

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

Application by SBC Communications Inc.,  
Nevada Bell Telephone Company, and  
Southwestern Bell Communications Services,  
Inc. for Provision of In-Region, InterLATA  
Services in Nevada

WC Docket No. 03-10

**SUPPLEMENTAL REPLY COMMENTS OF SBC COMMUNICATIONS INC.**

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SBC Communications Inc. (“SBC”) submits these supplemental reply comments in accordance with the Commission’s initial public notice in this docket.<sup>1</sup> SBC has already filed a reply to the comments of WorldCom, Inc. (“WorldCom”) regarding SBC’s showing of compliance with “Track A” of section 271, 47 U.S.C. § 271(c)(1)(A),<sup>2</sup> and, to the extent necessary, it will file additional comments on that topic by March 5, 2003, in accordance with the Commission’s second public notice in this docket.<sup>3</sup> The purpose of these supplemental reply comments is to address the two additional issues – related to interconnection and pricing – that commenters have raised in this proceeding. For the reasons explained below and in the attached reply affidavit of Daniel O. Jacobsen, these issues do not call into question SBC’s showing of

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<sup>1</sup> See Public Notice, *Comments Requested on the Application by SBC Communications Inc. for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of Nevada*, DA 03-92, WC Docket No. 03-10 (rel. Jan. 14, 2003).

<sup>2</sup> See “Track A” Reply Comments of SBC Communications Inc., WC Docket No. 03-10 (FCC filed Feb. 14, 2003).

<sup>3</sup> Public Notice, *Comments Requested Regarding SBC’s Track A Reply Comments in Connection with SBC’s Pending Section 271 Application*, DA 03-461, WC Docket No. 03-10 (Feb. 14, 2003).

checklist compliance. Indeed, the Department of Justice (“DOJ”) has now joined the Public Utilities Commission of Nevada (“PUCN”) in concluding that SBC “has succeeded in opening its local markets in Nevada to competition,” and it too now recommends approval of the Application. DOJ Eval. at 2. Particularly in light of the PUCN’s and DOJ’s support, the issues raised in this proceeding provide no basis for delaying the public interest benefits that will flow from SBC’s entry into interLATA services in Nevada.

***Interconnection.*** Several commenters – the bulk of whom appear to be related to one another in some fashion, *see* Jacobsen Reply Aff. ¶¶ 2-3 & nn.2-10 – allege that Nevada Bell does not provide interconnection to CMRS carriers in accordance with section 51.703(b) of the Commission’s rules, which precludes incumbent LECs from “assess[ing] charges on any other telecommunications carrier for telecommunications traffic that originates on the LEC’s network.” 47 C.F.R. § 51.703(b); *see, e.g.*, Comments of Edwards Industries; Comments of January Communications; Comments of State of the Arts Communications and Electronics.

Critically, however, none of the parties that raise this issue here intervened in the state 271 proceeding before the PUCN, and this issue was accordingly not properly presented there. *See* Jacobsen Reply Aff. ¶ 5.<sup>4</sup> At the same time, as set forth in the reply affidavit of Daniel O. Jacobsen, Nevada Bell has endeavored to resolve this issue with the complaining parties, in some cases with the assistance of PUCN staff, and it will continue to do so. *See id.* ¶¶ 8, 10, 14-15. Furthermore, as Mr. Jacobsen also explains, Nevada Bell has provided, and will continue to provide, ample interconnection facilities to these commenters. *See id.* ¶¶ 10, 14. The objecting

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<sup>4</sup> The parties that raise this issue here represent a small portion of the wireless industry in Nevada Bell’s service area. Nevada Bell has interconnection agreements with wireless carriers such as Metrocall, AT&T Wireless, Verizon Wireless Messaging Services, and Cricket Communications, none of which have filed comments here. *See* Jacobsen Reply Aff. ¶ 8.

parties thus “did not raise this issue before the state commission,” and Nevada Bell has acted “reasonabl[y] under the circumstances.” *California Order* ¶ 122.<sup>5</sup> In the *California Order*, in virtually identical circumstances, the Commission concluded that the commenting parties “failed adequately to demonstrate a checklist violation.” *Id.* The Commission should reach that same determination here.

***Pricing of Network Elements.*** Alone among commenters, WorldCom contends that Nevada Bell’s UNE rates are “too high.” WorldCom Comments at 8. As explained in the Application, however, Nevada Bell’s UNE rates are the product of a cost model that WorldCom itself sponsored before the PUCN. *See Ries Aff.* ¶¶ 8-9 (App. A, Tab 16). WorldCom’s objection to the rates that resulted from this model can thus hardly be credited here.

In any event, WorldCom’s challenge to Nevada Bell’s UNE rates fails on its face to establish a checklist violation. WorldCom fails even to assert, much less establish, that Nevada Bell’s rates are not TELRIC-compliant. Instead, the sole basis for its challenge is the contention that, on a cost-adjusted basis, Nevada Bell’s UNE rates are higher than Pacific Bell’s UNE rates in California. *See WorldCom Comments* at 8. But the Commission has held time and again that “a simple comparison of rates in various states is not evidence that a rate violates TELRIC.”

*California Order* ¶ 53; *see Vermont Order* ¶ 37;<sup>6</sup> *New Jersey Order* ¶ 59.<sup>7</sup> Because WorldCom’s

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<sup>5</sup> Memorandum Opinion and Order, *Application by SBC Communications Inc., et al., for Authorization To Provide In-Region, InterLATA Services in California*, WC Docket No. 02-306, FCC 02-330 (rel. Dec. 19, 2002) (“*California Order*”).

<sup>6</sup> Memorandum Opinion and Order, *Application by Verizon New England Inc., et al., for Authorization To Provide In-Region, InterLATA Services in Vermont*, 17 FCC Rcd 7625 (2002), appeal dismissed, *AT&T Corp. v. FCC*, No. 02-1152, 2002 WL 31619058 (D.C. Cir. Nov. 19, 2002).

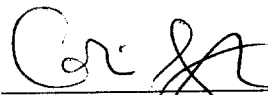
<sup>7</sup> Memorandum Opinion and Order, *Application by Verizon New Jersey Inc., et al., for Authorization To Provide In-Region, InterLATA Services in New Jersey*, 17 FCC Rcd 12275 (2002).

claim is based on nothing more than a “simple comparison of rates” between Nevada and California, it should be rejected out-of-hand.

### CONCLUSION

The bulk of SBC’s showing of compliance with section 271 in Nevada is undisputed, and the Application is expressly supported by both the PUCN and DOJ. The few issues that commenters have raised fall far short of establishing that Nevada Bell fails to satisfy the checklist in any respect. The Commission should grant the Application.

Respectfully submitted,



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February 26, 2003

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Southwestern Bell Communications  
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**Jacobsen Reply Affidavit**

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Inc. for Provision of In-Region InterLATA	)	
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**REPLY AFFIDAVIT OF DANIEL O. JACOBSEN  
REGARDING PAGING ISSUES**

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I, DANIEL O. JACOBSEN, being of lawful age and duly sworn upon my oath, do hereby depose and state as follows:

## **INTRODUCTION**

1. My name is Daniel O. Jacobsen. I am the same Daniel O. Jacobsen that previously filed an affidavit in this docket on January 14, 2003.<sup>1</sup> This affidavit replies to certain comments regarding paging radio service interconnection issues involving Nevada Bell.

## **COMMENTS FILED IN OPPOSITION**

2. The following nine individuals and companies associated with radio service providers filed comments in opposition to Nevada Bell's application for section 271 relief:

M.A. Edwards, Edwards Industries ("Edwards")<sup>2</sup>  
L.D. Edwards<sup>3</sup>  
W.H. Edwards<sup>4</sup>  
Paul M. January, January Communications ("January")<sup>5</sup>

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<sup>1</sup> See Affidavit of Daniel O. Jacobsen, attached to Application by SBC Communications Inc., Nevada Bell Telephone Company, and Southwestern Bell Communications Services, Inc., for Provision of In-Region InterLATA Services in Nevada, WC Docket No. 03-10 (FCC filed January 14, 2003) (App. A, Tab 11).

<sup>2</sup> Mr. Edwards filed individually and as the "President of Edwards Industries, Advanced Radio Communications (ARC) Systems division." His letter identifies his address as 2371 Canal Road, Sparks, Nevada. This is the same address used by January Communications, Nevada Radio, and Nevada Microwave. Edwards Industries, Advanced Radio Communications, and ARC Systems are not listed in the White Pages for the Reno/Sparks area nor are they listed in the Yellow Pages Directory under the Paging, Cellular & PCS, and Radio Communications Equipment & Systems listings.

<sup>3</sup> L.D. Edwards represents that he or she is an investor in "competitive telecommunications companies" in Nevada. He or she asserts that Nevada Bell "thwarted" the companies, but he or she does not identify the companies that are being referenced. L.D. Edwards listed his or her address as Livermore, California.

<sup>4</sup> W.H. Edwards claims to be an investor in an undisclosed paging company that operates in Reno. A William H. Edwards and a Ms. Jeanette Edwards of Orinda, California, are apparently the owners of the parcel of land located at 2371 Canal Road, Sparks, Nevada – the same address used by Edwards Industries, Nevada Radio and Nevada Microwave.

<sup>5</sup> Paul January, who apparently does business as "January Communications," identifies his address as 2371 Canal Road, Sparks, Nevada – again, the same address used by Edwards Industries, Nevada Radio and Nevada Microwave. Mr. January claims that he purchased his "paging and signaling" business from ARC Systems – a division of the company where M.A. Edwards serves as President.

An unidentified individual with Nevada Radio Telephone Network (“Nevada Radio”)<sup>6</sup>  
Gary Gorgon, Nevada Microwave Transport Company (“Nevada Microwave”)<sup>7</sup>  
R.L. Beidleman, State of the Arts Communication and Electronics and Satellite  
Paging (“State of the Arts Communications”)<sup>8</sup>  
Barbara Reiwarts<sup>9</sup>  
Kenneth Partridge<sup>10</sup>

3. All of these individuals and companies, with the possible exceptions of Ms. Reiwarts and Mr. Partridge, appear to be closely associated with each other. They appear to be either related, share the same office location, and/or have represented each other in the past.
4. Of the nine paging commentors, only Edwards, Nevada Radio, and State of the Arts Communications, arguably appear to be Commercial Mobile Radio Service (“CMRS”) carriers currently providing service in Nevada. Three of the commentors – all from California – claim to be “investors” (W.H. Edwards, Barbara Reiwarts, and L.D. Edwards). One commentor is apparently no longer in business (January Communications). One commentor is a customer of an

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<sup>6</sup> According to the records of the Secretary of State of Nevada, “Nevada Radio Telephone Network” is the name of a company whose corporate status was revoked. Nevada Bell’s systems show that the mailing address for Nevada Radio is 2371 Canal Road, Sparks, Nevada – once again, the same address shared by Edwards, January Communications, and Nevada Microwave. In 2001, Edwards reactivated Direct Inward Dialing (“DID”) trunks. Nevada Bell’s systems show that these trunks are provided to Nevada Radio with 2371 Canal Road as the contact address.

<sup>7</sup> According to the records of the Secretary of State of Nevada, the manager and resident agent for Nevada Microwave Transport Company, LLC, is Gary R. Gorgon. His address for service is listed as 2371 Canal Road, Sparks, Nevada – again, the same address as Edwards Industries, January Communications and Nevada Radio.

<sup>8</sup> Mr. Beidleman represents that he is the CEO of State of the Arts Communications and Electronics headquartered in Reno, Nevada, and that he, either individually or jointly with State of the Arts Communications, operates Satellite Paging. Previously, M.A. Edwards made both oral and written demands to Nevada Bell on behalf of State of the Arts Communications and Satellite Paging.

<sup>9</sup> Ms. Reiwarts represents that she is a trustee of the “EHT Profit Sharing Plan” located in San Leandro, California. Like L.D. Edwards and W.H. Edwards, she claims she has invested in undisclosed telecommunications companies in Nevada.

<sup>10</sup> Mr. Partridge complains that regulated telephone companies virtually bought out the production line of Motorola, and that SBC ignores state and court orders without identifying them. There is no Nevada context for his remarks and he apparently lives outside Nevada.

unidentified radio service provider or providers (Nevada Microwave). And one commentor has a complaint that does not appear to be targeted at Nevada Bell (Partridge). All, or at least most, of these commentors appear to generally be associated with each other and represent a very small segment of the CMRS carriers operating in Nevada.

### **STATE 271 PROCEEDING**

5. Of these nine commentors, seven did not raise their concerns in the state 271 proceeding. Although two of the commentors, M.A. Edwards and Paul January, did send letters to the PUCN, neither sought to intervene in that proceeding, and the PUCN's final order did not address their claims.

### **INTERCONNECTION WITH THE COMMENTING PAGING CARRIERS**

6. These commentors appear to address interconnection concerns between wireless carriers and Nevada Bell. The Commission is certainly familiar with the issues surrounding LEC charges for facilities and traffic delivered to wireless providers.<sup>11</sup> The commentors' selective factual and legal recitations, however,

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<sup>11</sup> See Memorandum Opinion and Order, TSR Wireless, LLC, et al., Complainants, v. U S West Communications, Inc., et al., Defendants, 15 FCC Rcd 11166 (2000) (“TSR Wireless Order”), aff’d Qwest Corp. v. FCC, 252 F.3d 462 (D.C. Cir. 2001) (“Qwest”). In the TSR Wireless Order, the Commission determined that ILECs may not charge paging carriers for facilities used to deliver ILEC-originated traffic that originates and terminates within the same Major Trading Area (“MTA”). Id. ¶ 18. The Commission also determined that a Section 252 interconnection agreement was not required for a paging carrier to obtain the benefits of that decision. Id. ¶ 29. However, the Commission further determined that ILECs may charge paging carriers for “wide area calling” and similar services, as well as for transit services. Id. ¶ 31. In a subsequent decision, the Commission reaffirmed its finding that ILECs may charge paging carriers for transit services. See Memorandum Opinion and Order, Texcom, Inc., d/b/a Answer Indiana, Complainant, v. Bell Atlantic Corp., d/b/a Verizon Communications, Defendant, 16 FCC Rcd 21493 (2001) (“Texcom Order”). Moreover, the Commission recently reaffirmed that ILECs may charge paging carriers for “area wide calling” and similar services, as well as transit services. See Memorandum Opinion and Order, Mountain Communications, Inc., Complainant, v. Qwest Communications International, Inc., Defendant, 17 FCC Rcd 2091, ¶¶ 8-12 (2002) (“Mountain Communications Order”), review denied, 17 FCC Rcd 15135 (2002). Thus, the Commission has made clear that the particular usage of interconnection facilities determines the extent to which they are subject to charge.

fail to recognize that the Commission has specifically found that ILECs may charge paging carriers for facilities utilized for various services (e.g., transit traffic and wide area calling services). Moreover, they fail to recognize the uncertainties created by paging carriers (and those who may claim to be paging carriers but who do not offer paging “telecommunications services” as defined in the Telecommunications Act of 1996) that order facilities while refusing to negotiate compensation properly owed to Nevada Bell. Those are precisely the types of issues that remain open between Nevada Bell and the three radio commentors who claim to provide radio service in Nevada: Edwards Industries, State of the Arts Communications, and Nevada Radio.

7. It is true that Nevada Bell has presented bills, and/or continues to present bills, to some paging carriers for what may be paging telecommunications service traffic and interconnection facilities used to terminate Nevada Bell originated traffic. But that is solely because the parties have not yet reached agreement on what, if anything, is not subject to charge. As a practical matter, Nevada Bell must bill for all the facilities in order to preserve its rights pending resolution of these issues.
8. Moreover, several of the commentors fail to disclose that Nevada Bell has sought to engage in negotiations to resolve both the amount of any refund that may be due them for past bill payments and to address what charges Nevada Bell is entitled to bill on a going-forward basis. The commentors further fail to recognize that their cooperation is required in order to resolve those issues. For example, to date, the commentors have refused to even provide Nevada Bell with

any changes or specific objections to its proposed interconnection agreement.<sup>12</sup> Conversely, Nevada Bell has been successful in entering interconnection agreements with twelve other CMRS carriers in Nevada, including such large providers as Metrocall, AT&T Wireless, Verizon Wireless Messaging Services, and Cricket Communications. As of December 31, 2002, the PUCN had approved ten of these agreements and the other two were pending. Perhaps more importantly, as the commentors appear to concede, Nevada Bell has not taken any collection action nor threatened to disconnect them pending the resolution of the issues.

9. With regard to the claim by Edwards and January regarding the rate change for DID numbers, the PUCN set Nevada Bell's rates for intrastate services in 1996 in conjunction with Nevada Bell's application to be regulated under the state's Plan of Alternative Regulation ("PAR") for local exchange carriers. As part of the rate design portion of the proceeding, the PUCN ordered increases for some rates, decreases for others, and elimination of some charges.<sup>13</sup> Thus, as a result of this docket, a variety of rates were changed including the rate for DID numbers offered by Nevada Bell under tariff. However, these rates only changed after notice, extensive discovery and hearings. Neither Mr. Edwards nor Mr. January ever attempted to intervene in the proceeding. Likewise, neither Mr. Edwards nor Mr. January appealed the PUCN's decision. Nevada Bell is not aware of the

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<sup>12</sup> Starting in February of 2001, Edwards represented that he would provide Nevada Bell with redlined edits to Nevada Bell's standard interconnection agreement. After providing similar assurances over the course of the next four months, Edwards eventually refused to provide any input and has, since then, steadfastly refused to negotiate an interconnection agreement.

<sup>13</sup> Order, Application of Nevada Bell for regulation under the Alternative Plan of Regulation, including an application to adjust certain rates and charges, Docket Nos. 95-3003, 96-3002, and 96-3003 (Aug. 15, 1996).

extent of Mr. January's paging operations, if any, in February 1997, but his claim that he ceased doing business in 1997 on account of the rate increase for DID numbers is unsupported by any factual detail or verification and is in any case beside the point. Likewise, Mr. Edwards' similar claims that this rate increase drove him out of business is not only irrelevant but also suspect, because he continues to receive traffic from Nevada Bell over Nevada Bell-provided interconnection trunks today.

10. Edwards also complains that Nevada Bell has refused to provide him requested interconnection facilities. But Nevada Bell has in fact provided Edwards with ample interconnection facilities. Indeed, Edwards' existing interconnection trunks are significantly underutilized. As to Edwards' demand that Nevada Bell provide a substantial number of additional trunks, Nevada Bell has informed Mr. Edwards that additional trunking will be provided as the needs materialize or as there is a demonstrated need. Further, as a result of informal negotiations that included PUCN staff, Nevada Bell offered additional network facilities to Mr. Edwards, and Nevada Bell also offered to monitor his trunks to see if additional capacity is warranted. Mr. Edwards rejected these offers.

11. Furthermore, despite the absence of an interconnection agreement, Mr. Edwards refuses to pay any portion of the bill rendered to his company for interconnection facilities. In fact, Mr. Edwards has not made any payments to Nevada Bell for any trunking facilities provided to Edwards Industries (Advanced Radio Communications) since the end of 1996, notwithstanding the fact that Nevada Bell believes he has received transit traffic that is subject to charge.

12. Mr. Edwards also claims to be entitled to a refund that is apparently for an amount paid in 1996 after the effective date of the FCC's Local Competition Order.<sup>14</sup> In that order, Commission stated: "As of the effective date of this order, a LEC must cease charging a CMRS provider or other carrier for terminating LEC-originated traffic and must provide that traffic to the CMRS provider or other carrier without charge." Local Competition Order ¶ 1042. But Mr. Edwards did not timely assert any such claim in the proper forum, nor has he provided Nevada Bell an opportunity to assert set-offs for transiting traffic. Nevada Bell believes that such set-offs would in fact far exceed any claim Mr. Edwards may have under the Local Competition Order.

13. With regard to State of the Arts Communication, it has not paid for any interconnection facilities provided by Nevada Bell since November 20, 2001. Its claim that "Nevada Bell and SBC have failed to respond to certified letters sent each month demanding that these issues be resolved" simply ignores the extensive efforts pursued by Nevada Bell to try to reach a settlement agreement regarding State of the Arts Communications' claim for a refund and negotiation of an interconnection agreement.

14. With regard to Nevada Radio, Nevada Bell provides interconnection facilities that are significantly underutilized. If additional facilities are requested by Nevada Radio, Nevada Bell is willing to explore the issue to see what facilities are warranted based on a demonstrated need.

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<sup>14</sup> See First Report and Order, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, 11 FCC Rcd 15499 (1996), subsequent history omitted ("Local Competition Order").

## **CONCLUSION**

15. Nevada Bell provides interconnection to CMRS providers in accordance with this Commission's rules and orders. The issues raised in this regard are fact-intensive and have been pending for years, they were not properly raised in the PUCN's section 271 proceeding, and they are not appropriate for resolution here. Nevada Bell will continue to attempt to resolve these issues with the commenting paging carriers.

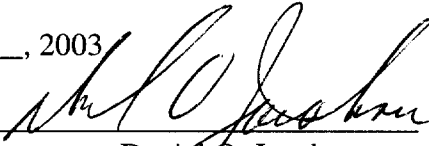
16. Pursuant to Part II. E. of the Consent Decree entered into between SBC Communications Inc. and the Federal Communications Commission, see Order, SBC Communications, Inc., 17 FCC Rcd 10780 (2002), I hereby affirm that I have (1) received the training SBC is obligated to provide to all SBC FCC Representatives; (2) reviewed and understand the SBC Compliance Guidelines; (3) signed an acknowledgment of my training and review and understanding of the Guidelines; and (4) complied with the requirements of the SBC Compliance Guidelines.

17. This concludes my affidavit.

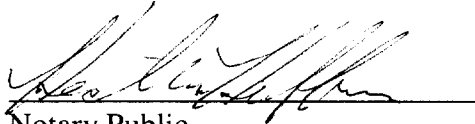
STATE OF NEVADA        )  
  )  
COUNTY OF WASHOE     )

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 21 FEB, 2003

  
\_\_\_\_\_  
Daniel O. Jacobsen

Subscribed and sworn to before me this 21<sup>st</sup> day of February, 2003.

  
\_\_\_\_\_  
Notary Public

