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

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Reciprocal Compensation for CMRS Providers	) CC Docket No. 96-98
	) CC Docket No. 95-185
	) WT Docket No. 97-207

REPLY COMMENTS OF BELLSOUTH

BellSouth Corporation ("BellSouth"), on behalf of its wireline and wireless subsidiaries, hereby submits its reply comments in this proceeding in accordance with the Public Notice, DA 00-1050 dated May 11, 2000. In its opening Comments, BellSouth demonstrated that the "request for clarification" by Sprint PCS should be denied because the Commission's rules are clear and are being properly applied by the state commissions. BellSouth also demonstrated that the relief requested by Sprint PCS was contrary to sound public policy and would have anticompetitive results. None of the comments filed by other parties refute this showing.

Twelve parties filed comments in response to the Sprint PCS "request for clarification."[1] The positions of the commenting parties were sharply divided. The largest wireless carriers and

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List A B C D E

[1] Comments were filed by AT&T Corp. ("AT&T"), BellSouth, the Cellular Telecommunications Industry Association ("CTIA"), Cellular XL Associates, L.P. ("CXL"), Centennial Communications Corp. ("Centennial"), Metrocall, Inc. ("Metrocall"), the Personal Communications Industry Association ("PCIA"), the Rural Telecommunications Group ("RTG"), the United States Telephone Association ("USTA"), U S West Communications, Inc. ("U S West"), VoiceStream Wireless Corporation ("VoiceStream") and Western Wireless Corporation ("Western Wireless").

wireline carrier interests oppose the request of Sprint PCS, while the smaller wireless carriers and their trade associations support it.[2]

The smaller wireless carriers and their trade associations generally parrot the arguments of Sprint PCS without providing additional facts or analysis. They all seem to assume that CMRS providers are entitled to recover "their individual costs" regardless of their technology choices and network design.[3] This simply ignores how the Commission's TELRIC rules operate. Under TELRIC, recoverable costs are based on the least cost, most efficient network configuration and technology available.[4] TELRIC is technology neutral.[5] If the most efficient, low cost method of transporting and terminating traffic is over wireline facilities, TELRIC requires the use of those costs rather than the use of more expensive wireless facilities. The wireless carrier is, of course, free to utilize more expensive technology in order to provide its customers with a desired feature, i.e., mobility. If it does so, however, it must recover the additional cost of its technology from the cost-causer, i.e., its own end-user customer. As AT&T correctly notes:

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[2] The second and fourth largest domestic wireless providers, AT&T and BellSouth oppose the Sprint PCS petition. The first and third largest, Verizon Wireless and SBC, did not file comments.

[3] See, e.g., PCIA at 4: "The more appropriate analysis would be for the Commission to first determine which portions of a CMRS network are usage-sensitive and then allow CMRS carriers to prove their individual costs associated with those particular elements." As AT&T correctly notes, under such a standard: "Every carrier that uses a technology different from the wireline standard, or incorporates different elements into its own network would seize the opportunity to calculate compensation based on costs specific to its own situation." AT&T at 7. Such a standard would reintroduce all of the perverse incentives of cost-of-service regulation.

[4] Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, *First Report and Order*, 11 FCC Rcd 15499, 15848 (1996)(*Local Competition Order*) Para. 685.

[5] See GTE at 5.

> Intercarrier compensation structures should ensure that the unique costs of a carrier's technology choices are imposed on the customers that have selected the technology in question. Because CMRS customers derive the benefit of the wireless technology, in particular the mobility made possible by the use of reusable spectrum instead of dedicated loops, it is appropriate for them to absorb any network costs above TELRIC levels. Permitting a carrier to shift the costs of those choices to originating end users that bear no responsibility for their selection would force those users to pay for the benefits enjoyed by others and will undermine pricing and technology efficiency. AT&T at 7-8.

The second false premise that permeates the small wireless carrier comments is that the wireless network is fundamentally different from the wireline network in terms of the economic characteristics of the plant utilized. That premise is demonstrably false. As U S West demonstrates in detail, both wireline loop plant and the loop-equivalent plant in a wireless network demonstrate similar economic characteristics.[6] Despite this equivalency, the Commission has determined to exclude wireline loop plant from the definition of "additional costs" for purposes of reciprocal compensation. It should not as a policy matter, and cannot as a legal matter, treat the loop-equivalent plant in the wireless network any differently.

The Sprint PCS request is simply opportunism. As both U S West and USTA demonstrate, during the implementation proceedings giving rise to the *Local Competition Order*, the predecessor of Sprint PCS and other CMRS providers actively sought symmetrical reciprocal compensation with wireline carriers.[7] Now that the Commission has defined "additional costs" in a very restrictive manner with regard to wireline carriers, Sprint PCS seeks to have the Commission define the same statutory term broadly for CMRS carriers. It is axiomatic that the Commission cannot define the same statutory term differently for similarly situated carriers. If the Commission chooses to reopen the issue of what costs meet the definition of "additional

[6] U S West at 6-12.

[7] U S West at 6-7; USTA at 4-10.

costs" it will have to do so for both wireline and wireless carriers alike. Sprint PCS and its supporters have shown no reason why the Commission should begin such an undertaking at this time. The Sprint PCS request should be rejected.

Respectfully submitted,

BELLSOUTH CORPORATION
By its Attorney

M. Robert Sutherland
Suite 1800
1155 Peachtree Street, N. E.
Atlanta, Georgia 30309-3610
(404) 249-4839 telephone
(404) 249-5901 facsimile

Date: June 13, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this 13th day of June, 2000 served the following parties to this action with a copy of the foregoing ***REPLY COMMENTS OF BELLSOUTH CORPORATION*** by United States mail, postage prepaid or by hand delivery (*) to the addresses shown below.

Magalie Roman Salas*
Office of the Secretary
Federal Communications Commission
TW-A325
445 12th Street, SW
Washington, DC 205545

Stacy Jordan*
Policy Division
Wireless Telecommunications Bureau
Federal Communications Commission
Room 3-A431
445 12th Street, SW
Washington, DC 20554

Wanda Harris*
Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
Room 5-A452
445 12th Street, SW
Washington, DC 20554

International Transcription Service, Inc.*
CY-B40000
445 12th Street, SW
Washington, DC 20554

Jonathan Chambers
Sprint PCS
Vice President, Regulatory Affairs
409 9th Street, NW, Suite 4500
Washington, DC 20004

Brenda J. Boykin
Cole, Raywid & Braverman, L.L.P.
Counsel for Centennial Communications Corp.
Second Floor
1919 Pennsylvania Avenue, NW
Washington, DC 20006-3458

Robert L. Hoggarth
Angela E. Giancarlo
Personal Communications Industry Association
500 Montgomery Street, Suite 700
Alexandria, VA 22314

Christine M. Crowe
Paul, Hastings, Janofsky & Walker, LLP
Counsel for Cellular XL Associates, L.P.
1299 Pennsylvania Avenue, NW
10th Floor
Washington, DC 20004

Michael F. Altschul
Randall S. Coleman
Cellular Telecommunications Industry Association
1250 Connecticut Avenue, NW, Suite 800
Washington, DC 20036

Russell M. Blau
Michael C. Sloan
Swidler Berlin Shereff Friedman, LLP
Counsel for Western Wireless Corporation
3000 K Street, NW, Suite 300
Washington, DC 20007-5116

Gene DeJordy
Western Wireless Corporation
3650 131st Avenue, SW
Bellevue, WA 98006

Andre J. Lachance
GTE Service Corporation
1850 M Street, NW, Suite 1200
Washington, DC 20036

Brian Thomas O'Connor
Robert Calaff
VoiceStream Wireless Corporation
1300 Pennsylvania Avenue, NW, Suite 700
Washington, DC 20004

Mark C. Rosenblum
Stephen C. Garavito
Teresa Marrero
AT&T Corp.
Room 1131M1
295 North Maple Avenue
Basking Ridge, NJ 07920

Howard J. Symons
Sara F. Seidman
Paula Deza
Ghita Harris-Newton
Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C.
Counsel for AT&T Corp.
701 Pennsylvania Avenue, NW, Suite 900
Washington, DC 20004

Gregory J. Vogt
Christopher Guttman-McCabe
Wiley, Rein & Fielding
Counsel for GTE Service Corporation and Its Designated Affiliates
1776 K Street, NW
Washington, DC 20006

Thomas R. Parker
GTE Service Corporation
600 Hidden Ridge, MS HQ-E03J43
P. O. Box 152092
Irving, TX 75015-2092

Douglas G. Bonner
Sana D. Coleman
Arent Fox Kintner Plotkin & Kahn PLLC
Counsel for VoiceStream Wireless Corporation
1050 Connecticut Avenue, NW
Washington, DC 20036

Douglas I. Brandon
AT&T Wireless Services, Inc.
1150 Connecticut Avenue, NW
Suite 400
Washington, DC 20036

Caressa D. Bennet
Robin E. Tuttle
Bennet & Bennet, PLLC
Counsel for Rural Telecommunications Group
1000 Vermont Avenue, NW; 10th Floor
Washington, DC 20005

Frederick M. Joyce
Christine McLaughlin
Alston & Bird LLP
Counsel for MetroCall, Inc.
601 Pennsylvania Avenue, NW
North Building, 11th Floor
Washington, DC 20004-2601

John H. Harwood II
Lynn R. Charytan
Jonathan Frankel
Mary E. Kostel
Wilmer, Cutler & Pickering
Counsel for U S West Communications, Inc.
2445 M Street, NW
Washington, DC 20037

Robert B. McKenna
Jeffry A. Brueggeman
U S West, Inc.
1020 19th Street, NW
Washington, DC 20036

Lawrence E. Sarjeant
Linda L. Kent
Keith Townsend
John W. Hunter
Julie E. Rones
United States Telecom Association
1401 H Street, NW, Suite 600
Washington, DC 20005

Nelle Williams

June 13, 2000