

C. The Plan Fails to Discuss Validation

Section 276 requires that information related to validation of called numbers and must be available on the identical nondiscriminatory basis to independent ICS providers as to BellSouth's own ICS. Yet, BellSouth's CEI plan says nothing about validation. For example, the CEI plan does not state whether BSPC relies on LIDB validation of its ICS calls. The cost to ICSPs for each LIDB check, using currently available services, is \$.06 or more. Since it has been asserted that every attempted call must be validated, including repeat calls, and since many call attempts are made to busy numbers, unanswered calls, and refused calls, ICSPs can spend 20 cents or more on validation for every revenue-generating call.

Clearly, it is important for BellSouth's CEI plan to state whether BSPC is relying on LIDB validation or some other mechanism for validation of ICS calls. To the extent that BellSouth is providing LIDB validation, BellSouth must charge BSPC the same rates charged to ICSPs.

In addition, BellSouth's CEI plan fails to address the problem of competitive local exchange carrier ("CLEC") number validation. LIDB at this time provides no indication that a called party has changed telephone companies from an incumbent LEC to a CLEC.¹⁵ If the called number validated properly before the change of LEC, it continues to do so. As a result, based on LIDB alone, an ICSP has no way of knowing that it should not continue to send its billing data to the LEC. Two to six weeks later, the LEC reports

¹⁵ While CLECs' market shares of the overall residential market are currently very low, ICSPC's experience is that inmates are aware of this area of vulnerability and place a greatly disproportionate share of ICS calls to CLEC numbers.

the call as unbillable and the independent ICSP currently is not informed why the call was unbillable. And, even if it could determine that the call was to a CLEC, the independent ICSP does not know which CLEC. Meanwhile, the ICSP has paid BellSouth or intermediaries a validation fee and a billing and collection fee for every call to the CLEC.

If BellSouth makes available for the benefit of its own ICS calls information about the fact that a called party has changed carriers, and the identity of the CLEC, BellSouth's ICS will receive a tremendous preference, contrary to Section 276(a). This advantage will only grow as competition develops and more customers elect to switch to CLECs. ICSPC understands that, at some point, information about CLEC changes will become available in a new software release for LIDB. Pending such availability, this information must be made available in a timely and nondiscriminatory manner. To the extent that it is furnished to or for the benefit of BellSouth's ICS, it must also be given to their independent counterparts.

Accordingly, BellSouth must refile its plan describing the manner in which call validation information, including information about CLEC changes, is made available to, or for the benefit of, BSPC's ICS.

BellSouth should also describe its arrangements for exchanging billing and collection services with independent LECs and explain how it will make such services available to its own ICS and independent ICS providers.

D. The Plan Fails To Provide For Nondiscriminatory Treatment Of Bad Debt

As a result of their current practices, BellSouth's inmate calling services operations do not have to account for their bad debt.¹⁶ BellSouth does not retain information regarding the calling number when it bills a call on behalf of its inmate calling services operation. As a result, BellSouth is unable to charge back against BellSouth's ICS operation those ICS calls for which it is unable to collect. Instead those uncollectibles apparently go into a common pool with regulated residential and business bad debt, and regulated ratepayers bear the costs of the BellSouth's ICS' bad debt. Furthermore, to the extent that BellSouth attempts to charge back bad debt to its ICS based on some average bad debt, there is still a subsidy of BellSouth's ICS. As explained above, ICS bad debt is much higher than bad debt for other services. Averaging in ICS bad debt with other bad debt dilutes the level of chargeback to ICS, with ratepayers picking up the shortfall.

By contrast, because independent ICSPs bill for their calls using a different record format, the Bell company has a record of who the billing party is.¹⁷ Thus, when the

¹⁶ Bell company inmate services operations send their call record to the Bell companies' billing and collection departments in the standard format generated by the Automatic Message Accounting ("AMA") system. The calls therefore appear on the customer's regular billing pages. Presumably, BellSouth can disconnect a subscriber's line for nonpayment - a step it will not take on behalf of independent ICS providers if the subscriber denies all knowledge.

¹⁷ In order to bill a call, independent ICSPs send a call record to a third party service bureau (or where there is a direct billing and collection agreement with the Bell company, to the Bell company's billing and collection department). The independent ICSP sends the call record in the standard format used for third party billing, Exchange Message Interface ("EMI"). Calls billed in the EMI format appear on a separate page in the called party's bill. This makes it possible for the billed party to easily identify, and not pay for, those calls.

Bell company cannot collect for a call, that bad debt is charged back to the independent ICSP, which then must account for its entire cost. In addition, the independent ICSP is liable for the costs of the call, even though it is unable to collect from the called party.

BellSouth's plan does not explain how it intends to handle bad debt for its own ICS and independent ICS. BellSouth must be required to refile its plan and to show in detail how bad debt is addressed.

IV. EVEN IF CALL PROCESSING SYSTEMS COULD LEGALLY BE INCLUDED AS PART OF REGULATED FACILITIES, BELLSOUTH'S PLAN IS DEFICIENT

Even if BellSouth could legally define its inmate call processing system as part of its regulated facilities -- which it may not for the reasons discussed in Section II. above -- BellSouth's plan fails to satisfy the requirements of the Payphone Order and Section 276.

A. The Plan Fails to Provide Technical Interface Information

The plan fails to provide detail on how BellSouth's call processing and call control equipment technically interfaces with BellSouth's regulated network operations, so that other providers can utilize the same interface if they wish. For example, BellSouth has not specified what interface or interconnection arrangements would be used for the purpose of ensuring that BellSouth's network operator positions can identify a call as originating from an inmate facility, so that the call is handled on an "automated collect only" basis, and the call is not inadvertently billed to a calling card or "timed out" to a live operator. Further, in order to minimize fraud and other uncollectible calls, there should be

some way for information gathered by the call processing system to be passed on to the call control system so that additional call restrictions can be implemented as appropriate.¹⁸

B. Resale Or Commission Arrangements For BellSouth Operator Services Are Not Specified

If BellSouth provides inmate call processing and/or call control as part of a regulated service, then it is necessary to describe in a tariff the terms under which that service can be resold to BSPC and other competing ICS providers. The tariffs attached to BellSouth's CEI plan, however, provide no information on the terms, conditions, and charges for the resale of these functions. Although BellSouth's "Smartline" tariff purports to be available for connection to confinement facilities, the tariff does not provide for the provision of operator functions to the subscriber for resale. It merely states that "[t]he Company's operator system will handle 0- intraLATA toll calls and 0+ local calls from Smartline Service lines" and that "[a]ll 0+ interLATA and intraLATA calls will be routed to the SmartLine Service subscriber presubscribed carrier." BellSouth Telecommunications, Inc., Florida, A7.8.1.D.8, 11. The implication is that operator calls are simply handed off to BellSouth Telecommunications, Inc.

Such an arrangement is inconsistent with Section 276. Even if BellSouth were permitted to provide its inmate call processing and/or call control functions in the network, those functions must be provided on a resale basis (as, for example, the coin

¹⁸ For example, if collect calls to a certain number are determined to be uncollectible, that information must be sent back to the call control system so that calls to that number are no longer allowed.

control functions are provided). Otherwise, the real provider of ICS would be BellSouth Telecommunications, Inc., not BSPC.

However, even if it were permissible for BellSouth Telecommunications to be the ICS provider while BSPC merely provides terminal equipment, the CEI plan is still deficient, because it fails to describe what commissions are paid by BellSouth Telecommunications to BSPC and/or its inmate facility customers, and how such commission arrangements will be made available on a nondiscriminatory basis to independent ICS companies.

C. The Validation And Fraud Prevention Services Discussed Above Must Be Unbundled

Finally, CEI requires that any services that can be unbundled from the package used by BellSouth's own ICS must be unbundled and made available to independent ICS providers. Thus, even if BellSouth could define its entire ICS as part of regulated "CEI," it must make the components of that CEI package individually available, to the extent feasible, to ICS providers. Therefore, BellSouth must still state in its CEI Plan which of the validation and fraud prevention services described above will be unbundled and made available individually to independent ICS providers.

CONCLUSION

For the foregoing reasons, BellSouth's CEI plan must be rejected and BellSouth must be instructed to submit a CEI plan that addresses ICS forthrightly and in the necessary detail. Therefore, BellSouth's CEI plan must be rejected. BellSouth must be

required to refile its plan in accordance with the foregoing comments. Since a great deal of relevant material was omitted and must be supplied, the Commission should require the refiled plan to be served on commenting parties and to be subject to the same comment period, so that parties have an adequate opportunity to review and comment on the new material submitted.

Dated: December 30, 1996

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Robert F. Aldrich", is written over a horizontal line.

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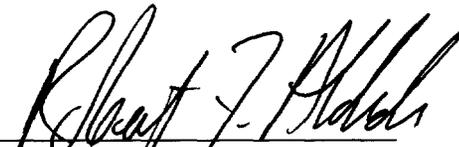
Certificate of Service

I hereby certify that on December 31, 1996, a copy of the foregoing Errata of the Inmate Calling Service Providers Coalition was sent by first-class United States mail to:

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