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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Donna R. Searcy
Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Ms Searcy:

Re: CC Docket No. 92-77, Billed Party Preference

On February 4, 1993, Nancy Woolf, Sandy McGreevy, Derek Hibbard, all of Pacific Bell and I met with Linda Oliver, Legal Advisor to Commissioner Duggan, Gary Phillips and Mark Nadel, Policy & Program Planning Division, and Colleen Boothby, Associate Chief, Barbara Esbin, and Jodie Donovan, Tariff Division. The attached document was provided during the presentation. Please associate this material with the above-referenced proceeding.

Two copies of this notice were submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

Attachment:

cc: Linda Oliver
Gary Phillips
Colleen Boothby
Barbara Esbin
Jodie Donovan

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NPRM 92-77 - Cardholder View

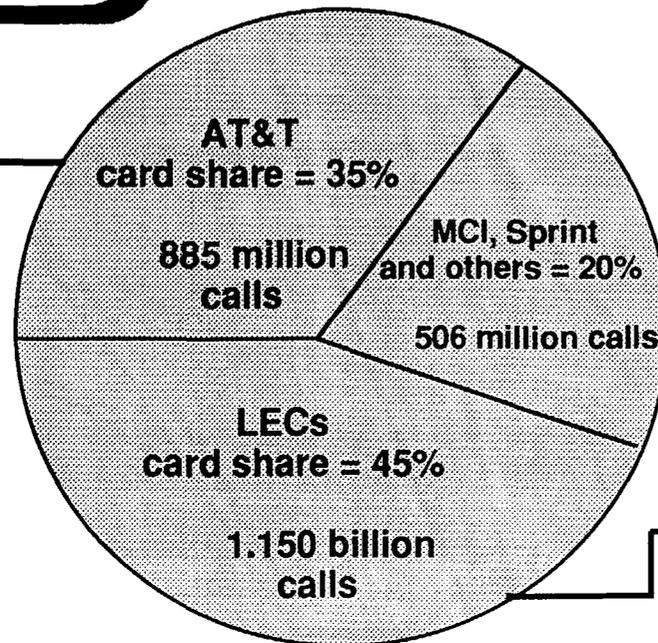
Figures are annual

This is our best guess at the magnitude of the issue. The information is extrapolated from publicly available data.

AT&T cards are used at non-AT&T phones 32% of time (AT&T station share = 68%)

The number of potentially frustrating calls is thus 283 million (885 mil x 32%) minus an intraLATA component.

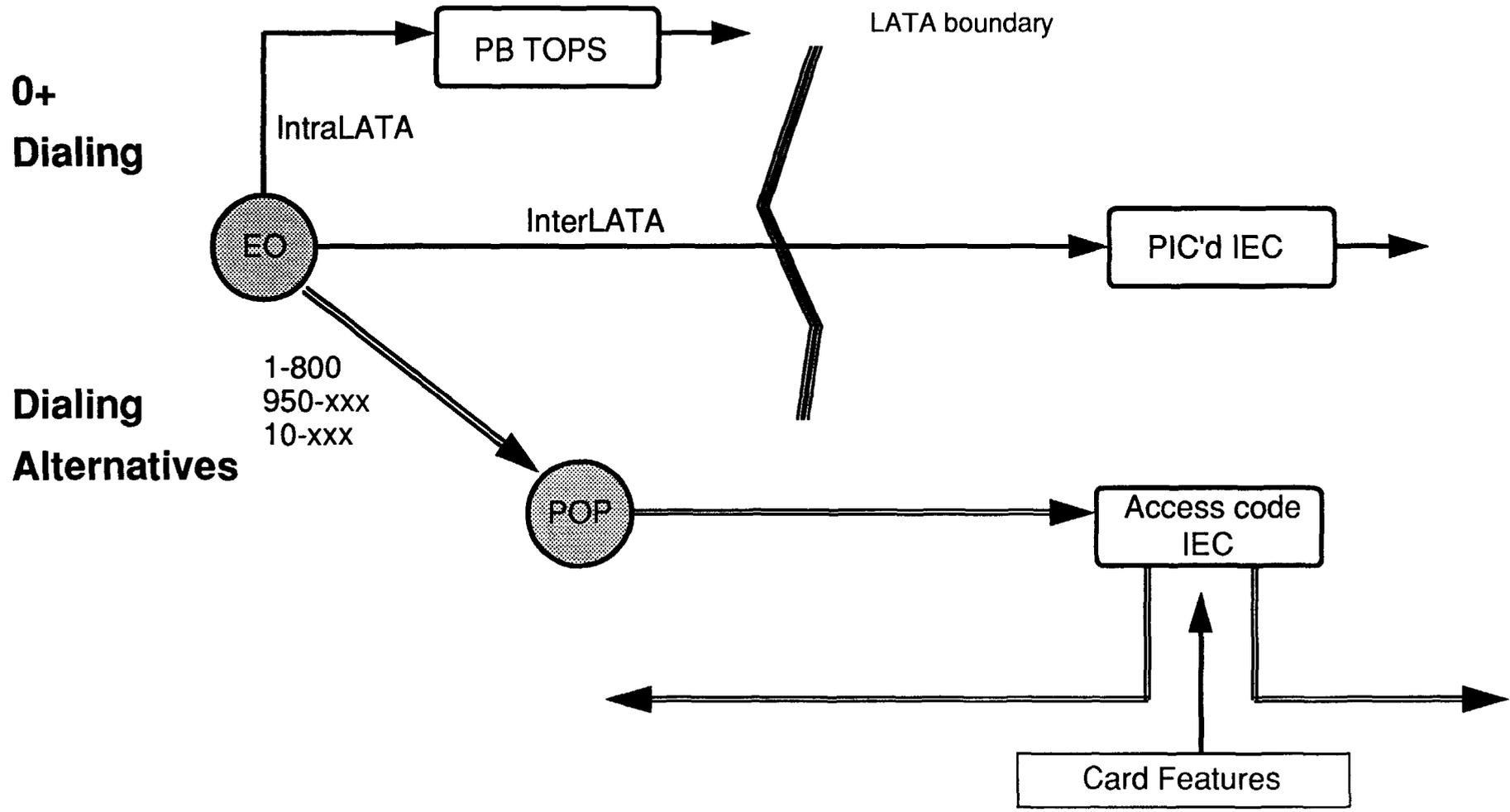
- Hang up and try again using 10-288 = 30 extra digits (this is less of an issue to the extent signage/education works)
- and or 10-288 could be blocked by premise owner or due to LEC policy



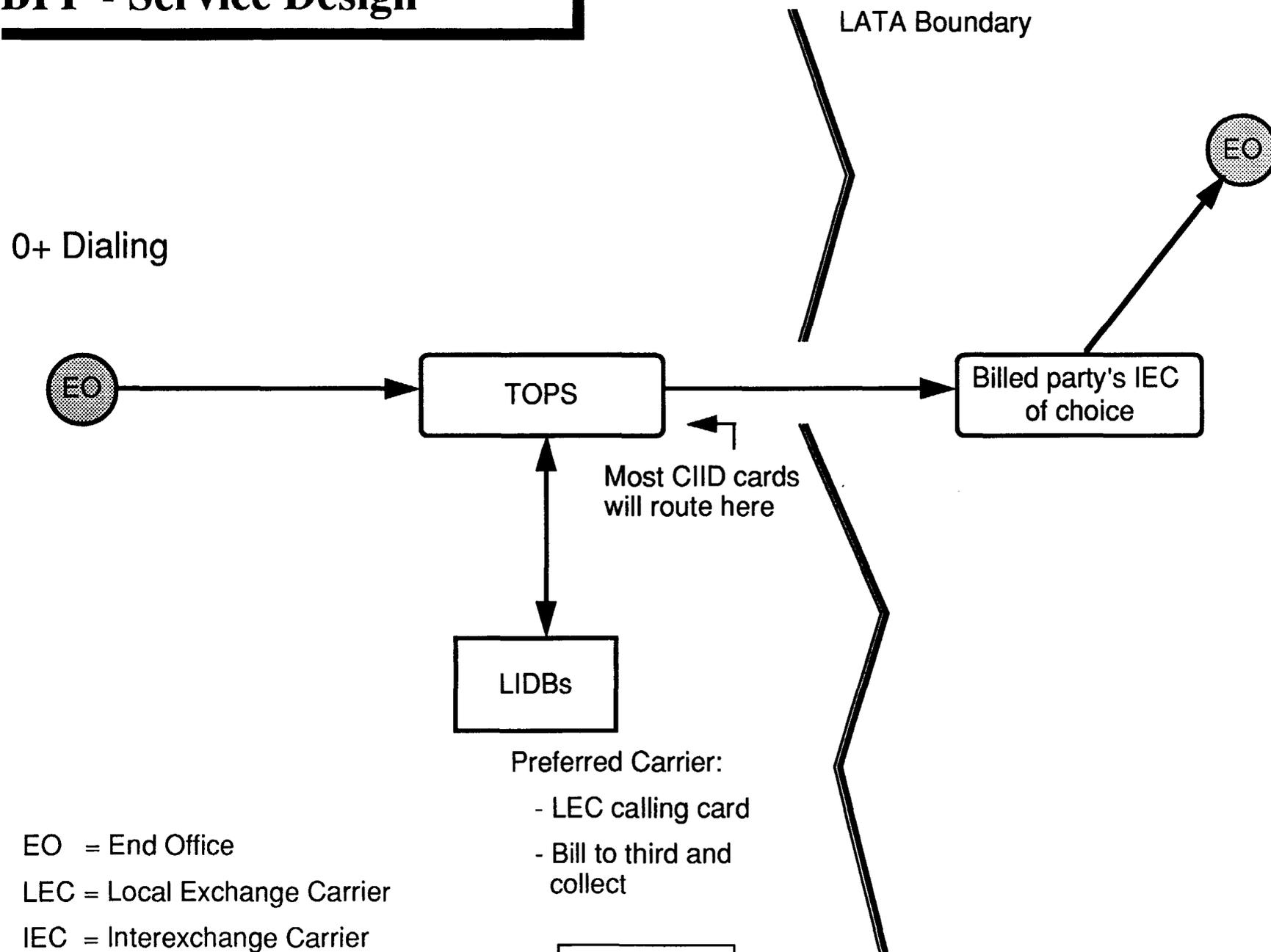
These cards are not designed for 0+ dialing. The result is an inferior design and a total of 100% (506 million) of the calls require an access code and or 800 number.

The concern here is interLATA calls - the card user has no choice over rates and features because they can't control carrier selection.

Billed Party Preference - Current Situation



BPP - Service Design



EO = End Office
LEC = Local Exchange Carrier
IEC = Interexchange Carrier

BPP - Consumer Benefits

BPP provides clear consumer benefits

- Dialing convenience
- Faster call processing
- Rate and carrier assurance, simpler bills
- 0+ calling card features
- Indirect benefits from a more competitive market. The benefits will shift from premises owner commissions to end user security, value, and ease of use.

BPP Economic Benefits

BPP provides significant economic benefits

- Should reduce prices with more perfect competition.
- Eliminates the captive consumer arrangement and need for high commission payments.
- Minimizes consumer complaints and the associated overhead.
- Reduces the need for costly manual operator intervention.

BPP Design Concerns

Pacific's BPP design concept allows for a smooth transition and the most transparent operation.

- BPP is strictly a routing service.
- Validation information will be passed to the Interexchange Carrier.
- BPP could facilitate 0+ ubiquitous card features.

BPP Timing Concerns

Significant uncompleted implementation steps remain.

- Key design issues include the following items:
 - Routing vs. LEC processing responsibilities
 - Use of AABS
 - Special processing, e.g., person to person and disabled persons....

- Industry requirements and development depends in part on design acceptance.

- Industry transition steps are not small.
 - New TOPS generics
 - Trunking rearrangements
 - End office translation changes
 - IEC operator services modifications

Billed Party Preference - Summary

To date, BPP is the only identified solution to the fundamental network routing problem. All other possible solutions only scratch the surface.

- Unblocking does not change the location monopoly dynamics nor does it provide any IEC other than AT&T 0+ calling cards.
- Improved consumer education and signage at best will only clarify for the consumer that there is a fundamental problem with this aspect of the “phone system”.
- BPP provides an even playing field and consumer focused competition.
- BPP’s relatively high cost can be justified when compared to today’s current cost and market imperfections.
- The FCC should move toward a timely mandate and encourage the industry to focus on open design issues and implementation.