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July 6, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket No. 92-77, Billed Party Preference (BPP) for 0+ InterLATA Calls*

On behalf of Pacific Bell, please find attached its written exparte presentation concerning clarification of various issues, including the costs involved in deploying BPP discussed at its June 25, 1993 meeting. 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,

Celia Nogales

Attachment

cc: L. Oliver
J. Hoagg
G. Phillips
M. Nadel

No. of Copies rec'd 0+1
List ABCDE

Nancy C. Woolf
Attorney

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A Pacific Telesis Company

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M. Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 92-77, Billed Party Preference for 0+ InterLATA Calls

Dear Mr. Caton:

This serves to follow up on Pacific's June 25, 1993 meeting with the Policy Division and others relating to Billed Party Preference. At that meeting, the Staff asked for clarification of various issues, including the costs involved in deploying BPP.

Costs

In an effort to balance the costs of BPP with its benefits, the staff has been asking many specific questions relating to anticipated costs of BPP and ways to control those costs. Because the technical requirements for OSS7 (TR-NWT-001277 Issue 1) were just recently issued by Bellcore in January 1993 and the interworking of this signalling with BPP have not yet been agreed upon by the industry nor developed by switch vendors, some vendors have been unable to provide us with any cost estimate for this feature. Those costs that we have received consist of broad gauge planning estimates for development of certain applications of OSS7. Thus, the cost data we have provided is Pacific's engineering

ongoing expenses associated with BPP separately displayed. Attached to this letter is our revised matrix displaying the costs in this fashion. Again, we caution that these costs are estimates only.

One item of cost engineering the staff has been asking about relates to the signalling methodology to be used between the end office and the operator service switch (TOPS). The service design agreed to by most companies in the comments submitted in this docket require OSS7 (the operator services version of SS7). Recently, the staff was made aware that multifrequency signalling may be able to handle the message between the end office and TOPS, and we have been asked to investigate that possibility.

First, the Commission should leave to the discretion of the company the technology to be used to deploy a service. The Commission should not determine the "proper" interface for a company to deploy. That is best left to the management of the company and is based on a myriad of factors, of which cost and technical feasibility are important, but not determining.

Our preliminary look at the MF technology was made in order to assess all technical options with regard to network compatibility and cost. We believe that conceptually MF signalling may be possible in certain switch types. For MF to be a possibility, work would need to be accomplished; switch translation tables will need to be reconfigured, testing would need to be done to ensure network reliability, AMA verification would need to be done to ensure proper billing, methods and procedures would need to be established to accommodate the new switch routing translations. Pacific has not undertaken the extensive testing that would be required before it could offer up this type of signalling as a technically feasible alternative. And, no cost studies have been performed to estimate the costs of implementing this approach.

Another problem with an approach that uses MF signalling is that even if some switches can use this form of signalling, other switches exist in the network which cannot. For those switches, software development will be necessary to allow BPP to be deployed. We would not advocate the industry expend money and resources to develop and standardize a new MF interface that could be utilized in the deployment of OSS7. It has been determined that OSS7 will be required in the TOPS to pass necessary calling and billing to the IXC. Therefore a consistent deployment throughout the Operator Services network will make administration and maintenance of BPP more efficient.

Another point in our assessment of MF signalling is that it requires a change in the service design. With MF

signalling, the 1+ Presubscribed carrier of the line could not be used as the default parameter (e.g. if the query does not yield a preferred carrier). Thus, another default would need to be designed. While other defaults can be envisioned, they too would have cost impacts since additional intelligence would need to be built into the TOPS or LIDB, or more operator involvement would be necessary. Once any part of the service design changes, the entire design must be reexamined to assure consistency and to determine new costs.

Even if all of these issues were resolved so that MF signalling could be used in certain switch types, Pacific does not believe that MF signalling is a viable alternative to OSS7 signalling. As stated above, cost and technical feasibility are only two factors to be used in assessing the desirability of any particular alternative. Service performance, network integrity, evolution of the network, strategic deployment, long term efficiencies, and customer requirements also need to be examined, and weigh heavily in any decision.

For Pacific, these factors all indicate that deploying a new

the best interest of the company or the future of the product.

Other Issues

The staff was interested in the relationship between BPP and prison fraud liability. BPP should not affect today's arrangements, nor should it have a negative impact on fraud levels. Either the end office or the telephone set can limit calls to collect calling only. In addition, a screen code is passed in the ANI to the operator so that the operator knows the call originates from a prison facility. BPP does not change these facts. The only change with BPP is that all calls will route through the TOPS first. TOPS will forward the same ANI information.

Inmate collect calls represent 40% of all collect calls handled through Pacific's network. Thus, Pacific believes it important to include inmate facilities in the BPP scheme.

A specific question related to AABS and why the costs for AABS weren't trivial given that Pacific has fully deployed AABS. Pacific's costs for AABS are due to a large increase in capacity for the system, and are based on vendor prices. Our estimates of call volumes indicate that capacity will need to almost double.

Another question posed by the staff related to cost savings from 0- transfer service. Currently, Pacific charges interexchange carriers $0.30 to pass them interLATA calls where the customer dials our operator by mistake. This rate recovers the labor cost of prompting the consumer to select an IXC and the associated network expenses. BPP, to the extent it replaces calling card, collect and billed to third calls, subsumes this service. No studies have been conducted to identify percent of call completions by call type, nor do we know what percent of calls forwarded to IXCs request call completion versus other information. BPP will be more effective because the carrier selection process will occur via an automated database look-up. Thus, the BPP rate will be a lower unit charge to the IXC, and there will be a corresponding decrease in Pacific's revenue.

Sincerely,

Nancy C. Woolf/alw

Nancy C. Woolf
Attorney

Attachment

BILLED PARTY PREFERENCE
ESTIMATE OF COSTS FOR 1ST YEAR
1995

	NON-RECURRING CAPITAL & EXPENSES	TOTAL CAPITAL	TOTAL EXPENSE
L1.	OSS7 Implementation		
	End Office Feature Package	$0	$35,750,000
	TOPS Offices Upgrades	$0	$950,000
L2.	AABS Upgrades	$12,562,620	$21,685,404