

EX PARTE OR LATE FILED

RECEIVED

DOCKET FILE COPY ORIGINAL

GARDNER, CARTON & DOUGLAS

JAN - 5 1994

1301 K STREET, N.W

SUITE 900, EAST TOWER

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

WRITER'S DIRECT DIAL NUMBER

WASHINGTON, D.C. 20005

CHICAGO, ILLINOIS

(202) 408-7100

Patrick J. Whittle
(202) 408-7158

FACSIMILE (202) 289-1504

January 5, 1994

Gary Phillips
Federal Communications Commission
Room 544
1919 M Street, N.W.
Washington, D.C. 20554

Re: Ex Parte Contact in CC Docket No. 92-77 ✓

Dear Mr. Phillips:

On behalf of American Express Company, this letter provides a response to a question you raised with me in a telephone conversation on December 10, 1993 regarding the above-referenced docket. Your question concerned American Express's proposal for the handling of intraLATA calls using the billed party preference database (see chart 6a provided in our previous ex parte submission of December 8, 1993).

As indicated in our previous submission, American Express believes the Commission can and should pre-empt the states and require full billed party preference for intraLATA as well as interLATA calls. Without prejudice to this position, we offered a "second-best" proposal designed to address at least some of the problems associated with having billed party preference at the interLATA, but not the intraLATA, level. Under American Express's proposal, when a commercial credit card is used for an intraLATA call, the originating LEC would query the credit card company's data base to identify the interexchange carrier of the customer's choice. In a state in which the regulatory authority had required intraLATA billed party preference, that preferred carrier would carry the call. In a state without intraLATA billed party preference, the LEC would carry the call but the billing information would be passed to the preferred interexchange carrier, just as if that carrier's own calling card had been used in placing the call. The interexchange carrier would then provide both the intra- and

No. of Copies rec'd
List ABCDE

076

GARDNER, CARTON & DOUGLAS

Gary Phillips
January 5, 1994
Page 2

interLATA billing information to the credit card issuer for billing to its cardholders.

You asked whether it would be feasible for a commercial credit card issuer to name a single default interexchange carrier to receive all billing information for intraLATA calls made using that issuer's card, which that default carrier would then provide to the card issuer. While this approach may be theoretically possible, American Express sees several serious problems with it. (Assume for purposes of this discussion that the default carrier is AT&T, the preferred carrier is MCI and the credit card issuer is American Express.)

- (1) If a cardholder has named MCI as preferred carrier, he or she will expect to see only a statement for MCI on his or her credit card bill. Receiving a bill for both MCI and AT&T will produce considerable confusion.
- (2) A number of customer service issues are implicated. For example, if the cardholder has made an intraLATA call that was disconnected, it is unclear as to whether he or she would contact AT&T or MCI to receive credit. It would appear unlikely that AT&T would be eager to provide this type of customer service to a caller who is not really its customer. MCI, on the other hand, would not be in possession of the call detail records needed to handle the customer's complaint.
- (3) The American Express proposal would provide a convenient "halfway point" for those states that may ultimately wish to move to intraLATA billed party preference, because it would establish an architecture whereunder every 0+ call would result in a BPP data base lookup. By contrast, the "default carrier" approach would not. Instead it would establish a procedure for passing billing information to the default carrier that would become superfluous if a state determined to move to intraLATA billed party preference. It is our strong belief that an ultimate migration to intraLATA billed party preference that used the American Express proposal as a halfway point would be less costly than a migration via the default carrier approach. Of course, only the LECs can provide the information needed to quantify the cost differential.

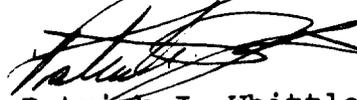
I hope this information is helpful. Please let me know if we can provide further information on these or other issues.

GARDNER, CARTON & DOUGLAS

Gary Phillips
January 5, 1994
Page 3

We are forwarding two copies of this letter to the Secretary for inclusion in the public file for the docket.

Very truly yours,



Patrick J. Whittle

cc: Mark Nadel
William F. Caton (2 copies)