



1200 EIGHTEENTH STREET, NW  
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301  
WWW.HARRISWILTSHIRE.COM

ATTORNEYS AT LAW

May 2, 2000

EX PARTE – Via Electronic Filing

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 12th Street, SW  
Washington, DC 20554

Re: Coalition for Affordable Local and Long Distance Service Proposal –  
CC Dockets 96-262, 94-1, 96-45, 99-249

Dear Ms. Salas:

On Thursday, April 27, 2000, Frank Gumper (of Bell Atlantic), Joel Lubin (of AT&T) and I (on behalf of the Coalition for Affordable Local and Long Distance Service) participated in an ex parte meeting with Commissioner Susan Ness, Jordan Goldstein, Legal Advisor to Commissioner Ness, and Rich Lerner, Deputy Chief, Competitive Pricing Division, Common Carrier Bureau. Also participating in this ex parte meeting were: Gene Kimmelman of Consumers Union; Mark Cooper of the Consumer Federation of America; Michael Travieso of the People's Counsel for the State of Maryland; James Blaszak on behalf of the Ad Hoc Telecommunications Users Group; Mary Brown of MCI Worldcom; and John Windhausen of the Alliance for Local Telecommunications Services (ALTS). This letter summarizes only the presentations by Messrs. Gumper, Lubin, and myself, and although it may reference statements made by others, does not attempt to fully summarize statements by other participants.

During the discussion, Messrs. Lubin, Gumper, and I pointed out the consumer benefits of the CALLS plan and the benefits of the CALLS plan in reforming interstate access to be more compatible with the Internet telephony. These benefits previously have been summarized in the CALLS Supplemental Comments in support of the modified CALLS plan, filed April 3, 2000, and in CALLS Supplemental Reply Comments, filed April 17, 2000 (collectively "CALLS Supplemental Filings"). We also provided to Commissioner Ness and Mr. Goldstein a copy of a study previously filed in these dockets by the Ad Hoc Telecommunications Users Group (see, letter of James Blaszak to Magalie

Roman Salas, dated February 25, 2000, CC Dockets 94-1, 96-45, 96-262, 99-249, and attached report), which demonstrates higher volume long distance users have benefited significantly from the FCC's policies of reducing per minute access rates.<sup>1</sup>

In response to claims that residential PICCs could be expected to be "competed away", we repeated arguments in CALLS Supplemental Filings that there is no evidence that PICCs are being competed away among mass market providers. In addition, we stated that a cursory review of, for example, the website "A Bell Tolls," which reviews various long distance pricing plans, shows that mass market companies selling presubscribed long distance plans (as opposed to dial-around) are assessing flat rate fees including PICC recovery. At the most recent NARUC Communications Committee meetings, Chairman Pat Wood of the Texas Public Utility Commission stated that the one company in Texas that previously had not been charging a PICC-recovery fee recently had instituted one. GTE, in an attachment to its supplemental reply comments filed April 17, 2000 in these dockets, described in detail the economics of PICCs and why the observed marketplace behavior comports with what economic theory would predict. GTE also makes the point that economics does not support the marketplace-refuted hypothesis that PICCs would be "competed away."

In response to claims by Mr. Blaszak that PICCs are a long distance company profit center, Mr. Lubin responded that AT&T recovers nothing more in its PICC pass-through charges than the charges imposed on AT&T by the incumbent LECs, plus associated costs.

In response to allegations by ALTS that the modified CALLS plan would be anticompetitive, we pointed out that nowhere does ALTS or any other CLEC argue that the switched access target prices under the CALLS plan are too low. Mr. Windhausen confirmed, in response to questions from Commissioner Ness, that ALTS does not contend that the target rates are too low, nor does ALTS contend that the target rates are arbitrary. We stated that neither ALTS nor any other party alleges that the CALLS plan creates predatory prices or a cross-subsidy in antitrust terms.

When some parties attempted to raise issues related to pending incumbent price cap LEC requests for changes in depreciation treatment and issues related to unbundled network elements as a means of providing special access services, Commissioner Ness stated that she was reviewing these issues as three separate matters, each with its own merits and record.

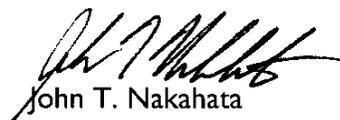
---

<sup>1</sup> We have not attached a copy of that report hereto because it has already been filed by the Ad Hoc Telecommunications Users Group in these dockets.

Ms. Magalie Roman Salas  
May 2, 2000  
Page 3 of 3

In accordance with Commission rules, a copy of this letter is being filed electronically in each of the above-captioned dockets.

Sincerely,



John T. Nakahata

Counsel to the Coalition for Affordable Local and  
Long Distance Service

JTN/krs

cc: Commissioner Susan Ness  
Mr. Jordan Goldstein, Legal Advisor to Commissioner Ness  
Mr. Richard Lerner, Deputy Chief, Competitive Pricing Division,  
Common Carrier Bureau  
Mr. Gene Kimmelman, Consumers Union  
Mr. Mark Cooper, Consumer Federation of America  
Mr. Michael Travieso, People's Counsel for the State of Maryland  
Mr. James Blaszak, Ad Hoc Telecommunications Users Group  
Ms. Mary Brown, MCI Worldcom  
Mr. John Windhausen, ALTS