jarrett
Keller and Heckman LLP
1001 G Street, N.W.
Suite 500 West
Washington, D.C. 20001

John T. Nakahata
Evan R. Grayer
Harris, Wiltshire & Grannis LLP
1200 Eighteenth Street, N.W.
Washington, D.C. 20036

James S. Blaszak
Levine, Blaszak, Block & Boothby LLP
2001 L Street, NW, Suite 900
Washington, DC 20036

W. Kenneth Ferree
Goldberg, Godles, Wiener & Wright
1229 Nineteenth Street, N.W.
Washington, D.C. 20036

Cheryl A. Tritt
Frank W. Krogh
Morrison & Foerster LLP
2000 Pennsylvania Avenue, N.W.
Suite 5500
Washington, D.C. 20006-18888

Brian R. Moir
Moir & Hardman
1828 L Street, N.W., Suite 901
Washington, D.C. 20036-5117

Peter Arth, Jr.
Lionel B. Wilson
Ellen S. Levine
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Michael J. Ettner
General Services Administration
1800 F Street, N.W., Room 4002
Washington, D.C. 20405

Charles C. Hunter
Catherine M. Hannan
Hunter Communications Law Group
1620 I Street, N.W., Suite 701
Washington, D.C. 20006

Susan M. Gately
Economic Consultant
Economics and Technology, Inc.
One Washington Mall
Boston, Massachusetts 02108

Christopher J. White, Esq.
Blossom A. Peretz, Esq.
Ratepayer Advocate
Division of the Ratepayer Advocate
31 Clinton Street - 11th Floor
Newark, NJ 07101

Thomas A. Pajda
Alfred G. Richter, Jr.
Roger K. Toppins
Michael J. Zpevak
SBC COMMUNICATIONS, INC.
One Bell Plaza, Room 3003
Dallas, Texas 75202

Ronald Binz
Debra Berlyn
Competition Policy Institute
1156 15th Street, N.W., Suite 520
Washington, D.C. 20005

Marilyn Showalter
Richard Hemstad
William R. Gillis
Washington Utilities & Transportation
Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Laurie Papas
Deputy Public Counsel
Texas Office of Public Utility Counsel
1701 N. Congress Avenue, Suite 9-180
Austin, TX 78701

Gene Kimmelman
Consumers Union (Washington D.C.)
1666 Connecticut Avenue, N.W.
Washington, D.C. 20009

Lawrence E. Sarjeant
Linda L. Kent
United States Telephone Association
1401 H Street, N.W., Suite 600
Washington, D.C. 20005

Janet Gail Besser
James Connelly
W. Robert Keating
Paul B. Vasington
Eugene J. Sullivan, Jr.
Massachusetts Department of Telecommunication
and Energy
One South Station
Boston, MA 02110

Cynthia B. Miller
Intergovernmental Counsel
State of Florida
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Martin A. Corry
AARP
601 E St. N.W.
Washington, DC 20049

Mark Cooper
Director of Research
Consumer Federation of America
504 Highgate Terrace
Silver Spring, MD 20904

Betty D. Montgomery
Duane W. Kuckey
Steven T. Nourse
Stephen M. Hoersting
Public Utilities Section
180 E. Broad Street, 7th Floor
Columbus, OH 43215

Jonathan E. Canis
Charles M. Oliver
Robert J. Aamoth
Joan M. Griffin
Danny E. Adams
Kelley Drye & Warren LLP
1200 19th Street, N.W.
Washington, D.C. 20036

Christopher J. Wilson
Delia Reid Saba
Cincinnati Bell Telephone Company
201 East Fourth Street
Cincinnati, Ohio 45202

Brian Conboy
Thomas Jones
Willkie Farr & Gallagher
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036

Carol Ann Bishchoff
Competitive Telecommunications
Association
1900 M Street, N.W., Suite 800
Washington, D.C. 20036

Mark C. Rosenblum
Judy Sello
AT&T Corporation
295 North Maple Avenue
Basking Ridge, NJ 07920

Rachel J. Rothstein
Brent M. Olson
Cable & Wireless USA, Inc.
8219 Leesburg Pike
Vienna, VA 22182

Rick D. Doyle
Doyle & Wright
384 N. Madison Avenue
Greenwood, IN 46142

Betty D. Montgomery
Duane W. Luckey
Steven T. Nourse
Stephen M. Hoersting
Public Utilities Section
180 E. Broad Street, 7th Floor
Columbus, OH 43215

Andrew D. Lipman
Tamar E. Finn
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, DC 20007

Genevieve Morelli
Paul F. Gallant
Qwest Communications Corporation
4250 N. Fairfax Drive
Arlington, VA 22203

Alan Buzacott
MCI Worldcom, Inc.
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Gene C. Schaerr
James P. Young
Sidley & Austin
1722 Eye Street, N.W.
Washington, D.C. 20006

Jonathan Askin
Emily Williams
The Association for Local
Telecommunications Services
888 17th Street, N.W., Suite 900
Washington, D.C. 20006

Michael Travieso
National Association of State Utility
Consumer Advocates
8300 Colesville Road, Suite 101
Silver Spring, Maryland 20910

Patricia Paoletta
William P. Hunt, III
Level 3 Communications, LLC
1025 Eldorado Blvd.
Broomfield, CO 80021

Charles D. Gray
James Bradford Ramsay
National Association of Regulatory Utility
Commissioners
1101 Vermont Avenue, N.W., Suite 200
Washington, D.C. 20006

Linda L. Oliver
Hogan & Hartson L.L.P.
555 13th Street, N.W.
Washington, D.C. 20004

Mr. Michael Wilson
Mr. John Mapes
Department of Commerce and Consumer
Affairs
State of Hawaii
250 South King Street
Honolulu, Hawaii 96813

Herbert E. Marks
Brian J. McHugh
Squire, Sanders & Dempsey, L.L.P.
1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044

Gerard J. Duffy
Blooston, Mordkofsky, Jackson & Dickens
2120 L Street, N.W., Suite 300
Washington, DC 20037

L. Marie Guillory
Daniel Mitchell
National Telephone Cooperative Association
4121 Wilson Blvd., 10th Floor
Arlington, VA 22203

Ray J. Riordan
Small Company Committee of the Wisconsin
State Telecommunications Association
6602 Normandy Lane
Madison, WI 53719

National Rural Telecom Association
Margot Smiley
Humphrey Koteen & Naftalin, L.L.P.
1150 Connecticut Avenue, N.W., Suite 1000
Washington, D.C. 20036