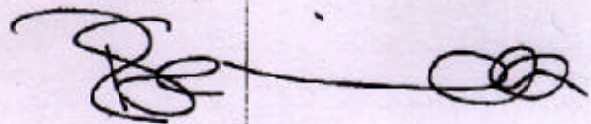


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if the vendor was providing its customers with a billing service, the distributor must be prepared to supplant this. Some elements of the billing service, in particular the call centre function, cannot be quickly expanded. In the result, the distributor is put in the position of maintaining slack billing capacity in order to satisfy its backstop obligations. This raises the distributor's costs and is inefficient in the sense that duplicative capacity is being maintained (i.e., both the distributor and the vendor maintain billing capacity).

To my knowledge there has been no systematic analysis of the cost impacts of the proposed distribution access rule. Moreover, I have seen no study of the effects of the proposed changes in the billing options upon competition in the industry. For example, while the changes might advantage incumbent vendors *vis a vis* the relevant distributor, their effect upon potential new entrants is not clear. In my view, analysis of both the potential cost and competitive impacts of these rule changes should be undertaken before they are implemented.

Sincerely,



Richard Schwindt

RS/wa