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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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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 ONCOR COMMUNICATIONS, INC.

Operator Communications, Inc. d/b/a Oncor Communications, Inc. ("OCI"), by its attorneys, hereby submits its reply comments on the Notice of Proposed Rulemaking[1] on a proposal submitted to the Commission by the Coalition for Affordable Local and Long Distance Service ("CALLS"), hereinafter, "the CALLS Proposal."

As stated in its initial comments, OCI conditionally supports the CALLS Proposal, subject to the important clarification that payphone lines are to be treated as single-line business lines for purposes of the Primary Interexchange Carrier charge ("PICC charge") under the CALLS Proposal. Only one other commenting party, One Call Communications d/b/a Opticom, directly addressed the treatment of PICC charges to payphone lines in the context of commenting on the CALLS Proposal. However, several commenters expressed the view that PICC charges should be eliminated in their entirety, or at least that single-line and multiline business lines be

[1] Access Charge Reform, et al., FCC 99-235 (rel. Sept. 15, 1999).

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

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[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

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[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

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[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

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[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.

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[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,

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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:

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