

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of
Billed Party Preference for
0+ InterLATA Calls

CC Docket No. 92-77
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

REPLY COMMENTS OF GTE

GTE Service Corporation and its affiliated domestic telephone operating companies ("GTE") offer their reply comments filed in response to comments to the issues regarding the merits of a "billed party preference" ("BPP") routing methodology for 0+ interLATA payphone traffic and for other types of operator-assisted interLATA traffic presented for consideration in the above referenced Notice of Proposed Rulemaking ("NPRM" or "Notice"), FCC 92-169, released May 8, 1992.

INTRODUCTION

In initial comments filed July 7, 1992, GTE supported implementation of a BPP system and contended the scope of such a system should encompass all interLATA 0+ and 0- traffic.¹ With BPP, callers would be able to make all of their operator-assisted calls with the knowledge such calls would automatically be

¹ GTE believes that entities which do not currently provide Operator Service functionalities should not be required to do so in order to allow BPP. Should BPP be required for such entities, it would be necessary for them to enter into billing arrangements with all OSP's. This is a similar problem to that faced in CC Docket No. 91-35 from which the Air-to-Ground and cellular services have been removed for consideration at a later date. GTE proposes that similar treatment be afforded to such entities in this docket.

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handled by the operator service provider ("OSP") of their choice. A nationwide BPP mandate would assure maximum usage of the BPP system and equipment and would spread system cost over a greater number of consumers.

GTE still believes that BPP would best serve the public interest. In these Reply Comments GTE focuses on four specific issues raised by other commenters: (1) cost recovery, (2) degradation of service/double operator involvement, (3) Local Exchange Carrier ("LEC") performance of 14-digit screening, and (4) an alternative technology solution proposed by MessagePhone, Inc..

DISCUSSION

1. The Commission should resolve the cost recovery issue through a further notice before BPP can be implemented.

GTE cited significant costs (\$84 million to implement and \$23 million to operate)² for BPP. Cost estimates of other LECs confirm that the overall cost for implementing and operating BPP will be substantial. The magnitude of estimated investment underscores the critical need for a viable method of cost recovery.

GTE and others expressed the view that any cost recovery solution should directly link cost recovery with the cost causer. Many commenters argued that the Commission must specify the method of cost recovery at the same time it mandates BPP. While some favored treating BPP costs as "exogenous" under price caps,³ several different cost recovery methods were

² GTE Comments at 11.

³ Ameritech at 20-21, Bell Atlantic at 5.

proposed.⁴ The variety of recovery methods proposed were diverse, with no apparent consensus on method evident from submitted comments.

Based upon the existing record, GTE still can not propose or endorse a specific method. Because of the importance of a viable cost recovery mechanism for the successful implementation of BPP and the need to consider the various cost recovery proposals, GTE believes that the Commission should consider BPP cost recovery in a further notice.⁵

2. BPP will not degrade service or require dual operator involvement if implemented properly.

In arguing against BBP, many commenters assert that BPP would require dual operator involvement on most calls which would result in degraded levels of service.⁶ GTE maintains that if BPP is implemented properly, with common channel signaling ("SS7") and Line Information Data Base ("LIDB") technology, customers will not experience any degradation of service, and may actually experience slight improvement over present access times. Two major factors will impact the magnitude of service improvement: the division of the call processing function between the LEC and the OSP, and the development by the equipment vendors of efficient transfer of information between the LEC and OSP or alternate vendors.

⁴ GTE at 12-13, NYNEX at 4, Southwestern Bell at 12, Bell Atlantic at 6.

⁵ GTE at 13.

⁶ Consolidated Communications Public Services at 5, Advanced Business Communications at 1, Alternate Communications Technology, Inc. at 1, Comcentral Corp. at 1, City of Fresno at 1.

The commenting parties express concern that callers should not have to repeat verbally or to redial information furnished to the first operator or operator system. This concern can be met by a proper coordination of call processing between the LEC and Interexchange Carrier ("IXC") operator systems.

One possible division of responsibilities would have the LEC, upon receipt of an interLATA dialed 0+ or 0- call, perform only the functions of entering the called number (0- call only), identifying the billing mode, collecting the billing number (if applicable) and performing a possible billing validation and simultaneous IXC determination. At this point, the LEC operator system would signal Automatic Number Identification ("ANI"), called number, billing mode, billing number, and possibly billing validation results, to the IXC's network. Upon engagement of the IXC operator system, the caller (in the case of a collect or third-number call) would be prompted for his name and call acceptance would be performed. A second billing validation could be performed by the IXC, if necessary, either because the LEC does not provide the validation results to the IXC or an IXC card is used.

A second call-processing possibility, which would eliminate the "double operator" concern, would require the LEC to furnish all call servicing, including all validation and acceptance functions, and possibly pass such call information to the IXC for call completion, call recording, and subsequent customer billing. Automated Alternate Billing Systems ("AABS") only mechanizes what each individual operator might do or ask. SS7, in turn, can best communicate LEC information collected to the IXC's system. Such communication could be done via in-band multifrequency ("MF") signaling, but with significant delay. While AABS and SS7 can mechanize and accelerate call processing, the key to avoiding "double operator" problems is a proper coordination and division of call processing.

3. 14-Digit Screening should not be done by LECs.

GTE strongly opposes proposals that 14-digit screening should be performed by LECs as a means of carrier identification.⁷ Commenters suggest that their customers demand a line-numbered card and in order for them to remain competitive they must provide such cards. GTE disputes the validity of this argument. AT&T, the IXC with the greatest number of cards, has decided to abandon line-numbered cards and replace them with a card conforming to card issuer identification ("CIID") and 891 (ANSI standard) formats. There does not appear to have been negative implications attributable to this change.

Although Commenters suggest that implementing such screening would be a simple matter, GTE believes it would be a major undertaking involving both LECs and IXCs. Such screening would require that all exchange carrier LIDBs have to be modified and enhanced, as well as their support data base administration systems ("DBAS"). LIDB data fields would have to be established and populated, not only to reflect an unlimited number of additional Personal Identification Numbers ("PINs"), but also for the associated IXC's Customer Identification Code ("CIC"), and for an alternate CIC. Furthermore, if LEC validation is ordered, an additional data field would be required to provide account status. Administratively, each IXC offering a line-numbered card would have to establish an interface with every LEC DBAS (GTE has three such systems) for the purpose of adding, deleting or updating customer accounts. This would significantly increase LEC DBAS manpower requirements and BPP cost. These costs are in addition to the estimated BPP system costs already provided.

⁷ Sprint at 11, Linkusa at 18.

4. MessagePhone's alternate technology solution for public phones is not cost effective.

MessagePhone, Inc. maintains that it has developed a BPP architecture that resides on the "line-side" of a LEC's central office switch and permits immediate provisioning of BPP and other beneficial consumer services.⁸ Additionally, MessagePhone contends that because of the reasonable cost of the architecture and potential revenue generated by these services, the architecture presents LECs with a technology that produces significant returns on investment.

Although BPP could be implemented through a centralized or decentralized architecture, GTE believes that the public interest would best be served by implementing an industry standard solution which would be used for all classes of lines, not just coin. A decentralized approach, like the one proposed by MessagePhone, would result in potentially higher costs, additional technology maintenance requirements, and would not provision BPP over the appropriate traffic scope.

MessagePhone indicates the installed cost of its system would be between \$450 and \$550 per pay station.⁹ GTE has approximately 260,000 pay stations in service. Assuming a provisioning cost of \$500 per station, the cost would be approximately \$130 million. This exceeds GTE's estimate of BPP provisioning costs for public phones by \$93 million and its estimate for

⁸ MessagePhone at 18.

⁹ MessagePhone at 24.

provisioning all phones by \$46 million. The additional revenues projected by MessagePhone to overcome these cost differentials are speculative.

In addition, MessagePhone's estimate does not appear to include the cost of interconnecting their payphone gateway platform ("PGP") with their remote management system and network computer platform. InterLATA facility costs to connect the PGP to each of GTE's 4500 central office switches would be significant. Such costs could not be calculated without additional detail as to the quantity and type of interconnection facilities required for MessagePhone's technology

Thus, GTE suggests that MessagePhone's proposed solution is more expensive and less comprehensive than the alternative centralized solution supported by GTE.

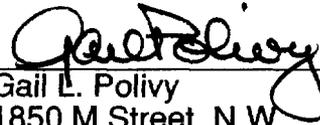
CONCLUSION

Based on the foregoing, GTE suggests that the Commission should (1) implement BPP for all phones and all 0+ and 0- interLATA traffic (except for such entities as described in note 1 supra), (2) seek further comment on the cost recovery issue, (3) conclude that, if implemented properly, BPP will not degrade service or require dual operator involvement, (4) reject the

proposal to require LECs to perform 14-digit screening, and (5) reject
MessagePhone's proposed alternative BPP technology

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Certificate of Service

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