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Federal Communications Commission
Office of Secretary

February 26, 1997

VIA COURIER

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

EX PARTE CONTACT

Re: **Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128**

Dear Secretary Caton:

On February 25, 1997, Vincent R. Sandusky, President of the American Public Communications Council ("APCC"), and the undersigned met with Richard Welch, Chief of Policy and Program Planning Division, Common Carrier Bureau, and Staff Attorneys Craig Brown, Michelle Carey, Christopher Heimann, Radhika Karmarkar, Linda Kinney, Carol Matthey, Brent Olson, Michael Pryor, Blaise Scinto and Ann Stevens. The issues discussed are summarized in the attached handout. The attached letter from AT&T regarding responsibility for foreign incollect fraud was also discussed.

If you desire any further information, please contact the undersigned.

Sincerely,



Albert H. Kramer
Robert F. Aldrich
David M. Janas

Counsel to APCC

Attachments

- cc: Richard Welch, Esq. (w/o attachments)
- Michael Pryor, Esq.
- Blaise Scinto, Esq. (w/o attachments)
- Carol Matthey, Esq. (w/o attachments)
- Ann Stevens, Esq. (w/o attachments)

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**BELL OPERATING COMPANIES' NONCOMPLIANCE WITH THE COMMISSION'S
CEI EQUAL ACCESS PARAMETERS AND NONSTRUCTURAL SAFEGUARDS**

**Prepared by the
American Public Communications Council**

February 25, 1997

OVERALL ASSESSMENT

- ◆ THE FCC HAS RECOGNIZED THAT SECTION 276 CREATED A NEW INDUSTRY STRUCTURE. PAYPHONE ORDER, ¶ 2
- ◆ BOCS' IMPLEMENTATION APPROACH: "BUSINESS AS USUAL"
 - ◆ I. INCOMPLETE CEI PLANS
 - ◆ II. NONCOMPLIANCE WITH FEDERAL TARIFFING REQUIREMENTS
 - ◆ III. COIN LINES ARE NOT OFFERED ON A NONDISCRIMINATORY BASIS
 - ◆ IV. DISCRIMINATORY BUNDLING/UNBUNDLING PRACTICES
 - ◆ V. NONCOMPLIANCE OVER CPNI AND SEMI-PUBLIC SERVICE
 - ◆ VI. INMATE ISSUES
 - ◆ VII. ISSUES NOT COVERED

I.

THE BOC CEI PLANS ARE INCOMPLETE

- ◆ **BOCS FAIL TO PROVIDE SUFFICIENT INFORMATION IN THEIR CEI PLANS, PREVENTING THE COMMISSION AND INTERESTED PARTIES FROM DETERMINING IF THE BOCS WILL MEET CEI REQUIREMENTS**
- ◆ **INCOMPLETE AND MISSING STATE TARIFFS**
- ◆ **SERVICE ORDER PROCESSING, INSTALLATION, MAINTENANCE AND REPAIR PROCEDURES**
- ◆ **NUMBER ASSIGNMENTS AND SCREENING CODES**
- ◆ **CPNI AND SEMI-PUBLIC SERVICE**
- ◆ **COIN LINE SERVICE**
 - * **AVAILABILITY**
 - * **RATE SELECTION OPTIONS**
 - * **PRICE FOR CALL RATING ELEMENT**

II.

BOCS FAIL TO SUBMIT FEDERAL TARIFFS

- ◆ THE COMMISSION ORDERED BOCS TO TARIFF UNBUNDLED FEATURES OR FUNCTIONS AT STATE AND FEDERAL LEVELS. RECONSIDERATION ORDER, ¶ 162.
- ◆ ONLY "THE BASIC PAYPHONE LINE" DOES NOT REQUIRE A FEDERAL TARIFF. RECONSIDERATION ORDER, ¶ 163.

FEDERAL TARIFF FILINGS FOR KEY UNBUNDLED FEATURE PACKAGES

	BLOCKING/ SCREENING	ANSWER SUPERVISION	COIN-LINE FEATURES
AMERITECH	NO	NO	NO
BELL ATLANTIC	NO	NO	NO
BELLSOUTH	NO	NO	NO
NYNEX	NO	NO	NO
PACTEL	NO	NO	NO
SWBELL	YES*	YES*	NO
U S WEST	YES*	YES*	NO
SOME INDEPENDENT LECS	NO	NO	YES
* PRICE = 525% TO 50,000% ABOVE DIRECT COST			

REMEDY:

- ◆ REQUIRE BOCS TO FILE FEDERAL TARIFFS

III.

BOCS' COIN LINES

- ◆ COIN LINES DO NOT ALLOW COMPETITIVE PRICING
 - ◆ INTRALATA TOLL
 - ◆ LOCAL "OVERTIME" PERIODS AND RATES
- ◆ SECTION 276 PROVIDES THAT IPSS ARE ENTITLED TO SELECT THE OSP FOR INTRALATA CALLS
 - ◆ BOCS REQUIRE IPSS TO USE BOC OPERATOR SERVICES

REMEDY:

- ◆ COIN LINE SERVICE MUST ALLOW COMPETITIVE PRICING OF SERVICE TO END USERS
- ◆ REQUIRE BOCS TO PERMIT IPSS TO SELECT THE OSP FOR NON-EMERGENCY INTRALATA CALLS

IV.

DISCRIMINATORY BUNDLING & UNBUNDLING PRACTICES

- ◆ **FCC REQUIRED COCOT AND COIN LINE FEATURES TO BE TARIFFED SEPARATELY FROM BASIC PAYPHONE LINE. RECONSIDERATION ORDER, ¶ 162**
- ◆ **NECESSARY TO ENSURE NONDISCRIMINATORY, COST-BASED RATES**
- ◆ **BOCS FAILED TO COMPLY**
- ◆ **TARIFFS HAVE UNBUNDLED COCOT RATES VS. BUNDLED COIN LINE RATES**
- ◆ **COIN LINES INCLUDE ONE OR MORE OF:**
 - * **UNLIMITED USAGE**
 - * **BLOCKING/SCREENING**
 - * **ANSWER SUPERVISION**
- ◆ **COCOT LINES AND FEATURES ARE PRICED FAR IN EXCESS OF COSTS SO IPFS PAY MORE FOR LESS**

EXAMPLE: U S WEST'S "CUSTOMNET"
CALL SCREENING FEATURE

PRICE TO COCOT LINE SUBSCRIBER	PRICE TO COIN LINE SUBSCRIBER	DIRECT COST
		(DATA FILED WITH FCC)
UP TO \$5.00 PER MONTH	UNKNOWN (BUNDLED)	\$0.01 PER MONTH

IV.
(CONT'D)

**EXAMPLE: BELLSOUTH'S SOUTH CAROLINA
RATES FOR COCOT AND COIN LINE SERVICES**

USING APCC'S ASSUMPTIONS REGARDING USAGE:

REGULAR COCOT SERVICE	\$32-\$40 PLUS 8¢/CALL X 500 CALLS	= \$72-80
AREA PLUS COCOT SERVICE	\$38 PLUS 5¢/CALL X 500 CALLS	= \$63
AREA PLUS COIN LINE SERVICE	\$38 PLUS 5¢/CALL X 500 CALLS	= \$63
FLAT-RATE COIN LINE SERVICE	\$44/MONTH	= \$44

USING BELLSOUTH'S ASSUMPTIONS REGARDING USAGE:

REGULAR COCOT SERVICE	\$31-\$39 PLUS 5.66¢/CALL X 252 CALLS	= \$45.26- \$53.26
AREA PLUS COCOT SERVICE	\$37 PLUS 3¢/CALL X 252 CALLS	= \$44.56
AREA PLUS COIN LINE SERVICE	\$38 PLUS 3¢/CALL X 252 CALLS	= \$45.56
FLAT RATE COIN LINE SERVICE	\$44/MONTH	= \$44

**BOTTOM LINE: EVEN UNDER BELLSOUTH'S USAGE ASSUMPTIONS,
BELLSOUTH'S FLAT RATE COIN LINE SERVICE IS PRICED LOWER THAN ITS
COCOT SERVICES**

IV.
(CONT'D)

REMEDY:

- ◆ FEDERAL TARIFFING
- ◆ COCOT AND COIN-LINE SERVICE MUST BE RE-PRICED AT COST-BASED RATES
- ◆ ONE RATE FOR THE BASIC PAYPHONE LINE
- ◆ INDIVIDUAL RATES FOR CALL SCREENING, ANSWER SUPERVISION, AND COIN LINE FEATURES

V.

CPNI AND SEMI-PUBLIC SERVICE

- ◆ **BOCS MUST ENSURE EQUAL ACCESS TO CPNI BY THEIR PAYPHONE DIVISIONS AND BY IPPS**
- ◆ **BOCS MUST ENSURE EQUAL PROTECTION OF CPNI OF THEIR PAYPHONE DIVISIONS AND OF IPPS**
- ◆ **FLASH-CUT "DEREGULATION" OF SEMI-PUBLIC PAYPHONES OFFERS A COMPETITIVE BUYING OPPORTUNITY**

- ◆ **CUSTOMERS ARE UNLIKELY TO BE AWARE OF IMPENDING CHANGE**

REMEDY:

- ◆ **BOCS MUST SPECIFY PROCEDURES TO ENSURE EQUAL ACCESS TO -- AND EQUAL PROTECTION OF -- CPNI**
- ◆ **BOCS SHOULD BE REQUIRED TO GIVE SEMI-PUBLIC CUSTOMERS COMPETITIVELY NEUTRAL NOTICE AND REFERRAL TO POTENTIAL PROVIDERS OF "SEMI-PUBLIC-LIKE" SERVICE**

VI.

INMATE CALLING SERVICES (ICS)

- ◆ PLANS GENERALLY FAIL TO IDENTIFY NETWORK ICS FUNCTIONS THAT MUST BE REMOVED FROM REGULATION
- ◆ PLANS FAIL TO DESCRIBE HOW BELL COMPANIES ARE SUPPORTING ICS WITH REGULATED NETWORK SERVICES
 - ◆ USAGE CHARGES
 - ◆ OPERATOR FUNCTIONS
 - ◆ FRAUD PROTECTION INFORMATION
 - ◆ VALIDATION
 - ◆ BILLING
 - ◆ HANDLING OF BAD DEBT
 - ◆ TECHNICAL INTERFACES
- ◆ BELL COMPANIES CANNOT REDEFINE ICS ITSELF AS REGULATED SERVICE

VII.

ISSUES NOT COVERED

- ◆ SERVICE ORDER PROCESSING, INSTALLATION, MAINTENANCE AND REPAIR SERVICE ISSUES, SUCH AS:
 - ◆ BOC PAYPHONE DIVISION VERSUS IPP ACCESS TO BOC SERVICE ORDERING SYSTEM
 - ◆ IDENTIFYING DEMARCATION POINT FOR THE INSTALLED BASE
 - ◆ SHARING PERSONNEL BETWEEN A BOC'S REGULATED OPERATIONS AND ITS PAYPHONE DIVISION
- ◆ ASSIGNING 8000 AND 9000 SERIES LINE NUMBERS
- ◆ PROVIDING UNIQUE SCREENING CODES THAT IDENTIFY IPP COCOT PAYPHONES
- ◆ INTRALATA OPERATOR SERVICES

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(Date)

(Customer Name)
(Customer Address)
(City, State, Zip)

Dear (Customer):

Re: COCOT Line Number

You have requested AT&T's position relating to foreign Incollect calls billed to a COCOT line, and responsibility for those calls. AT&T's position is as follows:

Payphones in the 8000-9999 line number series, will be held harmless from foreign incollect fraud. Those payphones owners, with numbers outside this range, will be held accountable for foreign incollects to those numbers. The use of the 8000-9999 series is a manner in which virtually all LEC payphones have been identified for decades. Several years ago, the industry reached consensus on the use of renumbering of all payphones into this series as an effective deterrent to foreign incollect fraud.

Because we now have an agreement within the industry for protecting owners from liability on foreign incollects to payphones, the owners need to move any payphones not in the 8000-9999 series, the customer will not be liable for it. However, if the owner refuses to migrate their payphones into the 8000-9999 series, then they will not have taken all possible steps to prevent fraud from occurring, and will be held responsible for the charges that occur.

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It is up to you, the customer, to talk to your local service provider about moving your lines not in the 8000-9999 series into them as soon as possible. You should advise the local provider that you are requesting to move your line number(s) for the prevention of foreign incollect fraud.

Should you have any questions on this matter, you may contact me at, 800-354-5499, or you may fax your questions to, 800-722-8593.

Sincerely,

(Representative's Name)
COCOT Administrator
Account Inquiry & Customer Service

JS/jkl