

Subscriber Line Charges (SLCs), to local loops used with Integrated Services Digital Network (ISDN) and other services that permit the provision of multiple voice-grade-equivalent channels to a customer over a single facility. This proceeding was instituted to give the Commission an opportunity to reexamine existing rules and make changes in light of new technologies and services.

DATES: Comments are to be filed on or before June 29, 1995, and replies are to be filed on or before July 14, 1995.

FOR FURTHER INFORMATION CONTACT: Claudia Pabo, (202) 418-1595, Common Carrier Bureau, Policy and Program Planning Division.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Notice of Proposed Rulemaking in CC Docket No. 95-72, adopted May 24, 1995 and released May 30, 1995.

The complete text of this Notice of Proposed Rulemaking is available for inspection and copying during normal business hours in the FCC Reference Center, Room 239, 1919 M St. NW., Washington, D.C. 20554, and may be purchased from the Commission's copy contractor, International Transcription Service, Inc., at (202) 857-3800, 1919 M Street NW., room 246, Washington, D.C. 20554.

Synopsis of Notice of Proposed Rulemaking

I. Introduction

1. In this Notice of Proposed Rulemaking, we seek comment on the application of End User Common Line Charges, hereinafter referred to as Subscriber Line Charges (SLCs), to local loops used with Integrated Services Digital Network (ISDN) and other services that permit the provision of multiple voice-grade-equivalent channels to a customer over a single facility. We believe that the question of SLCs for ISDN and similar services must be considered in the broader context of competitive developments in the interstate access market, and the resulting pressure to reduce unnecessary support flows in order to ensure fair competition and preserve universal service.

II. Background

A. ISDN and Other Derived Channel Technology and Services

2. ISDN permits digital transmission over ordinary local loops and T-1 facilities through the use of advanced central office equipment and customer premises equipment (CPE). Currently, LECs offer two basic types of ISDN

service. Basic Rate Interface (BRI) Service allows a subscriber to obtain two voice-grade-equivalent channels and a signalling/data channel over an ordinary local loop, which is generally provided over a single twisted pair of copper wires. Primary Rate Interface (PRI) Service allows subscribers to obtain 23 voice-grade-equivalent channels and one signalling/data channel over a single T-1 facility with two pairs of twisted copper wires.

3. There are services in addition to ISDN that use derived channel technology to provide multiple channels over a single facility. The LECs also use derived channel technologies within their networks to provide customers with individual local loops, as opposed to BRI or PRI ISDN. In such situations, the end user would not be aware that the LEC was using this technology to provide their local loop.

B. Subscriber Line Charges

4. In the 1983 Access Charge Order, 48 FR 10319, March 11, 1983, the Commission adopted rules prescribing a comprehensive system of tariffed access charges for the recovery of LEC costs associated with the origination and termination of interstate calls. The access charge rules called for recovery of a major portion of the local loop costs assigned to the interstate jurisdiction through SLCs. The remainder of local loop costs are recovered from interexchange carriers (IXCs) through the per minute CCL charge. The CCL charges paid by the IXCs are reflected in the charges paid by interstate toll users.

5. Multiline business SLCs are currently capped at \$6.00 per line per month. Residential and single line business SLCs are capped at \$3.50 per line per month. The basic interstate toll rate decreased approximately 34% between 1984 and the end of 1992, much of this due to the shift in the recovery of common line costs from CCL rates to SLCs and the resulting stimulation in demand.

C. Recent Decisions on SLCs for ISDN

6. The Commission first addressed the application of SLCs to ISDN and other technologies that permit the provision of multiple voice grade channels over a two- or four-wire facility in 1992 when the Common Carrier Bureau adopted an order concluding the local exchange carriers must apply a SLC to each derived channel even when the channels were provided over a single facility. The Commission subsequently affirmed the Bureau's order. At the same time, the Commission recognized that this question involved policy issues best

considered in the context of a rulemaking proceeding.

D. Competition

7. The interstate access market has changed since the Commission adopted the access charge rules at issue here. Alternative service providers such as Teleport, which is owned by a group of large cable companies, and MFS have deployed fiber optic networks in core business areas of many large cities, providing interstate access services, and, in some areas, local exchange service as well. Cable television companies, in addition to those with an ownership interest in Teleport, have also entered the local telephone and/or interstate access market in certain areas, and have expressed an intention to enter the telephone market on a broader basis. Interexchange carriers, such as MCI and AT&T, have also entered the market or announced an intention to do so. In addition, the Commission has required expanded interconnection for the provision of special access service and switched transport. New York State has also required LECs to unbundle their local loops in order to permit the competitive provision of local exchange service, and a number of other states are considering similar measures.

8. The developments tend to bring pressure to bear on support flows in the current access charge structure. LEC rates that significantly exceed cost will tend to attract new entrants who may be able to offer service at lower rates. As a result, it may be necessary to reduce support flows that are not specifically tailored to produce social benefits.

III. Discussion

A. Overview

9. In this proceeding, we seek comment on the proper application of SLCs to BRI and PRI ISDN service provided to residential and business customers as well as to other services that permit the provision of multiple derived channels over a single facility.

B. Analytical Framework

10. We believe that several basic principles should guide our resolution of these issues. While these considerations are sometimes in potential conflict with one another, we believe that they all must be considered to assure a sound, principled resolution of the issues before us in this proceeding.

11. This rulemaking proceeding gives the Commission an opportunity to reexamine existing rules, and make changes in light of new technologies and services. We must be careful to