



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET, N.W.
WASHINGTON, D.C. 20554

DA 97-1757

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Released: August 18, 1997

**SNET files Petition for Waiver and/or Amendment of Part 61
of the Commission's Rules Establishing an "X-Factor" of 6.5%**

Pleading Cycle Established
CCB/CPD 97-41

COMMENTS: September 17, 1997

REPLY COMMENTS: October 2, 1997

On August 13, 1997, the Southern New England Telephone Company (SNET) filed a petition for waiver and/or amendment of Part 61 of the Commission's Rules, to establish a productivity offset of 6.5% and to apply, instead an X-Factor of 5.3%.

SNET elected to be regulated under price caps in 1991, and has chosen the lowest X-Factor available. SNET's interstate annual rates of return since 1991 have never been high enough to reach the sharing zone. It claims that its earnings were so low that they fell below the lower formula adjustment mark, triggering the low-end adjustment. SNET also claims that it is the only elective price-cap local exchange carrier never to have been in the sharing zone and the only one to have applied for the low-end adjustment mechanism. SNET states that special circumstances make it unlikely that it will achieve cost saving and efficiencies sufficient to reach the target of 6.5% annual productivity growth. SNET further states, that requiring an annual adjustment to its price cap index based on a 6.5% X-Factor would drive its interstate rate of return below 10.25%.

Interested parties may file comments on the Southern New England Telephone Company's petition no later than **September 17, 1997**. Replies must be filed by **October 2, 1997**. When filing comments and/or replies, please reference the internal file number: **CCB/CPD 97-41**.

An original and four copies of all comments and replies must be filed in accordance with Section 1.51(c) of the Commission's Rules, 47 C.F.R. § 1.15(c). In addition, one copy of each pleading must be filed with International Transcription Services (ITS), the Commission's duplicating contractor, at its office at 1231 - 20th Street, N.W., Washington, D.C. 20036 and one copy with the Chief, Competitive Pricing Division, Room 518, 1919 M Street, N.W., Washington, D.C. 20554.

For further information contact, Wanda M. Harris, Competitive Pricing Division, Common Carrier Bureau, (202) 418-1530.

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