Similarly, Pacific used its entire interstate switched access revenue requirement and direct costs to determine its LIDB overhead loading of 5.535.[39] Likewise, U S West developed its overhead factors in two different ways. The carrier used its total traffic sensitive revenue requirement and direct costs to calculate its LIDB overhead factors, while its CCS overhead loading purports to use only its Local Transport revenue requirement and direct costs. However, this method has resulted in an overhead loading of 10.54, which is a significantly greater loading than other LECs claiming to use only Local Transport revenue requirement.[40] Since this factor varies so significantly between U S West and the other LECs using Local Transport cost to calculate overhead loadings, the Commission should require U S West to provide further details about how this loading was calculated.

Since the investments and the overhead loading varied so significantly between LECs, it should come as no surprise (as shown in Exhibit 3) that the LECs have wide variations in their LIDB and CCS rates. Therefore, LIDB customers find themselves in a situation largely identical to one faced by prospective customers of the LEC ONA tariffs. In that proceeding, the LECs have proposed widely diverging basic service element rates ("BSEs") which were also developed from investments calculated through the use of a Bellcore costing model called the Switching Cost Information System ("SCIS").

There can be no doubt that the SCIS and CCSCIS costing models are similar.

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[39] Pacific Direct Case, at pp. 8-9.

[40] U S West does not appear to have allocated the entire amount of its CCS overhead factor to its Port Termination charge. See, U S West Direct Case, at pp. 17-20.

> The CCSCIS model uses the same approach as the SCIS model, which has been used for many years to develop the direct cost of multifrequency signaling services. Both models assign the investment of shared switching equipment to specific services based on the utilization of those services relative to the capacity of specific hardware required to supply [the] service.[41]

Since it is clear that the ongoing LIDB investigation is the only opportunity for LIDB customers to determine if they are paying lawful LIDB rates, the Commission must require the LECs to make their CCSCIS costing model available for public scrutiny.[42] MCI will not restate the history of its attempts to obtain access to the SCIS models here. However, it must be emphasized that in the ONA investigation, the Bureau did conclude that a review of the costing model was necessary.

> We have now concluded that SCIS should be subjected to the fullest practicable examination by parties to the investigation, consistent with protection of competitively sensitive materials, to assure through review of these elements of the ONA rate development process. There is a strong public interest , both generally in developing the new services to be furthered by ONA and, more narrowly, in the setting of reasonable prices for ONA services that will not constrain that process. The broad public purposes of the Commission's ONA initiative will unquestionably be far better served if prospective customers of these offerings are enabled to contribute their specialized expertise to the resolution of issues in the ONA tariff investigation.[43]

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[41] Pacific Direct Case, at p. 6.

[42] The Commission should also require access to U S West's Signaling System No. 7 costing model which appears similar to CCSCIS, and should require GTE and BellSouth to provide more specific details regarding their investment calculations.

[43] In the Matter of Commission Requirements for Cost support Material To Be Filed with Open Network Access Tariffs, DA 92-129, Memorandum Opinion and Order, Released January 31, 1992, at para. 39 (emphasis added).

In addition to requiring CCSCIS disclosure, the Commission should require the LECs to respond to a variety of other costing issues currently part of the ONA investigation, but which are clearly also applicable to the LIDB rates.

1. Is use of a cost of money that exceeds 11.25 percent reasonable?
2. Are the BellSouth, U S West and Pacific overhead loading excessive?[44]

F. LIDB SERVICE MUST NOT BE PRICED TO MEET MARKET CONDITIONS

MCI believes that a LIDB query should be a non-chargeable tariffed option like Automatic Number Identification ("ANI") is today.[45] First of all, IXCs add value to LEC calling cards by completing calls for LEC customers over their networks. In addition, since LECs receive access revenues for calls completed over the IXC, they should absorb the incremental costs - if any - which might be related to the validation and provision of billing name and address.

If the Commission does conclude however, that the LECs are to be permitted to recover incremental LIDB costs (and a reasonable amount of overhead) through tariffed rates, these rates cannot be priced above fully distributed cost ("FDC"). As discussed above, some LECs have already established excessive rates for LIDB through the use of improper overhead loadings. In addition, through lack of public information about CCSCIS, and other LEC costing methodologies, LIDB providers have had the opportunity

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[44] In the Matter of Open Network Architecture Tariffs of Bell Operating Companies, CC Docket No. 92-91, Released April 16, 1992, at pp. 3-4.

[45] ANI is non-chargeable option as part of today's feature group access environment. At this time, the Commission still plans on eliminating feature groups as part of its ONA implementation. If that were to occur, ANI would be a chargeable basic service element.

to manipulate their "actual" LIDB costs virtually without impediment. In a further attempt to take advantage of their monopoly position, at least two of the LECs, as shown in Exhibit 4, have priced their LIDB service at significantly above FDC. As NYNEX states,

> While the NTCs used the CCSCIS model to develop certain costs in connection to LIDB Access Service, the rates for that service are not cost based. As the NTCs have noted, the NTCs considered factors such as the pricing of LIDB Access service in relation to other commercial services, such as rates for commercial credit card validation, in addition to direct costs, in determining their rates.[46]

Ameritech takes a similar position:

> LIDB is a new a discretionary service for which significant competition exists. As such, LIDB is appropriately priced to the market, based upon the prices for competitive alternatives. However, LIDB rates are established at levels above relevant costs and that meet the Commission's net revenue test. Market-based rates for competitive and discretionary services are in the public interest because they facilitate efficient competition, enhance customer choice and encourage LEC investment in these services.[47]

There are at least two problems with LECs pricing LIDB at a level to be competitive with commercial credit cards. First of all, as was stated above, there is a clear distinction between the LIDB service and a commercial credit card. As U S West has noted, LIDB is not a service for which the LEC proposes to buy all of its customers receivables for calling cards and incur all loss of fraud as is true in the case of commercial credit cards.[48] Thus, Ameritech and NYNEX are offering an inferior service in comparison to commercial credit cards, but are attempting to have it both ways, and charge rates as if these services were on an equal footing. Moreover, regardless of what these LECs

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[46] NYNEX Direct Case, at p. 15, n. 25.

[47] Ameritech Direct Case, at p. 4.

[48] U S West Direct Case, at p. 6.

contend, there is simply no substitute in the market for the customer information contained in the LIDB database. If there truly were existing substitutes, it is extremely unlikely that MCI would continue to purchase service from the LECs at the current rates and at the current level of service. In sum, there are no legitimate reasons for LIDB to be priced at a market-based level until LECs begin to offer the same liability guarantee as commercial credit cards. Until that time, the Commission should direct both NYNEX and Ameritech to reduce their rates to their FDC.

II. CONCLUSION

As MCI has demonstrated, the LECs have failed to justify the lack of details in their tariffs describing their LIDB service. In addition, their continued refusal to accept liability for database errors and fraudulent use of calling cards is unacceptable and should no longer be permitted. Furthermore, LEC tariffs must include all technical differences between their CCS 56 kbps interconnection and their 56 kbps DDS special access lines. Finally, to the extent that the Commission believes that any tariffed charges for LIDB are appropriate, these charges must be strictly cost-based. To ensure that LIDB rates are cost-based, LIDB customers must have access to the CCSCIS costing model.

Respectfully submitted,

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Dated: June 5, 1992

Exhibit 1

LIDB ANALYSIS
INVESTMENT PER UNIT

	LIDB TRANSP. INV/UNIT	LIDB QUERY INV/UNIT	STP PORT INV/UNIT
AMERITECH	$0.00022[1]	$0.00801[2]	$19,707.00[3]
BELL ATLANTIC	$0.01116[4]	$0.00981[5]	$25,407.51[6]
BELLSOUTH	$0.00020[7]	$0.01040[8]	$13,500.00[9]
GTE	$0.00869[10]	$0.03946[11]	
CALIFORNIA			$14,827.46[12]
ILLINOIS			$16,497.01[13]
INDIANA			$15,713.06[14]
NYNEX	$0.00058[15]	$0.01961[16]	
NET			$13,688.97[17]
NYT			$19,040.10[18]
PACIFIC	$0.00008[19]	$0.02581[20]	$42,930.00[21]
SNET[22]	$0.00093	$0.02295	$29,149.00
SOUTHWESTERN	$0.00410[23]	$0.05960[24]	$10,705.39[25]
UNITED	$0.00416[26]	$0.03218[27]	$13,880.00[28]
US WEST	$0.00075[29]	$0.01907[30]	$ 7,458.92[31]

Exhibit 1

Sources

1. Calculated from Ameritech Tariff F.C.C. No. 2, Amended transmittal No. 575, D&J, Revised Exhibit 2, filed December 13, 1991.

2. From Ameritech Tariff F.C.C. No. 2, Amended transmittal No. 575, D&J, Revised Exhibit 2, filed December 13, 1991.

3. From Ameritech Direct Case, Appendix A, filed April 21, 1992.

4. From Bell Atlantic Tariff F.C.C. No. 1, Transmittal No. 476, D&J, Workpaper 6-5, filed November 20, 1991.

5. Calculated from Bell Atlantic Supplemental Direct Case, Workpaper F-11, filed May 5, 1992.

6. Id., at Workpaper F-9.

7. Calculated from BellSouth Tariff F.C.C. No. 4, Transmittal No. 439, D&J, Appendix A Workpaper 3, p. 2, and Appendix B, Workpaper 2, p. 3, filed November 15, 1991.

8. Calculated from BellSouth Tariff F.C.C. No. 4, Transmittal No. 439, D&J, Appendix A Workpaper 3, p. 2, and Appendix B, Workpaper 2, p. 4, filed November 15, 1991.

9. From BellSouth Tariff F.C.C. No. 4, Transmittal No. 439, D&J, Appendix B, Workpaper 2, p. 2, filed November 15, 1991.

10. Calculated from GTE Tariff F.C.C. No. 1, Transmittal No. 692, D&J, Exhibit 2, p. 1, filed November 14, 1991.

11. Id., at Exhibit 3, p. 1.

12. From GTE Tariff F.C.C. No. 1, Transmittal No. 691, D&J, Exhibit 6, at p. 1, filed November 14, 1991.

13. Id., at p. 2.

14. Id., at p. 3.

15. From NYNEX Tariff F.C.C. No. 1, Transmittal No. 67, D&J, Section 3, Workpaper 5, filed December 11, 1991.

16. Id.

17. From NYNEX Tariff F.C.C. No. 1, Transmittal No. 70, D&J, Section 8, Workpaper 2, filed December 13, 1991.

18. Id.

19. From Pacific Bell Tariff F.C.C. No. 128, Transmittal No. 1562, D&J, Attachment I, Workpaper 2, p. 2, filed December 24, 1991.

20. Calculated from Pacific Bell Tariff F.C.C. No. 128, Transmittal No. 1562, D&J, Attachment I, Workpaper 2, pp. 3-4, filed December 24, 1991.

21. Calculated from Pacific Bell Tariff F.C.C. No. 128, Transmittal No. 1562, D&J, SS7 Interconnection Workpaper, filed December 24, 1991.

22. From SNET Tariff F.C.C. No. 39, Transmittal No. 533, D&J, Exhibits 2, 3, and 3A filed January 14, 1992.

23. From Southwestern Bell Tariff F.C.C. No. 68, Transmittal No. 2149, D&J, Figure 12, filed November 4, 1991.

24. Id.

25. From Southwestern Bell Tariff F.C.C. No. 68, Transmittal No. 2148, D&J, Figure 8, filed November 4, 1991.

26. Calculated from United Tariff F.C.C. No. 5, Transmittal No. 287, D&J, Exhibit 4-13, filed November 15, 1991.

27. Id., at Exhibit 4-14.

28. Id., at Exhibit 4-1.

29. From US West Tariff F.C.C. No. 1, Transmittal No. 203, D&J, Section 1, Workpaper 1, p. 1, filed October 25, 1991.

30. Id.

31. From US West Tariff F.C.C. No. 1, Transmittal No. 219, D&J, Section 2, Workpaper 1, p. 11, filed December 16, 1991.

Exhibit 2

LIDB ANALYSIS
OVERHEAD LOADING FACTORS

	LIDB OVERHEAD LOADING FACTOR QUERY	LIDB OVERHEAD LOADING FACTOR TRANSP.	SS7 OVERHEAD LOADING FACTOR PORT
AIT	1.4404[1]	1.4404[2]	1.4404[3]
BAT[4]	1.2598	1.2598	1.2598
BLS[5]	3.0000	3.0000	
GTE	1.3964[6]	1.5488[7]	
CALIFORNIA			1.2164[8]
ILLINOIS			1.2261[9]
INDIANA			1.2882[10]
NYN[11]	1.3444	1.7500	1.5967
PAC	5.5350[12]	5.5350[13]	1.0000[14]
SNET[15]	1.4579	1.3913	1.1099
SWB	1.2580[16]	1.2580[17]	1.2580[18]
UTS[19]	1.2796	1.2796	1.2796
USW[20]	2.5100	5.5800	4.4900

Exhibit 2

Sources

1. From Ameritech Tariff F.C.C. No. 2, Amended transmittal No. 575, Revised Exhibit 4, filed December 13, 1991.

2. Id.

3. From Ameritech Tariff F.C.C. No. 2, Transmittal No. 586, Revised Exhibit 4, filed December 13, 1991.

4. From Bell Atlantic Tariff F.C.C. No. 1, Transmittal No. 476. D&J, Workpapers Nos. 6-10, 6-11, and 6-12, filed November 20, 1991.

5. From BellSouth Direct Case, at p. 8, filed April 21, 1992.

6. Calculated from GTE Tariff F.C.C. No. 1, Transmittal No. 692, D&J, Exhibit 3, p. 1, filed November 14, 1991. Calculation divides line 23 (proposed rate), by line 24 (unit cost).

7. Id., at Exhibit 2.

8. Calculated from GTE Tariff F.C.C. No. 1, Transmittal No. 691, D&J, Exhibit 6, p. 1, filed November 14, 1991. Calculation divides line 22 (proposed rate), by line 23 (unit cost).

9. Calculated from GTE Tariff F.C.C. No. 1, Transmittal No. 691, D&J, Exhibit 6, p. 2, filed November 14, 1991. Calculation divides line 22 (proposed rate), by line 23 (unit cost).

10. Calculated from GTE Tariff F.C.C. No. 1, Transmittal No. 691, D&J, Exhibit 6, p. 3, filed November 14, 1991. Calculation divides line 22 (proposed rate), by line 23 (unit cost).

11. Calculated from NYNEX Direct Case, Exibit 5, filed April 21, 1992.

12. From Pacific Bell Tariff F.C.C. No. 128, Transmittal No. 1557, D&J, Workpaper II, p. 8, filed November 15, 1991.

13. Id.

14. Calculated from Pacific Bell Tariff F.C.C. No. 128, Transmittal No. 1562, D&J, SS7 Interconnection Workpapers, p. 2, filed December 24, 1991.

15. From SNET Direct Case, Exhibit 15, filed April 21, 1992.

16. From Southwestern Bell Tariff F.C.C. No. 68, Transmittal No. 2149, D&J, Figure 2, filed November 4, 1991.

17. Id., at Figure 3.

18. From Southwestern Bell Tariff F.C.C. No. 68, Transmittal No. 2148, D&J, Figure 3, filed November 4, 1991.

19. From United Tariff F.C.C. No. 5, Tranmittal No. 287, D&J, Exhibit 4-13, 4-14, and 2-2, filed November 15, 1991.

20. From US West Tariff F.C.C. No. 1, Transmittal No. 203, D&J, Section 1, Workpaper 1, p. 1, filed October 25, 1991.

EXHIBIT 3

LIDB ANALYSIS
MONTHLY RATES

	LIDB QUERY	TRANSP.	TOTAL	STP PORT
AMERITECH[1]	$0.02988	$0.00012	$0.03000	$ 690.00
BELL ATLANTIC[2]	$0.03587	$0.00507	$0.04094	$ 932.58
BELLSOUTH[3]	$0.04200	$0.00030	$0.04230	$1,710.00
GTE[4]	$0.04090	$0.00460	$0.04550	
CALIFORNIA				$ 515.00
ILLINOIS				$ 546.00
INDIANA				$ 553.00
NYNEX[5]	$0.03928	$0.00072	$0.04000	$ 450.00
PACIFIC[6]	$0.02970	$0.00030	$0.03000	$1,325.00
SNET[7]	$0.03668	$0.00032	$0.03700	$ 900.00
SOUTHWESTERN BELL[8]	$0.02600	$0.00450	$0.03050	$ 318.87
UNITED[9]	$0.03840	$0.00160	$0.04000	$ 485.00
US WEST[10]	$0.03940	$0.00060	$0.04000	$ 850.00

EXHIBIT 3

Sources

1. From Ameritech Tariff F.C.C. No. 2, Transmittal No. 586, 10th revised p. 213.1, filed December 13, 1991.

2. From Bell Atlantic Tariff F.C.C. No. 1, Transmittal No. 476, 2nd revised p. 253.1, filed November 20, 1991.

3. From BellSouth Tariff F.C.C. No. 4, Transmittal No. 439, original p. 19-7, filed November 15, 1991.

4. From GTE Tariff F.C.C. No. 1, Transmittal No. 692, D&J, Exhibit 1, p. 2, filed November 14, 1991, and GTE Tariff F.C.C. No. 1, Transmittal No. 691, D&J, Exhibit 6, pp. 1-3, filed November 14, 1991.

5. From NYNEX Tariff F.C.C. No. 1, Transmittal No. 61, 1st revised pp. 30-121 and 31-143, filed Novemebr 22, 1991, and NYNEX Tariff F.C.C. No. 1, Transmittal No. 70, 7th revised p. 30-6 and 5th revised p. 31-5, filed December 13, 1991.

6. From Pacific Bell Tariff F.C.C. No. 128, Transmittal No. 1562, 2nd revised p. 240.8, filed Dember 24, 1991.

7. From SNET Tariff F.C.C. 39, Transmittal No. 533, 1st revised pp. 17-10 and 17-11, filed Janaury 14, 1992.

8. From Southwestern Bell Tariff F.C.C. No. 68, Transmittal No. 2149, original p. 368, filed November 4, 1991, and Southwestern Bell Tariff F.C.C. No. 68, Transmittal No. 2148, original p. 353, filed November 4, 1991.

9. From United Tariff F.C.C. 5, Transmittal No. 287, D&J, Exhibit 4-16, filed November 15, 1991.

10. From US West Tariff F.C.C. No. 1, Transmittal No. 203, original p. 20-11, filed October 25, 1991, and US West Tariff F.C.C. No. 1, Transmittal No. 219, first revised p. 20-10, filed December 16, 1991.

EXHIBIT 4

COMPARISON OF NYNEX AND AMERITECH LIDB
SERVICE RATES VERSUS FULLY DISTRIBUTED COSTS

	QUERY	TRANSPORT
NYNEX[1]		
DIRECT COST	$0.01176	$0.00016
OVERHEAD LOADING	1.34	1.75
FULLY DISTRIBUTED COST	$0.01581	$0.00028
TARIFFED RATE	$0.03928	$0.00072
PERCENT RATE ABOVE FDC	148.45%	157.14%
AMERITECH[2]		
DIRECT COST	$0.01169	$0.00008
OVERHEAD LOADING	1.44	1.44
FULLY DISTRIBUTED COST	$0.01684	$0.00012
TARIFFED RATE	$0.02988	$0.00012
PERCENT RATE ABOVE FDC	77.43%	0.00%

[1] From NYNEX Direct Case, Attachment B, Exhibit 5, pp. 2, 6.

[2] From Ameritech Tariff F.C.C. No. 2, Transmittal No. 575, D&J, Exhibit 4, filed November 12, 1991.

STATEMENT OF VERIFICATION

I have read the foregoing and, to the best of my knowledge, information, and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury hat the foregoing is true and correct. Executed on June 8, 1992.

Andrew L. Regitsky

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CERTIFICATE OF SERVICE

I, Dana Harris, do hereby certify that copies of the foregoing MCI petition were sent via first class mail, postage paid, to the following on this 8th day of June, 1992:

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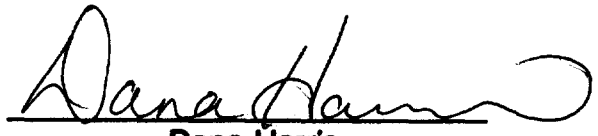

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