

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

In the Matter of

American Telephone and Telegraph Company Transmittal No. 2466

Revisions to Tariff F.C.C. No. 12

**ORDER**

Adopted: September 14, 1990 Released: September 14, 1990

By the Chief, Common Carrier Bureau:

1. American Telephone and Telegraph Company (AT&T) has filed Transmittal No. 2466 to introduce Virtual Telecommunications Network Service (VTNS) Option 59 by which AT&T will provide voice and data communications service among locations in the United States, Puerto Rico, the U.S. Virgin Islands, and specific international locations. Following substantially complete installation, the rates for this option are stabilized throughout a five-year term. *See* AT&T Transmittal No. 2466, Description and Justification (D&J) at 1-4. The basic charge for VTNS Option 59 is \$155,406 per month. *Id.* at 5. Option 59 is scheduled to become effective September 17, 1990.

2. US Sprint Communications Company Limited Partnership (Sprint) and MCI Telecommunications Corporation (MCI) filed petitions to reject, or alternatively, to suspend and investigate Transmittal 2466 on August 20, 1990. AT&T filed a reply on August 27, 1990.

3. Sprint argues that AT&T has failed to demonstrate that Option 59 is an integrated service package that is "unlike" AT&T's other component services. Sprint Petition at 1-2. Moreover, Sprint contends that AT&T's provision of 59 individual VTNS offerings makes clear that each such offering is designed for one customer. Additionally, Sprint maintains that various specifications in the transmittal also effectively restrict the offering to one customer. Sprint further argues that the individualized pricing of VTNS options is comparable to the local exchange carriers' individual case basis (ICB) rates for DS3 service, that AT&T now has sufficient experience to end its individualized pricing and develop general rates, and that the Commission thus should order AT&T to offer these rates under a generally available tariff, as it did in the ICB DS3 case. *Id.* at 2-4. Additionally, Sprint alleges that AT&T's projected 1990 revenue from all Tariff 12 VTNS options now exceeds \$1 billion and likely accounts for more than 2 percent of the entire interexchange market. *Id.* at 4. Sprint also alleges that AT&T's cost support for Option 59 is "seriously deficient" and incorporates by reference the arguments against VTNS Options 17, 18, and 19 (AT&T Transmittals 1810, 1826, and 1832, respectively). *Id.* at 5 & n.4.<sup>1</sup>

4. MCI contends that Option 59 bundles AT&T 800 service with other voice services and applies price and revenue discounts to the combined usage of the customer, thereby unlawfully conditioning the availability of the higher discounts on the combined use of voice services. MCI Petition at 2-3. MCI objects to the provision of Option 59 that permits a customer to make off-network to off-network calls through the use of authorization codes on the grounds that this is effectively the provision of ordinary MTS service among public switched network locations at preferential prices. *Id.* at 3-4. MCI also opposes the tariff provision permitting the Option 59 customer to specify and make calls between non-port and other locations. *Id.* at 3 n.4. Additionally, MCI maintains that Option 59 requires only revenue, and not volume, commitments. MCI argues that this does not give AT&T any assurance that a particular volume of traffic will be sent over its facilities. *Id.* at 4 n.5.

5. AT&T contends that the rates in Option 59 are not unjustly discriminatory because the Communications Act prohibits discrimination only between "like" services, and the Commission has held that Tariff 12 integrated service packages are not "like" the component services offered in separate tariffs. AT&T Reply at 6-7. AT&T also argues that the Commission has consistently found AT&T's standard, Commission-sanctioned cost systems sufficient to support AT&T's Tariff 12 filings. AT&T contends that these methods satisfy the requirements of Section 61.38 of the Commission's Rules. *Id.* at 9-10 & 10 n.\*\*\*. AT&T also denies that it is unlawfully bundling 800 service with other voice services. *Id.* at 3-5. Finally, AT&T maintains that Option 59 does require a volume commitment. *Id.* at 5 n.\*\*\*.

6. The Common Carrier Bureau has reviewed AT&T Transmittal No. 2466, Sprint's and MCI's petitions, and related pleadings. We conclude that no compelling argument has been presented that this tariff is so patently unlawful as to warrant rejection, and that an investigation is not warranted at this time.

7. Accordingly, IT IS ORDERED that the petitions to reject, or to suspend and investigate, American Telephone and Telegraph Company Tariff F.C.C. No. 12, Transmittal No. 2466, filed by US Sprint Communications Company Limited Partnership and MCI Telecommunications Corporation, ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Richard M. Firestone  
Chief, Common Carrier Bureau

FOOTNOTE

<sup>1</sup> Sprint maintains that the arguments raised against those transmittals continue to be valid because the Bureau has not addressed these arguments on the merits in any previous Order. Sprint Petition at 5.