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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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 THE
COMPETITIVE TELECOMMUNICATIONS ASSOCIATION**

The Competitive Telecommunications Association ("CompTel"), by its attorneys, hereby replies to the comments submitted in the above-captioned proceeding.¹ With approximately 350 members, CompTel is the principal industry association representing U.S., international and global competitive telecommunications companies and their suppliers. Accordingly, CompTel has a direct interest in this proceeding. For the sake of brevity, CompTel expresses here only its vigorous agreement with parties who urge the Commission to require that a proportionate share of the one-time reduction in traffic sensitive rates come from tandem-switched rates.² This modification is crucial to ensure competitive neutrality and that the customers of smaller long distance carriers are able to enjoy the rate reductions that customers of larger long distance carriers will receive under the modified CALLS proposal.

¹ *Coalition for Affordable Local and Long Distance Services (CALLS) Modified Proposal*, Public Notice, CC Docket Nos. 96-262, 94-1, 99-249 and 96-45, DA 00-533 (rel. March 8, 2000).

² *See, e.g.,* Comments of Global Crossing North America, Inc. ("Global Crossing Comments") at 11-12; Comments of Cincinnati Bell Telephone Company and Broadwing Communications Inc. ("Broadwing Comments") at 5-6.

I. THE COMMISSION SHOULD REQUIRE THAT A PROPORTIONATE SHARE OF THE ONE-TIME REDUCTION IN TRAFFIC SENSITIVE RATES COME FROM TANDEM-SWITCHING RATES

CompTel generally supports the modified CALLS proposal because it will reduce the rates that consumers pay for telecommunications services. The switched access rates are estimated to drop nearly 50 percent over the life of the modified CALLS proposal, with a \$2.1 billion reduction on July 1, 2000. Section 3.2.4 of the modified CALLS proposal, which provides for the one-time \$2.1 billion reduction, allows incumbent local exchange carriers (“ILECs”) to choose which average traffic sensitive charge rate elements to reduce, but requires that a proportionate share of the reduction be taken from local switching rates.³ However, Section 3.2.4. does not require ILECs to reduce tandem-switched transport rates by the same proportion as direct-trunked transport rates. Therefore, ILECs could take the entire additional reduction from direct-trunked transport rates, which would disadvantage smaller long distance carriers that rely more heavily on tandem-routed traffic than larger carriers.

CompTel strongly supports the recommendation of Global Crossing and Broadwing that ILECs be required to reduce the rates for direct-trunked transport and tandem-switched transport proportionately. Unless the Commission amends the modified CALLS plan to reflect this requirement, ILECs will most likely achieve the necessary reductions by lowering the rate for direct-trunked transport rather than tandem-switched transport. If ILECs do so, the largest long distance carriers, which can afford to use direct-trunked transport, will gain the most from access charge reductions. Smaller long distance carriers, which rely heavily on tandem-switched transport, will be competitively disadvantaged because they will not benefit from the access charge reductions. By requiring ILECs to reduce the rates for direct-trunked transport and tandem-switched transport proportionately, the Commission can guarantee that the access charge

³ Modified CALLS Plan at 13.

reductions will be implemented in a competitively-neutral manner, which is essential for the future of competition in the long distance market.

Requiring ILECs to reduce direct-trunked transport rates and tandem-switched transport rates proportionately is consistent with past Commission decisions. For example, the Commission adopted rules in the *First Report and Order* in this proceeding which resulted in an approximately 400% increase in tandem switching rates so that these rates would reflect the fully-distributed switched access overhead loadings that apply to local switching.⁴ The Commission based this decision on its finding that the overhead loadings for tandem switching should be consistent with the overhead loadings for local switching.⁵ Now that the modified CALLS plan will reduce local switching rates, the Commission should similarly require a proportionate reduction in tandem switching rates.

⁴ In 1997, CompTel filed an expedited petition for reconsideration, which is still pending, of the First Report and Order in this proceeding, *Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Transport Rate Structure and Pricing End User Common Line Charges*, 12 FCC Rcd 15982 (1997) ("*First Report and Order*"). In this petition for reconsideration, CompTel challenged the Commission's rules that resulted in a 400% increase in tandem switching rates.

⁵ *Id.* at ¶203.

CONCLUSION

For the foregoing reasons, the Commission should require the ILECs to implement proportionate reductions for tandem-switched transport rates under the modified CALLS plan.

Respectfully submitted,



Carol Ann Bischoff
Executive Vice President
and General Counsel
Robert M. McDowell
Vice President
and Assistant General Counsel
COMPETITIVE TELECOMMUNICATIONS
ASSOCIATION
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

Robert J. Aamoath
Todd D. Daubert
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(202) 955-9600

Its Attorneys

DATED: April 17, 2000

CERTIFICATE OF SERVICE

I, Tracey Sorenson, hereby certify that on this 17th day of April, 2000, I have caused a copy of the foregoing "Reply Comments of The Competitive Telecommunications Association" to be hand delivered to the following:

Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

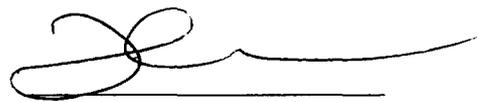
Wanda Harris
CCB Competitive Pricing Division
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Lawrence Strickling
Chief – Common Carrier Bureau
Federal Communications Commission
445 12th Street
Washington, D.C. 20554

Jane Jackson
Chief – CCB Competitive Pricing Division
Federal Communications Commission
445 12th Street
Washington, D.C. 20554

Rich Lerner
Deputy Chief – CCB Competitive Pricing Division
Federal Communications Commission
445 12th Street
Washington, D.C. 20554

International Transcription Service
1231 20th Street, N.W.
Washington, D.C. 20036


Tracey Sorenson