

Southwestern Bell Telephone

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

June 1, 1992

Richard C. Hartgrove
General Attorney

Mr. William A. Blase
Director-Federal Regulatory
Southwestern Bell Corporation
1667 K Street, N.W., Suite 1000
Washington, D.C. 20006

Dear Bill:

Re: Comments of Southwestern Bell Telephone Company,
CC Docket No. 92-77

Enclosed please find an original and five (5) copies of the above-referenced pleading to be filed with the Secretary of the Commission on Tuesday, June 2, 1992. Also enclosed is a copy of the pleading to be filed-stamped and returned to me.

Additional copies of the pleading are attached to be used as the courtesy copies and one is included for your files.

Please call to confirm that the pleading has been filed. Thank you for your assistance.

Very truly yours,

Richard C. Hartgrove

Enclosure

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Billed Party Preference) CC Docket No. 92-77
for 0+ InterLATA Calls)

COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

MCI, COMTEL and others have requested that carriers issuing a calling card designed to be used with 0+ access should be required to provide validation and billing service for any other carriers wishing to accept that card (i.e., 0+ cards should be in the public domain). The FCC has initiated an expedited pleading cycle which seeks comment on whether, prior to the implementation of Billed Party Preference (BPP), the Commission should prohibit Operator Service Providers (OSPs) from accepting 0+ calls that are made with proprietary cards.

I. BACKGROUND

The marketplace issues surrounding AT&T's proprietary cards (those issued by AT&T in CIID and "891" formats) are not new. To SWBT's knowledge, end-user customers have never had the ability to use a proprietary card on Interexchange Carrier (IXC) networks other than that of the IXC card issuer. The inability of end-users to use AT&T's proprietary CIID and 891 cards on networks of AT&T's competitors is somewhat reminiscent of the circumstances surrounding "AT&T's cards" prior to the MFJ Court's Order of October 14, 1988, requiring Bell Operating Companies (BOCs) "to make available to all interexchange carriers requesting it the same

validation data for its calling cards that the company provides to AT&T."¹ While the Order was primarily directed toward the BOCs and perceived inequalities with regard to access to BOC validation data, this action allowed AT&T's competitors to accept SWBT and AT&T calling cards that contained "shared-use" account numbers. AT&T thus lost the "proprietary" status of such cards, and a card containing the AT&T name and logo potentially became usable, with validation, on the networks of AT&T's competitors during the second quarter of 1989.

Validation information for AT&T cards which did not contain a "shared-use" account number (i.e., "AT&T-Only" cards) was not made available to the industry at the same time as validation information for AT&T/BOC "shared-use" calling cards. AT&T maintained that "AT&T-Only" cards were proprietary and would not permit validation information for these cards to be made available to AT&T's competitors. The MFJ Court did not object to AT&T's position on this issue nor dispute AT&T's interpretation of Court Orders. However, in April of 1990, AT&T agreed in a letter to SWBT to make all AT&T telephone line number and RAO format cards, which were administered by the BOCs, usable on the networks of AT&T's competitors.

During this same period, other AT&T card practices (issuance of proprietary cards containing RAO codes secured from non-BOC local exchange companies [LECs]) came under scrutiny by the

¹ United States v. Western Electric, 698 F. Supp. 348 (D.D.C. 1988).

industry and the Department of Justice. In response, the BOCs developed the CIID format, which enables all IXCs and OSPs to issue proprietary, 14-digit calling cards which can be accepted by the BOCs and other LECs on intraLATA calls. The CIID format has been available to all IXCs and OSPs since November of 1989. This format, along with changes to the CIID administration guidelines, was approved by the MFJ court on May 8, 1990.² Fifteen IXCs, including AT&T, have requested and been assigned CIID codes from Bellcore. All cards issued in the CIID format are proprietary and their acceptance is controlled by the card issuer. The MFJ Court approved the CIID plan with the knowledge that the cards at issue would be proprietary, and IXCs have made investments in CIID card formats based upon the same assumption. In February of 1992, the MFJ Court denied the challenge of International Telecharge, Inc. to the proprietary nature of CIID cards.³

II. PROPOSED RESTRICTIONS ON AT&T CIID CARD

The Commission seeks comment on the merits of requiring, for example, AT&T either to: (1) share the billing and validation information for its CIID and 891 cards (in which case callers could continue to use the card with 0+ access), or (2) restrict the use of its cards to access code dialing. As explained below, these solutions are either not in the public interest (inconvenience,

² United States v. Western Electric Co., Civil Action No. 82-0192, Slip Opinion (D.D.C. May 8, 1990).

³ United States v. Western Electric Co., Civil Action No. 82-0192, Memorandum and Order (D.D.C. Feb. 28, 1992).

frustration, possible cost increases for elastic services), or else not available in the period prior to BPP.

Consequently, the Commission should reject these proposed remedies. The Commission should instead move expeditiously to complete its analysis of the total public interest benefits of BPP.

As an alternative solution to the increased inequities which may have resulted from AT&T's card campaign, the Commission may wish to consider requiring AT&T to correct the potentially misleading customer information used in that campaign. Comments filed in this and related dockets indicate that AT&T's card and marketing practices have exacerbated customer confusion and market inequities by leading customers to believe, incorrectly, that their telephone line number cards are no longer valid. The confusion would likely be ameliorated if AT&T were required to notify customers that telephone number line based cards still work on all LEC networks and virtually all IXC networks, including AT&T's.

III. PROPOSED 0+ PUBLIC DOMAIN

If the Commission declares CIID cards to be in the public domain, IXCs which have "0+" card products, such as AT&T, would likely protect their card investments by instructing their customers to dial all calls with "special" access codes (i.e., 10XXX+0, 950-1XXX, or 1+800+NXX-XXXX). The following would result:

1. The necessity of dialing additional digits on calling card calls would greatly inconvenience and frustrate customers.

2. SWBT would realize stranded investments in network and billing systems made to permit acceptance of all proprietary IXC card products. This investment was made in a good faith attempt to comply with the rulings of the MFJ Court regarding proprietary cards.

Even if IXCs did not instruct their customers to dial all calls on an access code basis, the concept of 0+ Public Domain would produce other results not in the public interest:

1. 0+ Public Domain is contrary to the principle of the billed party determining the carrier for transport, a principle supported by the MFJ Court, the majority of the industry and, most importantly, end-user customers. It is illogical to implement a service concept (0+ public domain) that would work in opposition to another service concept (Billed Party Preference) that the Commission has tentatively concluded is in the public interest.
2. Customers would not always receive services from the IXC issuer of the calling card, causing much confusion. This has been a problem for many end-users during recent years and would increase with implementation of 0+ Public Domain.
3. The implementation period for this concept would equal or exceed the period required for development of BPP. 0+ Public Domain would begin to be implemented at the same time as Billed Party Preference. Billed Party Preference

is a far better service for end-user customers than 0+ Public Domain. Efforts should be channeled toward implementation of Billed Party Preference, not 0+ Public Domain.

IV. UNAVAILABILITY OF REQUIRED TECHNOLOGY

One proposed "solution" to the CIID "problem" would require AT&T and other IXCs to restrict use of CIID cards to access code dialing. IXCs would not be able to process CIID card calls made by dialing 0 plus the number to be called. Aside from the public interest reasons why this is not a viable option, the technology required for implementation is not available. The required signaling technology for implementation of this "solution" is a component also required for implementation of BPP, and it is not expected to be available before the other required technology components needed for BPP are also available.

This "solution" would require specially designed Signaling System Seven (SS7) -- between LEC end-offices and IXC operator services switches -- for processing operator service calls. Such signaling would be necessary so that IXCs would know how the customer dialed the call (0+ or access code). Unless this intelligence were passed to the IXCs, all 0+ interLATA calls would have to be blocked at the end office, which would disadvantage callers choosing not to bill calls to a proprietary IXC calling card. Since such special SS7 technology is not available, this "solution" would also require those placing collect, third number

or LEC calling card calls to dial access codes, clearly not in the interest of consumers.

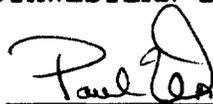
V. CONCLUSION

The Commission has solicited proposals for addressing alleged competitive inequities resulting from AT&T's issuance and dissemination of a proprietary calling card. The proposed remedies, however, conflict with the implementation and benefits of Billed Party Preference, a service concept with apparently great consumer and competitive benefits. Instead of tilting at windmills, the Commission should complete its analysis of BPP. The Commission should also require AT&T to correct its misleading customer information.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

By

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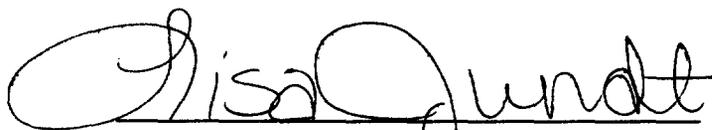
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June 2, 1992

CERTIFICATE OF SERVICE

I, Lisa Jundt, hereby certify that the foregoing "Comments of Southwestern Bell Telephone Company" in Docket # 92-77 has been served this 2nd day of June to the Parties of Record.


Lisa Jundt

June 2, 1992

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