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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
	)	
Complete Detariffing for Competitive Access Providers and Competitive Local Exchange Carriers	)	CC Docket No. 97-146
	)	
Interexchange Carrier Purchases of Switched Access Services Offered by Competitive Local Exchange Carriers	)	CCB/CPD File No. 98-63

AT&T ADDITIONAL COMMENTS

Pursuant to the Commission's December 7, 2000 Public Notice,[1] AT&T Corp. ("AT&T") submits these additional comments in these proceedings (a) to provide additional comparative data requested by the Commission between the access rate levels of incumbent local exchange carriers ("ILECs") and competitive local exchange carriers ("CLECs"), showing that the supracompetitive tariffed access charges assessed by many CLECs on interexchange carriers ("IXCs") such as AT&T remains a serious problem, and (b) to oppose the creation of a "rural exemption" to the ceiling that should be prescribed by the Commission upon access charges tariffed by CLECs.

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1 Public Notice, "Common Carrier Bureau Seeks Additional Comment on Issues Relating to CLEC Access Charge Reform; Pleading Cycle Established," CC Docket No. 96,262, DA 00-2751, released December 7, 2000 ("Public Notice"), published at 65 FR 77545 (December 12, 2000). The Common Carrier Bureau subsequently granted a motion extending the time for filing initial comments in this proceeding to and including January 11, 2001. See Public Notice, CC Docket No. 96-262, DA 00-2751, released December 20, 2000.

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List A B C D E

AT&T has repeatedly demonstrated in these proceedings that the exchange access marketplace (and, in particular, the market for switched access) is characterized by serious market failures that render ineffective the competitive forces upon which the Commission has relied to constrain CLEC access rates since the inception of its ongoing efforts to implement the Telecommunications Act of 1996.[2] With respect to terminating access charges, the market failure results from the fact that the recipient of a traditional long distance call does not pay for the cost of that call; hence, end users are indifferent to the terminating access rates of the CLEC they select as a service provider, and that carrier can raise terminating access rates without impairing demand for its local service.[3] The market failure as to originating access results from geographic rate averaging by IXCs, which insulates CLECs' local customers from supracompetitive originating access charges by their chosen local carrier.

Subsequent developments have shown that, as a result of these market failures, many CLECs have adopted switched access rates far in excess of ILEC charges in the same service areas. In response to the Public Notice's request (¶¶ 8-10) for current

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2 See, e.g., See Access Charge Reform, 12 FCC Rcd 15982 (1997 ("First Report"). The Commission there classified CLECs as nondominant carriers, even though it acknowledged that they still retained locational monopolies that significantly insulated their switched access rates from the full scope of competitive forces. Id. at 16138-16141 (¶¶ 358-365).

3 Indeed, the First Report expressed concern that CLECs' terminating access rates might not be subject to effective marketplace constraints (because IXCs must rely on those carriers to complete calls to customers who subscribe to their local service), but concluded there was insufficient evidence at that time that CLECs would seek to charge terminating rates in excess of the ILECs' levels. Id. at 16140-16141 (¶¶ 360-364).

comparative data on CLEC and ILEC rates, AT&T shows in Part I below that these gross rate disparities in some CLECs' charges continue to be a serious problem for access customers. Compounding this problem, the CLECs have adopted insupportable interpretations of the "filed rate doctrine" and have claimed that IXCs such as AT&T are obligated to purchase their access services and to pay those supracompetitive rates, even in the absence of an affirmative order by the IXCs (and, indeed, even if the IXC has expressly rejected service).

However, as early as the First Report the Commission expressly acknowledged "the need to revisit our regulatory approach" should later events show that CLECs had adopted unreasonably high access charges.[4] And the Commission has undertaken just such a reexamination of its initial conclusions about LEC access rates in the Pricing Flexibility Order released in 1999.[5] There, the Commission specifically sought comment on whether it should mandatorily detariff CLEC interstate access rates to redress the market failures described above. As the Commission recognized then[6] --- and as AT&T and other parties also demonstrated in their further submissions in this

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4 First Report, 12 FCC Rcd at 16141-42 (¶364).

5 See Access Charge Reform, 14 FCC Rcd 14221 (1999)("Pricing Flexibility Order").

6 Id., 14 FCC Rcd at 14323 (¶ 246). Previously, in its Hyperion Order, the Commission had permissively detariffed CLEC access rates, and sought comment on whether to mandatorily detariff those carriers' charges. See Hyperion Telecommunications Inc. (Petition for Forbearance), 12 FCC Rcd 8596 (1997)("Hyperion Order").

docket[7] — detariffing of supracompetitive CLEC access rates will "encourag[e] parties to negotiate rates" and thus provide a market-based incentive to constrain CLEC rates to reasonable levels.

At the time it developed this record, the Commission recognized that its legal authority to require detariffing of carrier rates was still under appellate review.[8] In the wake of the Court of Appeals' decision affirming its authority to detariff IXCs' interstate charges,[9] the Commission again refreshed the record here to address the efficacy of mandatory detariffing as a vehicle both to constrain CLEC access rates in the face of market failure and to encourage CLECs to negotiate mutually acceptable rates with their access customers.[10] AT&T once again showed there that the Commission should retain its current permissive detariffing policy for CLECs whose access rates do

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7 See AT&T Comments on LEC Pricing Flexibility NPRM, CC Docket Nos. 96-262 et al., filed October 29, 1999, pp. 30-31; AT&T Reply Comments on LEC Pricing Flexibility NPRM, CC Docket Nos. 96-262 et al., filed November 29, 1999, pp. 27-28. See also, e.g., Reply Comments of Sprint Corporation in id., filed November 29, 1999, pp. 9-12. However, as AT&T also showed, mandatory detariffing of all CLEC access charges would needlessly deprive IXCs of the ability to rely on the simplicity and convenience of the tariff mechanism where CLECs offer competitive access rates and, accordingly, detariffing should apply only to CLEC rates that exceed the ILEC levels in the same service areas.

8 See 14 FCC Rcd at 14344 (¶ 246, n. 599), citing MCI Telecommunications Corp. v. FCC, No. 96-1459 (D.C. Cir., filed Feb. 13, 1997).

9 MCI WorldCom v. FCC, 209 F.3d 760 (D.C. Cir 2000).

10 Public Notice, "Commission Asks Parties to Update and Refresh Record on Mandatory Detariffing of CLEC Interstate Access Services," 15 FCC Rcd 10181 (2000).

not exceed those of the ILECs in their service areas, and mandatorily detariff only the rates of those CLECs whose access charges exceed those levels.[11]

Not surprisingly, in the face of the growing recognition that the Commission must place a ceiling on CLECs' tariffed charges, some of those purportedly competitive access carriers have urged the Commission to create a "rural exemption" from a general rule prohibiting CLECs from tariffing interstate access rates above the ILEC levels in the same service areas. These carriers apparently assert that, because some CLECs may elect to establish themselves in a high-cost area served by an ILEC with geographically averaged access charges that also cover lower-cost, urbanized areas, it would thus be inappropriate for the Commission to rely upon the ILEC's access rate levels as a "benchmark" for constraining the CLECs' tariffed access charges.[12] As AT&T demonstrates in Part II below, however, there is neither a legal nor an economic justification for creating any exclusion for "rural" CLECs from a general ruling limiting tariffed CLEC access charges to ILEC rate levels in the same service area. Even if such a

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11 AT&T Supplemental Comments in CC Docket Nos. 96-262 et al., filed July 12, 2000, pp. 5-8.

12 See Public Notice, ¶¶ 4-5; see also id., ¶ 7 n. 7 (citing August 4, 2000 ex parte letter from David Cosson, Counsel to Rural Independent Competitive Alliance. The Public Notice also cites (id.) a Sprint ex parte filing, describing certain conditions which might be placed upon such a "rural carve-out" to prevent abuse of the exemption. However, Sprint expressly acknowledged there that, even with these conditions (which AT&T believes would in all events be ineffective), "there [i]s no sound economic justification for carving out an exception for CLECs that serve rural areas." See ex parte letter dated October 11, 2000 from Richard Juhnke, Sprint ("Sprint October ex parte"), p. 1; see also ex parte letter dated September 15, 2000 from Richard H. Juhnke, Sprint (arguing that "the appropriate benchmark for CLEC access rates is the rates charged by the ILEC in the same local market").

"carve-out" could somehow be found to serve some valid purpose, moreover, the burdens on the Commission's scarce administrative resources that would be required to develop and police that exception effectively are grossly disproportionate to any tangential value of the CLECs' proposal. Accordingly, the Commission should reject the creation of a "rural exemption" to its treatment of tariffed CLEC access rates.

I. CURRENT INFORMATION COMFIRMS THAT MANY CLECS HAVE CONTINUED TO CHARGE SUPRACOMPETITIVE ACCESS RATES.

Throughout these proceedings, AT&T has repeatedly demonstrated that an abusive minority of CLECs has tariffed switched access rates at levels that far exceed the charges assessed by ILECs that operate in the same geographic service areas as those new entrants.[13] As AT&T showed, these CLECs in many cases set their charges at up to as much as 1314 percent higher than the incumbents' corresponding charges -- an astonishing exercise in rapacity by "competitive" carriers that purport to lack market power. The CLECs' only response to that showing was to raise cavils regarding AT&T's computations of their relative rate levels insofar as the calculations excluded flat-rated charges such as the primary interexchange carrier charge ("PICC").[14] But even if the

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13 See, e.g., AT&T Petition for Declaratory Ruling, CCB/CPD File No. 98-63, filed October 23, 1998, Appendix A; AT&T Reply in CCB/CPD File No. 98-63, filed December 22, 1998, Attachment B; AT&T Comments on LEC Pricing Flexibility NPRM, CC Docket Nos. 96-262 et al., filed October 29, 1999, pp. 27-28; AT&T Reply Comments on LEC Pricing Flexibility NPRM, CC Docket Nos. 96-262 et al., filed November 29, 1999, pp. 28, 32-33; AT&T Supplemental Comments in CC Docket Nos. 96-262 et al., filed July 12, 2000, pp. 5-6.

14 See, e.g., Comments filed December 7, 1998 in CCB/CPD 98-63 by ACI, p. 3; ALTS, p. 8 n. 9, CTSI, p. 11, Teligent, p. 9; Winstar, p. 6.

PICC had been taken into account, however, that revision would have made no material difference in the CLECs' switched access rates relative to the corresponding ILECs' charges.[15] And in all events, as the Public Notice (at ¶ 8) recognizes, the Commission in the recent CALLS Order eliminated the residential PICC charge effective July 1, 2000, and capped the multiline business PICC and established a schedule for its elimination within not more than four years in most ILEC service territories.[16]

The Public Notice (¶¶ 9-10) now solicits updated information from interested parties concerning the relative access rate levels of ILECs and CLECs. AT&T's experience indicates that there are about 1,000 CLECs operating currently, of which about 121 CLECs have set their switched access rates at levels higher than the ILEC in the same service area. Moreover, about 100 CLECs have established access rates higher than 2.5 cents per minute of use ("MOU"), and about 60 charge more than 5.0 cents per MOU. Although AT&T does not currently receive or terminate substantial volumes of switched access traffic with all of these carriers, CLECs with the highest

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15 See AT&T Reply in CCB/CPD 98-63, p. 4 and Attachment B. As AT&T showed there, exclusion of the PICC from the CLEC/ILEC rate comparison was fully justified because that charge was a mechanism to make ILECs whole for subsidies previously recovered through their CCL rate, and was thus inapplicable to CLECs. In the Pricing Flexibility Order, the Commission concluded (at ¶ 187) that these factual disputes precluded granting declaratory relief as requested by AT&T's petition, but none of the CLECs that opposed the petition denied that its access rates considerably exceeded the already above-cost levels of the ILECs in their service areas.

16 See Access Charge Reform, 15 FCC Rcd 12962 (2000)("CALLS Order").

traffic volumes are often the most abusive in tariffing their switched access services at supracompetitive levels.

Accordingly, Appendix A to this submission presents comparative data individually on the rates of the 31 CLECs that account for virtually all of AT&T's current access traffic with such carriers, and for the remaining CLECs as a group.[17] AT&T developed a "composite rate" for each CLEC by dividing that carriers' annualized switched access billings to AT&T by the annualized number of access minutes of use ("MOUs").[18] The appendix also shows the percentage relationships between each CLEC's composite interstate and intrastate rate per MOU and the corresponding ILEC's rate for each jurisdiction.[19] Finally, the appendix presents the annualized interstate and intrastate access expenses to AT&T of each CLEC at that carrier's rate and for that same

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17 Pursuant to paragraph 16 of the Public Notice, concurrently with the filing of these Additional Comments AT&T is submitting Attachment A to the Common Carrier Bureau staff in electronic form. See letter dated January 11, 2001 from Peter H. Jacoby, AT&T to Jeffrey H. Dygert, FCC (with attached diskette). Because public disclosure of switched access usage from particular carriers would reveal competitively sensitive information regarding AT&T's operations, Appendix A does not identify by name the CLECs and ILECs that are the subject of these rate comparisons.

18 Computation of the "composite rate" in this manner thereby obviates the need for (and disputes regarding) a calculation of the CLECs' effective switched access rates from those carrier's tariffs, which are not required to (and frequently do not) follow the Commission's Part 69 access rate structure rules prescribed for ILECs.

19 AT&T calculated the ILECs' access rates by combining each carrier's switched access rate elements set forth in its tariffs: specifically, common line, local switching, TIC, information surcharge, common port charge, flat-rated and mileage sensitive transport charges (assuming charges for 5 miles), tandem switching and tandem multiplexing.

volume of traffic at the corresponding ILEC's rate, and shows the interstate, intrastate and total annualized amounts that would be charged by the CLEC in excess of the ILEC.

As the appendix confirms, many CLECs have continued to set their access rates at levels that are still far in excess of the corresponding ILECs' charges – in some cases, by as much as 1524 percent. Indeed, almost half of the 31 CLECs' interstate access charges are more than 700 percent higher than the corresponding ILEC interstate rates, and only four of the CLECs analyzed by AT&T had set their interstate charges at levels less than 200 percent above the corresponding ILEC rates. All told, the weighted average composite switched access rate of these CLECs (determined by dividing their annualized total access billings to AT&T by their total minutes of use) is 670% higher than the corresponding ILECs' switched access rates.

Exorbitant CLEC access charges like these have dire implications for access customers and their end users. Billings to IXCs such as AT&T for switched access services from CLECs with supracompetitive access rates are growing rapidly. In 1999, AT&T was billed approximately $46 million more by CLECs with high access rates that it would have paid to the ILECs in those service areas for the same switched access services.

Based on the "run rate" for calendar year 2000, the charges from such CLECs for that year are expected to total approximately $125 million -- almost a three-fold increase over 1999. Absent action by the Commission to stem this trend, within less than two years the level of these excessive charges could reach between $400 million and $500 million to AT&T alone. For IXCs as a group, supracompetitive CLEC access charges could reach $1 billion or more within this period. As AT&T has previously

shown,[20] failure to control the market failure that permits CLECs now to assess these exorbitant charges will have serious distortive effects on competition in interexchange markets and, ultimately, adverse consequences for end users served by those IXCs.

These exorbitant switched access rates stand in marked contrast to the access rates AT&T has negotiated with a number of CLECs that, collectively, provided AT&T over 2.8 billion annualized MOU of switched access service in calendar year 2000 (or approximately 400 million annualized MOU more than other CLECs combined). As also shown in Appendix A, the composite switched access rate of the CLECs subject to those intercarrier arrangements was approximately 1.6 cents per MOU, compared to the weighted composite rate of more than 4.3 cents per MOU for other CLECs. And, although the switched access rate of CLECs subject to intercarrier arrangements with AT&T still exceeds the current ILEC composite rate of approximately 0.6 cents per MOU, the CLECs' contracted charges are subject to further transitional reductions that will reduce them significantly during the current year as they approach or reach the ILEC rate level. As these figures dramatically underscore, except for the apparent desire to capitalize on existing market failures, there is nothing precluding other CLECs from tariffing their interstate access charges at levels that are competitive with ILEC switched access rates.

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[20] See n. 13, supra (citing prior pleadings).

II. A "RURAL EXEMPTION" TO A CEILING ON TARIFFED CLEC ACCESS RATES WOULD SERVE NO LEGITIMATE PURPOSE AND WOULD BE UNDULY COMPLEX TO IMPLEMENT AND ADMINISTER.

The development of a "rural exemption" as framed in the Public Notice would, if it were pursued, embroil the Commission in an enormously complex evaluation of multiple technical questions, posing a significant drain of scarce agency resources. [21] It is likely that resolution of these questions could delay unduly the implementation of an effective ceiling on CLECs' access rate levels that is critically necessary to correct the market failures that now characterize the exchange access marketplace. That expenditure of Commission resources, and potential further delay in restoring competitive forces to the switched access market, to develop a "rural exemption" to a ceiling on tariffed CLEC access charges is completely unwarranted however, because any such mechanism is both antithetical to the objectives of the Telecommunications Act of 1996 and unnecessary in light of other recent Commission action to protect universal service in high-cost rural areas.

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[21] Among the many complex question*s identified in the Public Notice that the Commission may need to resolve in order to create a "rural exemption" are whether the exemption can be premised on the Communication Act's current definition of a "rural telephone company" in 47 U.S.C. § 153(37), or whether the Commission must determine de novo the types of areas in which the exemption would be available (id., ¶ 5); whether the exemption should be limited to areas that fall outside of a Metropolitan Statistical Area ("MSA")(id.); whether the exemption should instead be based on overall population density of a CLEC's service area or on the density of a CLEC's customers (id.); if population density is selected as a metric, how to select an appropriate density figure (id.); whether the exemption, if adopted, should apply to all parts of a CLEC's service area (id., ¶ 6); and whether is it feasible for CLECs to charge different access rates within a single service area, depending upon the population density surrounding particular end users (id.).

As the Commission has already recognized,[22] Congress in the Telecommunications Act directed the Commission to establish explicit and competitively neutral mechanisms for preserving and advancing universal service for all end users, including customers in rural areas.[23] The proposed "rural exemption" satisfies neither of these mandates. First, that mechanism would improperly support operations of a class of CLECs in some as-yet-undefined "rural" areas through subsidies that are implicit in tariffed access rates that are higher than those of the ILEC operating in the same geographic service territory. Second, the "exemption" would inequitably place the burden of funding these CLECs' subsidies in rural areas solely upon those carriers' access customers (including, in particular, IXCs such as AT&T that serve large numbers of end users in non-urban regions). This facial inconsistency between the goals of the Telecommunications Act and the necessary consequences of adopting a "rural exemption" to a CLEC tariffed access rate ceiling are sufficient, standing alone, to preclude further Commission consideration of the CLECs' proposal.

There is all the less basis for the Commission to entertain the proposed "rural exemption" in light of the Commission's action only last year in the CALLS Order establishing a separate, explicit and competitively neutral mechanism for funding

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22 See, e.g., CALLS Order, 15 FCC Rcd at 12972 (¶ 25).

23 See 47 U.S.C. § 254(b)(4)(requiring "equitable and nondiscriminatory" contributions to universal service support from"[a]ll providers of telecommunications services"); id., § 254(e)(universal service support "should be explicit and sufficient to achieve the purposes" of Section 254).

universal service by local carriers, including CLECs.[24] Specifically, the Commission there adopted support funding at an annual level of $650 million to replace implicit subsidies previously collected through interstate access charges. The funding is targeted to those density zones that the Commission has determined have the greatest need for such support, i.e., to geographically deaveraged UNE zones where the average interstate common line cost per line exceeds benchmarks of $7.00 per line for residential and small business lines and $9.20 per line for multiline business lines. Most important for purposes of the Commission's present inquiry, however, this interstate support is portable to competing eligible telecommunications carriers.

Thus, if a CLEC enters a service area which is targeted for support funding and begins to serve a supported customer, under the CALLS Order that carrier can receive the interstate support for that customer. In light of the availability of this portable support mechanism which the Commission put in place only six months ago, there is simply no justification for the Commission now to create an additional support mechanism through a "rural exemption" exclusively for CLEC access rates -- especially when, as shown above, such an implicit subsidy is at odds with the universal service objectives the Commission has sought to implement since the 1996 Act. The exemption would only serve, instead, to create perverse incentives for uneconomic competitive entry by CLECs in any "rural" areas in which it might be applicable.

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24 See CALLS Order, 15 FCC Rcd at 13039 (¶ 185)("the purpose of this federal mechanism is to provide explicit support to replace the implicit universal support in interstate access charges")(emphasis omitted).

A "rural exemption" would also create strong incentives for unscrupulous carriers to "game" that mechanism to extract exorbitant charges from IXCs such as AT&T. That mechanism would therefore place substantial additional burdens on the Commission to police such abuses, with no assurance that such monitoring would be effective. For example, Sprint's October ex parte filing cited in the Public Notice suggests that CLECs should not be eligible for the rural exemption if they offer service partly within an MSA, and states that carriers "should not be permitted to evade this condition through the use of an affiliate . . . ."[25] Sprint's filing does not state, however, on what basis the Commission could reliably identify such intracorporate affiliations among CLECs to prevent manipulation of the exemption. Similarly, the Public Notice recognizes (¶ 7) that a rural exemption would create incentives for CLECs to solicit customers that generate large volumes of traffic to route those calls through these carriers' switches. This raises a serious threat that such CLECs will enter into arrangements with entities such as "chat lines" that stimulate such traffic volumes. There is no assurance that access customers subjected to CLEC access charges for such traffic could effectively obtain redress for such abuses under the Commission's formal complaint process, which to date has not resolved similar arrangements by chat line providers with ILECs and other entities.[26] Especially given the absence of any

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25 See Sprint October ex parte, p. 1 and n.1.

26 Since 1996, AT&T has brought three formal complaint proceedings under Section 208 involving arrangements between local carriers and "chat line" providers. See AT&T Corp. v. Beehive Telephone Co., et al., File No. E-97-04; AT&T Corp. v. Frontier Communications of Mt. Pulaski, et al., File No. 96-36; AT&T Corp. v.

(footnote continued on following page)

justification for a rural exemption, however, there is no basis for the Commission to attempt to resolve these and other difficult enforcement and oversight problems that creation of the exemption would entail.

CONCLUSION

For the reasons stated above and in AT&T's prior submissions in these proceedings, the Commission should reject the proposal of other parties herein to create a "rural exemption" to limitations prescribed by the Commission on CLECs' tariffed access rates. Rather, as AT&T has shown, the Commission should mandatorily detariff all CLEC switched access rates that exceed the ILECs' rates in the same service area, and should require carriers that seek to charge higher rates to rely solely upon mutually agreed contractual arrangements with IXCs for the provision of exchange access services.[27]

(Footnote continued from prior page)

Jefferson Tel. Co., File No. E-97-007. All of these cases remain pending even though they have been fully briefed and under submission for long periods.

[27] CLECs whose rates do not exceed the ILEC's rates in the same service territory should be permitted to continue reliance on the tariff mechanism, which provides both those carriers and their access customers with a convenient and administratively efficient method for establishing a supplier-customer relationship. However, price is only one factor that a buyer in a competitive marketplace must evaluate in making a purchase decision; other factors, including but not limited to quality of service, also have an important bearing on that determination. Accordingly, the Commission should make clear that, even with "permissive tariffing," an IXC has no obligation to order or accept a CLEC's access services, and should require CLECs that avail themselves of permissive tariffing to specify clearly the process for affirmatively ordering and subsequently canceling service under those tariffs. See AT&T Supplemental Comments, supra, at pp. 2-12.

Respectfully submitted,

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APPENDIX A

Projected 2000 High-Priced Interstate CLEC Expense

Based On Run-Rate Through September* Billing (no growth projection)

	Annualized MOUs	Composite Rates		Percent Difference	Expense		Price Charged Over ILEC Rate
		CLEC	ILEC		CLEC	ILEC	
1.	285,295,500	$0.0236850	$0.0058738	303%	$6,757,224	$1,675,763	$5,081,460
2.	203,103,026	$0.0359746	$0.0058738	512%	$7,306,550	$1,192,983	$6,113,567
3.	197,983,954	$0.0243480	$0.0045183	439%	$4,820,513	$894,541	$3,925,972
4.	164,028,026	$0.0125110	$0.0058738	113%	$2,052,155	$963,465	$1,088,690
5.	162,272,070	$0.0661165	$0.0058738	1026%	$10,728,861	$953,151	$9,775,711
6.	154,523,743	$0.0747900	$0.0077410	866%	$11,556,831	$1,196,168	$10,360,662
7.	141,016,424	$0.0362445	$0.0058738	517%	$5,111,063	$828,300	$4,282,763
8.	138,096,131	$0.0773440	$0.0047627	1524%	$10,680,907	$657,714	$10,023,193
9.	134,170,592	$0.0387200	$0.0056910	580%	$5,195,085	$763,565	$4,431,520
10.	97,476,400	$0.0523409	$0.0058363	797%	$5,102,000	$568,897	$4,533,103
11.	72,459,110	$0.0594900	$0.0055827	966%	$4,310,592	$404,515	$3,906,077
12.	61,440,337	$0.0461765	$0.0049737	828%	$2,837,102	$305,585	$2,531,517
13.	61,425,123	$0.0200531	$0.0046190	334%	$1,231,762	$283,723	$948,040
14.	47,876,079	$0.0946169	$0.0058738	1511%	$4,529,886	$281,214	$4,248,673
15.	47,518,595	$0.0483410	$0.0060645	697%	$2,297,096	$288,177	$2,008,920
16.	46,502,705	$0.0263640	$0.0058738	349%	$1,225,996	$273,147	$952,850
17.	41,097,514	$0.0103141	$0.0058738	76%	$423,884	$241,398	$182,486
18.	39,788,722	$0.0744683	$0.0046190	1512%	$2,963,000	$183,784	$2,779,216
19.	36,513,147	$0.0848167	$0.0058738	1344%	$3,096,925	$214,470	$2,882,454
20.	25,349,060	$0.0831090	$0.0054030	1438%	$2,106,735	$136,961	$1,969,774
21.	25,195,867	$0.0392000	$0.0052122	652%	$987,678	$131,325	$856,353
22.	24,017,798	$0.0424115	$0.0046560	811%	$1,018,631	$111,827	$906,804
23.	23,651,678	$0.0080479	$0.0056777	42%	$190,346	$134,286	$56,059
24.	18,881,293	$0.0391600	$0.0046190	748%	$739,391	$87,213	$652,179
25.	14,722,637	$0.0572466	$0.0054030	960%	$842,821	$79,546	$763,274
26.	10,930,056	$0.0350000	$0.0046560	652%	$382,552	$50,890	$331,662
27.	10,889,537	$0.0561884	$0.0046190	1116%	$611,865	$50,299	$561,566
28.	10,607,072	$0.0119794	$0.0067260	78%	$127,066	$71,343	$55,723
29.	9,053,054	$0.0424500	$0.0046560	812%	$384,302	$42,151	$342,151
30.	8,401,304	$0.0745335	$0.0047605	1466%	$626,179	$39,994	$586,184
31.	6,920,379	$0.0388400	$0.0054030	619%	$268,788	$37,391	$231,397
90 Others	115,961,481				$5,502,405	$619,394	$4,883,011
Totals	**2,437,168,412**	**$0.0434997**	**$0.0056472**	**670%**	**$106,016,192**	**$13,763,180**	**$92,253,012**

* Many CLECs bill three to four months in arrears.
September was used because it was the closest month with most of the expected billing.

Projected 2000 Interstate Expense for CLECs with Agreements

Based On Run-Rate Through September* Billing (no growth projection)

	Annualized MOUs	Composite Rates		Percent Difference	Expense		Price Charged Over ILEC Rate
		CLEC	ILEC		CLEC	ILEC	
Totals	2,830,661,971	$0.0159646	$0.0060914	162%	$45,190,306	$17,242,774	$27,947,532

Note: The prices of many of the CLECs with whom AT&T has signed a switched access agreement are in a transition to ILE rates, therefore the composite CLEC rate will be coming down significantly in 2001.

* Many CLECs bill three to four months in arrears.
September was used because it was the closest month with most of the expected billing.