

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of

New York Telephone Company                      Transmittal Nos. 919 and 960

Revisions to Tariff F.C.C. No. 41

New England Telephone Company                      Transmittal No. 934

Revisions to Tariff F.C.C. No. 40

**ORDER**

**Adopted: January 30, 1989;      Released: January 31, 1989**

By the Chief, Common Carrier Bureau:

1. The above-captioned tariff transmittals were filed by New York Telephone Company (NYT) and New England Telephone Company (NET) (together, NYNEX) on August 15, 1988, and are scheduled to take effect on February 1, 1989. These transmittals revise the rate structure for pass-through of operator (0-) calls. NYNEX proposes to route "0-" interLATA traffic from presubscribed end users to their designated interexchange carrier's (IC) operator system. This filing would allow NYNEX to recover the cost of this operator pass-through service on a per call basis from those ICs who receive 0- interLATA calls rather than through the existing per minute local transport termination rate currently applied to AT&T Communications (AT&T), the only carrier until now that was providing operator services. NYNEX proposes to terminate the local transport termination rate. NYT Description and Justification (D&J) at Section 1, p. 2 and Section 2, p. 2-3; NET D&J at Section 1, p.2 and Section 2, p.2.

2. NYNEX also filed a petition for waiver of Section 69.111 of the Commission's Rules seeking permission to establish this discrete per call rate in the common transport rate element, and to allow NYNEX to discontinue applicability of the current per minute local transport termination rate. NYNEX alleges that Section 69.111 requires imposition of local transport charges on a per minute of use basis. Therefore, NYNEX argues, a waiver of Section 69.111 is required to recover 0- pass-through costs on a per call basis. NYNEX argues that a new method of recovery is required because the former charge is inappropriate now that AT&T is not the only IC providing operator services. It maintains that the per call charge will ensure that 0- pass-through costs will be recovered from the IC causing those costs. NYNEX Petition for Waiver at 3-4.

3. A petition to suspend and investigate the tariff was filed by MCI Telecommunications Corporation (MCI). MCI supports NYNEX's per call rate structure, but argues

that NYNEX's proposed charges have been calculated using questionable and unsupported jurisdictional separations factors. MCI Petition at 2. MCI questions the large disparities between NET's separations factors and NYT's, and argues that the factors are not explained, nor are the underlying calculations provided. *Id.* at 2-3. It further claims that the separations factors used do not coincide with those used in the carriers' annual 1988 access tariff cost support data. MCI argues that these disparities require further investigation. *Id.* at 3-4. It also questions whether the system that NYNEX proposes to install to perform the 0- pass-through service will have any other uses to which costs should be allocated. *Id.* at 5.

4. NYNEX replies that the proposed system will be used exclusively for the 0- pass-through service. NYNEX Reply at 2 n.1. It further states that NET and NYT used different methods to calculate their separations factors, but "both the direct allocation method used by NYT and the standard allocation method used by NET has [sic] merit." *Id.* at 2. NYNEX explains the discrepancy between NYT's current separations factors and the figures in its earlier filing by saying that the old figures represent the ratio of interstate 0- pass-through weighted standard work seconds (WTSWS) to total WTSWS, or the ratio of interstate 0- pass-through costs to total message and private line costs, while the present figure represents the ratio of interstate 0- pass-through to interexchange, not to both interexchange and local. *Id.* at 3-4. NYNEX then explains the apparent discrepancy between the separations factors used in NET's filing and those used in the last annual filing as being due to an averaging of the five states' factors, and the use of actual data instead of forecasted 1988 results.

5. On January 13, 1989, NYNEX filed additional information describing NET's method of performing separations for 0- pass-through service. NYNEX emphasizes that NET's costs were separated on a state-specific basis, as required by the Commission's rules. Then, NYNEX explains, state specific costs were summed to a total company level. Letter from G. R. Evans, NYNEX, to Chief, Tariff Division, FCC, Jan. 13, 1989. On January 18, 1989, NYT filed revisions to Transmittal No. 919 to reduce NYT's 0- pass-through rate. New York Telephone Transmittal No. 960, filed Jan. 18, 1989. NYT recomputed the charge to reflect the use of the NET separations method instead of the direct assignment method originally chosen by NYT.

6. In Petition for Waiver and Amendment to Petition for Waiver of the NYNEX Telephone Companies, Mimeo No. 3507, released Jun. 5, 1987 (*June 5 Order*), we granted NYNEX a waiver of Sections 69.306(b), 69.307, and 69.404 to reallocate from the interexchange category to the transport category some costs associated with providing 0- service to ICs. We conclude that it is in the public interest to extend the waiver to Sections 69.401(b) and 69.409 to include the additional costs of the 0- pass-through service. In the *June 5 Order*, we also noted that no waiver was required to establish local transport surcharges or subelements because the transport rules had already been waived pending the Commission's reexamination of transport elements and recovery mechanisms. *Id.* at para. 17 (citing MTS and WATS Market Structure, CC Docket No. 78-72, 49 Fed. Reg. 50413, 50416, released Dec. 28, 1984). Similarly, that general

transport waiver is broad enough to permit NYNEX to establish the rate element proposed here for 0- pass-through costs.

7. The Common Carrier Bureau has reviewed the tariff transmittals and the pleadings filed by MCI and NYNEX. We also find that no compelling argument has been presented that suspension and investigation of the tariff transmittals are warranted at this time.

8. IT IS THEREFORE ORDERED that the petition to suspend and investigate New York Telephone Company Tariff F.C.C. No. 41, Transmittal No. 919, and New England Telephone Company Tariff F.C.C. No. 40, Transmittal No. 934, filed by MCI Telecommunications Corporation IS DENIED.

9. IT IS FURTHER ORDERED that the petition for waiver of Section 69.111 of the Commission's Rules, 47 C.F.R. § 69.111, filed by the New England Telephone Company and the New York Telephone Company IS DISMISSED, and a waiver of Sections 69.401(b) and 69.409 of the Commission's Rules, 47 C.F.R. §§ 69.401(b) and 69.409, is GRANTED to the extent described above.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock  
Chief, Common Carrier Bureau