

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

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In the Matter of)
)
National Exchange Carrier Association, Inc.)
)
Petition to Amend Section 69.104 of the)
Commission's Rules)

RM - 10603

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

COMMENTS
OF
ALLTEL COMMUNICATIONS, INC.

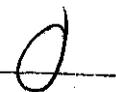
ALLTEL Communications, Inc.

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December 2, 2002

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ALLTEL Communications, Inc., on behalf of its local exchange carrier affiliates (hereinafter "ALLTEL") respectfully submits its comments in response the National Exchange Carrier Association, Inc.'s Petition for Rulemaking in the above-captioned proceeding.¹

ALLTEL is a diversified telecommunications and information services company headquartered in Little Rock, Arkansas. ALLTEL, through its subsidiaries and corporate affiliates, largely serves small to mid-sized towns and cities where they provide a full complement of communications services and solutions, including local wireline, competitive local exchange carrier ("CLEC"), long distance, internet, cellular, paging, and advanced digital wireless services.

¹ In the *Matter of National Exchange Carrier Association, Inc. Petition to Amend Section 69.104 of the Commission's Rules*, Petition For **Rulemaking**, RM 10-603 (released **September 26, 2002**) (NECA Petition).

I. Introduction

ALLTEL supports the National Exchange Carriers Association, Inc.'s (NECA) Petition for Rulemaking (NECA Petition) requesting amendment to section 69.104 of the Commission's Rules and agrees that services provisioned using digital, high capacity T-1 channelized services (hereinafter referred to as "derived channel service") should be assessed no more than five Subscriber Line Charges (SLCs). The SLC assessment disparity discussed in the NECA petition is clearly inequitable and warrants Commission modification.

II. Functionally Similar Services

As NECA points out, most residential and single line business customers subscribe to a single voice-grade channel and are assessed a single SLC for that line.³ However, larger business customers may require more capacity and often opt for Integrated Services Digital Network (ISDN) services or derived channel services to meet their needs.⁴ While larger customers can utilize both of these services in functionally similar ways, customer-ordered derived channel services currently receive substantially different regulatory treatment. A high capacity T-1 channelized service is capable of providing a business customer with up to 24 voice grade channels over a single facility. Even though ISDN services can be provided in the same manner and have similar non-

² "Derived channel service," like the "Digital Transport Service" referenced in the NECA Petition, is ALLTEL's equivalent of a customer ordered T-1 exchange access service that gives the customer the functional equivalent of 24 business lines when fully activated over one digitally formatted T-1 access line.

³ NECA Petition at 2.

⁴ PRI (Primary Rate Interface) is the term for an ISDN T-1 circuit. PRI runs a total signaling speed of 1.544Mbps in support of 24 channels. A T-1 is a digital transmission link that also has a total signaling speed of 1.544Mhps. A T-1 can be provisioned as a channelized service split into 24 voice-grade channels. A channelized approach is required for access to the traditional public switched telephone

traffic sensitive costs (see *infra*), they have been spared the assessment of one SLC per channel currently applied to derived channel services. This disparity would be corrected by NECA's proposed amendment to 69.104.

As NECA states, “[w]hen the Commission initially adopted section 69.104, it did not specifically address the application of SLCs to technologies that permit the provision of multiple voice grade channels over a single facility.” When the Commission revisited the issue of applying SLCs to local loops utilizing ISDN services in its Price-Cap Access Reform Order, the Commission determined that “the non traffic sensitive loop cost of PRI ISDN service, excluding switching costs, reflected a cost ratio of approximately 5:1 compared to the NTS [non-traffic sensitive] loop costs of single-channel analog services,”⁶ and, therefore, amended its rules to provide that ILECs assess no more than five SLCs for PRI ISDN services.⁷ The Commission limited its decision to ISDN service because the record lacked sufficient information to extend the decision to other types of derived channel services. In the recent MAG Order, the Commission modified section 69.104 and extended the price-cap SLC equivalencies of ISDN services to rate-of-return carriers, adopting 5:1 and 1:1 cost ratios, (to PRI ISDN and BRI ISDN respectively).⁸

network. BRI (Basic Rate Interface) is the lower speed version ISDN interface delivering a total of 144,000 bits per second.

⁵ NECA Petition at 3.

⁶ Access Charge Reform Order Price Cap Performance Review for Local Exchange Carriers Transport Rate Structure and Pricing End User Common Line Charges, 12 FCC Rcd at 16032 para 116 (Access Charge Reform Order).

⁷ The record at the time reflected the NTS loop cost of BRI ISDN services, excluding NTS switching costs reflected a cost ratio of approximately 1:1 relative to the NTS loop costs of single-channel analog services.

⁸ See Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation, CC Docket No. 98-77, Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers, CC Docket No. 98-166, *Second Order and Further Notice & Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166*, 66 Fed. Reg. 59161 (2001)(MAG Order) at ¶ 56.