

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

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.

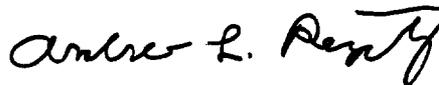
contend, there is simply no substitute in the market for the customer information contained in the LIDB database. If there truly were existing substitutes, it is extremely unlikely that MCI would continue to purchase service from the LECs at the current rates and at the current level of service. In sum, 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,

MCI TELECOMMUNICATIONS CORPORATION



Andrew L. Regitsky
Senior Manager,
Regulatory Analysis
1801 Pennsylvania Ave. NW
Washington DC 20006
(202) 887 - 2582

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, Exhibit 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, Transmittal 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 November 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 December 24, 1991.
7. From SNET Tariff F.C.C. 39, Transmittal No. 533, 1st revised pp. 17-10 and 17-11, filed January 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

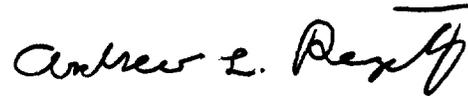
| | <u>QUERY</u> | <u>TRANSPORT</u> |
|------------------------------|--------------|------------------|
| <u>NYNEX¹</u> | | |
| DIRECT COST | \$0.01176 | \$0.00016 |
| OVERHEAD LOADING | 1.34 | 1.75 |
| FULLY DISTRIBUTED COST | \$0.01581 | \$0.00028 |
| TARIFFED RATE | \$0.03928 | \$0.00072 |
| ===== | | |
| PERCENT RATE ABOVE FDC | 148.45% | 157.14% |
| ===== | | |
| <u>AMERITECH²</u> | | |
| 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 that the foregoing is true and correct. Executed on June 5, 1992.



Andrew L. Regitsky
1801 Pennsylvania Avenue N.W.
Washington DC 20006
(202) 887 - 2582

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 5th day of June, 1992:

Cheryl Tritt**
Chief, Common Carrier Bureau
FCC
Room 500
1919 M Street, NW
Washington, DC 20554

Gregory J. Vogt**
Chief, Tariff Division
FCC
Room 518
1919 M Street, NW
Washington, DC 20554

Tom Elkin**
Tariff Division
FCC, Room 500
1919 M Street, NW
Washington, DC 20554

Mark Uretsky**
FCC
Room 518
1919 M Street, NW
Washington, DC 20554

Colleen Boothby**
Deputy Chief, Tariff Division
FCC
1919 M Street, NW
Washington, DC 20554

Judy Nitsche**
FCC, Room 518
1919 M Street, NW
Washington, DC 20554

Dan Grosh**
FCC, Room 518
1919 M Street, NW
Washington, DC 20554

Ann Stevens**
FCC, Room 518
1919 M Street, NW
Washington, DC 20554

Downtown Copy Center**
Room 246
1919 M Street, NW
Washington, DC 20554

William B. Barfield
Richard M. Sbaratta
Helen A. Shockey
BellSouth
1155 Peachtree Street, NE
Suite 1800
Atlanta, GA 30367-6000

John Goodman
Michael D. Lowe
Bell Atlantic Network Services
1710 H Street, N.W.
Washington, DC 20006

James P. Tuthill
John W. Bogy
Pacific Bell
140 New Montgomery Street
Room 1530-A
San Francisco, CA 94105

Lawrence E. Sargeant
Randall S. Coleman
US West Communications
1020 19th Street, N.W.
Suite 700
Washington, DC 20036

Patrick A. Lee
Edward E. Nichoff
NYNEX
120 Bloomingdale Road
White Plains, NY 10605

Gail L. Polivy
GTE
1850 M Street, N.W.
Suite 1200
Washington, DC 20026

Floyd S. Keene
Michael T. Mulcahy
Larry A. Peck
Ameritech Services
2000 W. Ameritech Center Drive
Room 4H86
Hoffman Estates, IL 60196-1025

Durward D. Dupre
Richard C. Hartgrove
John Paul Walters, Jr.
Southwestern Bell Telephone
1010 Pine Street, Room 2114
St. Louis, MO 63101

Rochelle D. Jones
Director - Regulatory
SNET
227 Church Street
4th Floor
New Haven, CT 06510-1806

Jay C. Keithley
United Telecommunications
1850 M Street, N.W.
Suite 1100
Washington, DC 20036

Hand Delivered**

A handwritten signature in cursive script that reads "Dana Harris". The signature is written in black ink and is positioned above a horizontal line.

Dana Harris