

AMERICAN COUNCIL ON EDUCATION DOCKET FILE COPY ORIGINAL

Office of Vice President and General Counsel

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

August 1, 1994

William A. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, D.C. 20554

CC Docket No. 92-77

Dear Mr. Caton:

Attached please find the original and nine (9) copies of Comments of the American Council on Education and the National Association of College and University Business Officers in the above referenced proceeding.

Sincerely,

*Sheldon Elliot Steinbach*

Sheldon Elliot Steinbach  
Vice President and General  
Counsel

/attachments

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

|                         |   |                     |
|-------------------------|---|---------------------|
| In the Matter Of        | ) |                     |
|                         | ) |                     |
| Billed Party Preference | ) | CC Docket No. 92-77 |
| for 0+ InterLATA Calls  | ) |                     |

COMMENTS OF THE AMERICAN COUNCIL ON EDUCATION

AND

THE NATIONAL ASSOCIATION OF COLLEGE AND

UNIVERSITY BUSINESS OFFICERS

The American Council on Education and the National Association of College and University Business Officers respectfully submit the following comments in the above referenced proceeding.

The American Council on Education, founded in 1918, is a non-profit national education association whose members include more than 1,700 public and private colleges, universities and educational organizations throughout the United States. As a leading participant in higher education affairs, ACE's purpose is to promote the interests of all members of the academic community -- students, faculty, administration and institutions themselves.

The National Association of College and University Business Officers represents over 2,100 colleges and universities, including both two-year and four-year independent and public institutions. NACUBO is dedicated to promoting the sound

management and financial administration of institutions of higher education.

ACE and NACUBO members have long opposed Billed Party Preference (BPP). Several higher education institutions filed adverse comments on the matter when it was last considered by the Federal Communications Commission in 1992. Copies of the comments are attached.<sup>1</sup>

It is our contention that BPP is not needed from a consumer and business standpoint. As a result of the Telephone Operator Consumer Services Improvement Act of 1990 (PL 101-435), end users are now able to select easily their own long distance carrier. The consumer protection that BPP was intended to provide is not necessary.

10XXX+0 access codes and the 1-800 and 950 access numbers allow end users to dial the carrier of their choice. Moreover, extensive advertising has educated the general public about how to select their long distance carrier when using a presubscribed phone, whether it be in a hotel room, college dormitory, or at a pay station. Thus, the problem of users being steered to unwanted long distance phone services has been resolved satisfactorily.

- 
1. The following institutions submitted comments:  
Duke University  
Harvard University  
Massachusetts Institute of Technology  
Montana State University

On the other hand, BPP would impose significant costs on higher education institutions which they cannot afford. These costs involve additional expenses as well as lost revenues.

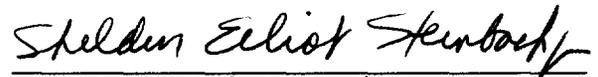
First, estimates of the cost of implementing BPP range as high as \$2 billion, plus another \$300 million a year to operate. A substantial portion of that expense would be borne by higher education institutions. That cost would be passed along to students, administrators and other campus phone users in the form of higher internal telephone rates.

Second, BPP would deprive colleges and universities of important commissions they now receive from vendors of campus pay phones and contracts with Operator Service Providers (OSPs) for long distance calls that originate on campus. Students and other people on campus are able to override easily the OSP selected by the school, if they choose to do so.

However, the calls of many campus phone users go through the institution's OSP from which the school receives a fee. Ending those calls -- and the concomitant revenue -- would result in a financial loss to colleges and universities. That loss would force schools to cutback services such as voice mail and touchtone registration that are paid for by OSP commissions. The impact would be felt by private as well as public institutions.

In summary, we urge the Commission to deny Billed Party Preference. It is unnecessary and would have a severe financial impact on higher education institutions.

Respectfully submitted,



---

Sheldon Elliot Steinbach  
Vice President and General  
Counsel  
American Council on Education  
One Dupont Circle, NW  
Washington, DC 20036



---

Anne Gross  
Program Manager, Public Policy  
and Management Programs  
National Association of College  
and University Business  
Officers  
One Dupont Circle, NW  
Washington, DC 20036

August 1, 1994

Attachments

**Duke University**

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Federal Communications Commission  
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Office of the Secretary

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TELEPHONE SYSTEM

July 1, 1992

FCC MAIL BRANCH

Ms. Donna R. Searcy, Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554  
Docket No. 92-77

Dear Ms. Searcy:

I would like to take this opportunity to comment on Docket No. 92-77 before the FCC concerning Billed Party Preference (BPP).

Duke University has worked very hard in the past several months to comply with the Operator Services Act of 1990 to allow equal access from our patient and student locations on campus, as we fall under the definition of aggregators under the Act. We have spent considerable time and effort to unblock these stations so that the persons using these instruments could reach carriers of their choice through our Equal Access Exchange through G.T.E. South. We do continue to presubscribe to a 0 + primary carrier for the purposes of a commission program. A similar effort has already been accomplished with G.T.E. South with our 85 paystations located throughout the Campus and Medical Center. These paystations are also fully unblocked for 10XXX +0.

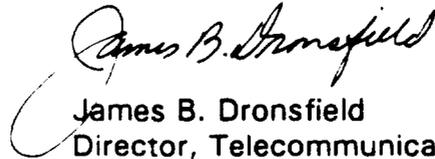
It is our position that with the 10XXX +0 unblocking available on our Campus and the availability of 1-800 and 950 access numbers, there is no need for BPP. Unblocking accomplishes the same objective without adding confusion for the end user. There are many advertising campaigns so that the general public has a much better grasp on 10XXX +0 dialing than ever before.

It is my understanding from the local exchange carrier that implementation of BPP would be very costly for them to be able to screen Bill Party Preference calling from their location. I am sure that these costs will be passed on to the end user and the end result will be a more expensive telecommunications service. For institutions of higher education, additional costs in these areas plus the potential loss of commission revenue would be a significant impact on our budget. Also, in our opinion, there is the potential for reduction in public phones for the public, especially in our Medical Center. The possibility of encouraging additional paystations to be

installed in these areas to take care of our increasing demand perhaps would not be there under this program.

We would hope that the FCC will very strongly examine the position of implementing this BPP program and balance the adverse effects on Duke University. Thank you very much for the opportunity to comment on Docket No. 92-77.

Sincerely,

A handwritten signature in cursive script that reads "James B. Dronsfield". The signature is written in black ink and is positioned above the printed name and title.

James B. Dronsfield  
Director, Telecommunications

JD/pj

CC: Thomas E. Dixon, Vice-President for Administration  
Kate S. Hendricks, Office of University Counsel

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

July 2, 1992

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

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RE: Docket Number 92-77  
Billed Party Preference for 0+ InterLATA Calls

FCC MAIL BRANCH

Dear Ms. Searcy:

Harvard University submits the following comments on the Commission's Notice of Proposed Rulemaking, concerning Billed Party Preference for 0+ InterLATA calls.

The Harvard University Network serves 20,000 users. There is a large volume of operator handed calls, including credit card calls. We have strong objections to the proposed Billed Party Preference proposal, both from business and customer service viewpoints.

Commission revenue from operator-handed calls has been an important factor in our network cost-recovery. The LD vendor charges our administrators and students the cost of the call, and the University is compensated for providing network access via commissions. It has also been important to exercise control over sent-paid calling by students, since these calls create collection and billing problems. If commissions and sent-paid screening were no longer available with BPP, Harvard would be forced to raise rates, or consider surcharges, to recover the cost of network access for 0+ and 0-calls and for sent-paid nonbillable calls.

Harvard contends that customer service to our customers will be adversely affected if BPP is implemented. Unblocking of 10XXX is now an accepted method of access to alternate vendors for 0+ and 0- calls. When BPP is implemented, this method of dialing will be understood and widely practiced. Changing this billing mechanism will cause confusion and is not advantageous to our users. Service quality and consistency of card acceptance is also in doubt with BPP. Extended processing time, multiple Operator interventions, and potential confusion about primary/secondary vendors, pose unacceptable degradation of network services to our customers. Instead of the present focus on limiting the usefulness of proprietary cards that work well for many of our users, Harvard suggests that all major credit card vendors develop databases that make it possible for them to verify their own cards. AT & T's value as an AOS provider is enhanced primarily in contrast to the limitations of other databases. As a service provider, Harvard tries to avoid the confusion that exists when an Alternate Operator Service is identified as MCI or

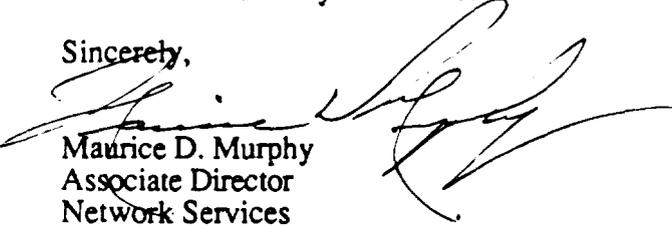
Ms. Donna R. Searcy  
July 2, 1992  
Page two

SPRINT, yet that vendor cannot accept the card because its own verification database is not accessible.

Harvard's commitment to customer service includes a simple, streamlined dialing plan and a stable rate structure. The implementation and development costs for BPP must translate into increased costs for verification, call handling, and network routing. We object to any proposal that will increase the rates to our customers.

In summary, Harvard University asks that Billed Party Preference be denied. The new scheme has no added value to our customers, will increase complexity to the LD vendor selection process, will cause confusion in the dialing plan, and will increase costs both to the Harvard University Network and directly to our users.

Sincerely,

  
Maurice D. Murphy  
Associate Director  
Network Services

July 2, 1992

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MIT Information Systems

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FCC MAIL BRANCH

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

Re: CC Docket No. 92-77

Dear Ms. Searcy:

Morton Berlan

The purpose of this letter is to provide comment on the Federal Communications Commission's (Commission) Notice of Proposed Rule Making (NPRM) Docket No. 92-77.

The NPRM addressed two issues:

- Billed Party Preference (BPP)
- The use of proprietary cards with 0+ access.

I will restrict my comments to the first issue: BPP; and, shall attempt to be brief.

The Commission holds out that BPP is a concept that could benefit the users of operator services by implementing the billed party's choice of carrier. However, is the concept needed? Is it costly? Is it flawed?

Let me first turn to whether BPP is needed. As the Commission well knows, new federal law and regulations requiring the unblocking of 10XXX-0+ access codes and the availability of 1-800 or 950 access numbers are being adhered to by interested and concerned parties. Equal access to preferred carriers by users of payphones and PBX telephones operated by aggregators is increasingly becoming universally available; thus, eliminating the need for BPP, as unblocking accomplishes what BPP purports to do.

BPP has been largely held out as being applicable to payphones. However, the NPRM is exploring the extension of BPP to aggregator owned PBXs. MIT is an aggregator according to current Commission definition. Pending before the Commission is a petition filed by the National Association of College and University Business Officers, the Association of College and University Telecommunications Administrators, and the American Council on Education seeking clarification that colleges and universities are aggregators only with respect to payphones located on colleges and universities campuses. MIT is not a direct party in the action. We are in fact acting expeditiously to provide the unblocking of our institutionally owned PBX to enable compliance with the aforementioned

access codes. On the other hand, we look with disfavor at any action that would eliminate long distance carrier assignment based on contractual arrangements for operator assisted calls whether they be from payphones or PBXs that are institutionally or aggregator owned and operated.

The Commission in its NPRM states that it has relatively little information about the costs of BPP. What information it does have suggests that implementing BPP would cost several hundreds of millions of dollars, if not billions. The FCC has gathered some data as to what those costs may be, but they are soft and seem to be questionable at best. The Commission cites the following implementation costs:

- \$150 million - Bell Atlantic, who holds out these costs as covering the costs of all operating companies
- \$50 million - Southwestern Bell, who holds out these costs for itself
- \$200 million - Pac Tel, who holds out these costs for itself
- \$560 million - AT&T, who holds out these costs for itself.

Based on the above, an arbitrary figure of \$1 billion for implementing BPP may be a reasonable estimate.

Is BPP costly? It may be. If I may say without intending to sound argumentative, \$1 billion is still a high figure even in these days of trillion dollar deficits for the Federal government. It should also be said that the aforementioned costs are for implementation alone. Software based systems generally have an annual operating maintenance cost of about 15% of original acquisition or implementation cost. Assuming \$1 billion in acquisition costs, operating maintenance costs would be \$150 million.

Ameritech in its January 28, 1992 ex parte statement to your office alluded to a Line Information Data Base (LIDB), which each Regional Bell Operating Company has installed for use on intraLATA operator assisted calls. These LIDBs would have to be interlinked for use with BPP interLATA calls. This suggests a dynamic, distributed computer database system that would have to be refreshed daily. I would submit, that in addition to the aforementioned annual operating maintenance costs there would be administrative costs for refreshing the LIDB system to enable BPP. These costs may represent an additional 15% or more (\$150 million or more) of original acquisition costs to the overall annual costs for BPP. Thus, the annual operating costs could be \$300 million or more.

In summary, it is reasonable to say that there would be significant up-front and recurring operating costs. Implementing BPP would result in increased cost of doing business by all operating telephone companies, aggregators, et. al. It is also reasonable to say that those costs of doing business shall result in increased costs to the consumers of telecommunications services. I did not see anywhere in the NPRM where consumers are asking for BPP. To the contrary, it is submitted that consumers would see their telecommunications costs rising due to BPP, and increased confusion as to how to place an operator assisted call.

In addition, aggregators would see the abrogation of contractual arrangements with operator service providers for 0+ calls from payphones and PBX phones; and, the erosion, if not total elimination, of revenues derived

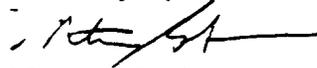
from those arrangements. These revenues enable colleges and universities to maintain low internal telephone rate schedules to its consumers, among whom are students. Those persons will see increased telephone rates should BPP abrogate the aforementioned contractual agreements.

Is BPP flawed? Yes, it is. From our vantage point it is flawed for the following reasons:

- The cost of implementing BPP is excessive; possibly upwards of \$1 billion.
- The annual operating costs of BPP are significant; possibly upwards of \$300 million.
- Implementing BPP as well as on-going recurring annual costs will result in increased costs of doing business for the local exchange carriers as well as others. Those costs will be passed on to telephone service consumers; including aggregators. The end result will be that telecommunications services shall be more expensive as well as complicated.
- 10XXX-0 access codes and other forms of unblocking are being implemented. The need for BPP is diminished, if not eradicated, as unblocking access codes accomplishes the same thing without adding confusion to the telephone caller.
- BPP shall result in a loss of commission revenue to aggregators which will drive internal telephone rates upwards.
- There is a potential for a reduction in public coin telephones as premise owners will see a disincentive to have them as there will be a loss of commissions. The impact of a reduction in the presence of payphones shall be greater among economic depressed communities than in more affluent communities be they colleges and universities campuses or society as a whole.
- BPP does not appear to be consumer driven. The motives for it are questionable at best.

In closing, I would be pleased if you wish to ask me questions or wish further commentary.

Sincerely yours,



Morton Berlan

cc: J. D. Bruce  
Telecomm.

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Federal Communications Commission  
Office of the Secretary

July 2, 1992

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

RE: Docket No. 92-77 - Billed Party Preference

To Whom It May Concern:

As a University telephone service provider to our students in resident halls and public (pay and non-pay) telephones on the campus premises, along with visitors and guests to the campus, we are concerned about the proposal to implement Billed Party Preference (BPP). You requested comments about benefits and costs of the implementation of BPP, to which we are responding below.

Costs - The estimates you provided from RBOCS and others are extremely expensive solutions to make long distance dialing more "user-friendly" for the consumer. BPP really provides no additional service, as we are already required to implement unblocking and will implement 10XXX dialing when required to do so. The system allegedly makes it easier to access alternative long distance carriers, but those in place are already simplistic in nature. It would provide better public service to educate consumers regarding alternate carriers and access methodologies, to enhance the public infrastructure, or expand access to disabled individuals, rather than develop an expensive replacement to current services.

Providing Information Twice - It is absolutely unacceptable to require callers to give calling card numbers twice in a single call. That would be far poorer service than what is provided today. The solution, using signaling and automated billing services, must be at a terrific cost. Refer back to our comments above.

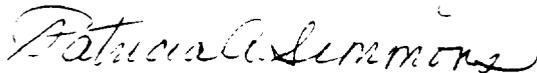
Access Times - Dialing five additional digits for the access code, or ten more digits for 800 or 950 service, becomes very automatic for callers who are educated about the need to dial this way. Waiting for operator service, and repeating services is not an improvement. Your solution is only to spend more money through signaling and automated billing. We already provide dialing instructions for all our resident students and it seems to work very well to dial the 800 or 950 number. Operator services are not always reliable, as I have found out personally

when trying to make calls from rural towns in Montana.

Competition for Pay Phones - The State of Montana bids out its pay phone equipment, local and long distance services in formal RFP processes. All vendors have the opportunity to compete for this business. We receive commissions from all the vendors to reimburse us for the costs of using our facilities for their equipment. This money is used to offset the costs of providing telephone services for the students and administrative parts of campus - cabling, trunking, building space modifications, etc. Elimination of these commissions would be very expensive, and would require us to cut back on services to the campus. We are dependent on these commissions for our basic operations, and with the poor economy and deficit state budget, we do not have the funds to substitute in for the management of our telephone system. No new technologically advanced services would be provided to the campus, such as voice mail, and touchtone registration. We are not a wealthy state or university.

We hope you will evaluate our comments carefully, and truly weigh the true costs with the benefits of such an expensive system. Thank you.

Sincerely,



Patricia A. Simmons  
Telecommunications Officer

CC: Jim Efta, Director  
Barb Hamblet, Telephone Services