56. In its payphone CEI plan, PacTel represents that it will comply with section 222 and all CPNI requirements adopted in the Commission's CPNI rulemaking proceeding.[156] PacTel also represents that it will not disclose or use the CPNI of independent PSPs without their approval, except in the provision of services to such PSPs.[157]

57. APCC claims that PacTel's payphone CEI plan does not offer sufficient information concerning how PacTel will comply with CPNI requirements, but rather merely states that PacTel will follow Computer III procedures, except where inconsistent with section 222.[158] APCC contends that PacTel should explain how it will protect, under nondiscriminatory conditions, the CPNI of PSPs, as well as the CPNI of PacTel's existing customers, including current customers of semi-public payphone service.[159] In addition, CPA argues that PubCom personnel should be denied access to service order, billing or other statistical information about PacTel's business or residence customers, and allowed access to directory information about such customers only on the same basis as other PSPs.[160] CPA contends that, if PubCom is allowed access to PacTel's LEC service ordering systems, those systems must be partitioned to protect LEC customers' CPNI and independent PSPs must be allowed equivalent access.[161]

58. APCC and CPA also argue that, since Pactel's existing tariffed semi-public service is being terminated pursuant to section 276, PacTel's payphone operations have no more right to access and use the CPNI of semi-public service customers than any other PSP.[162] APCC contends that the deregulation of semi-public service presents PSPs with a potential marketing opportunity to replace PacTel as the payphone service provider for these customers. APCC argues that semi-public customers should be provided notice and a meaningful opportunity to replace PacTel with another payphone service provider. It contends that PacTel must disclose how it will provide such notice in a neutral fashion, including giving such customers an opportunity to authorize disclosure of CPNI on a

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[156] PacTel Plan at 14.

[157] Id.

[158] APCC Comments at 22-24.

[159] APCC Comments at 23. See also Letter from Michael S. Wroblewski, on behalf of Peoples Telephone Company, Inc., to William S. Caton, Acting Secretary, Federal Communications Commission, dated March 5, 1997 (Peoples's March 5 Ex Parte).

[160] CPA Comments at 12.

[161] Id. at 12-13.

[162] APCC Comments at 24; CPA Comments at 14-15 (claiming that PubCom's exclusive access to semi-public customers' CPNI, combined with those customers' lack of information about competitive opportunities, threatens to defeat the Commission's goal of achieving a competitive market for pay telephone services).

nondiscriminatory basis to interested payphone providers without preference to PacTel's payphone operations.[163]

59. PacTel responds that its payphone personnel will not have direct access to its service order systems and will not have access to the CPNI of other PSPs.[164] In addition, Pactel states that it will comply with the Commission's rules to implement section 222, and that it anticipates that neither PubCom nor other PSPs will have access to the CPNI of location providers, except with their approval.[165] PacTel further claims that traffic information concerning the use of its deregulated semi-public payphones, as with public payphone service, belongs to PubCom, which is the purchaser of the line, not the site owner or the end users of the payphone.[166] PacTel adds that, even if the location owners were the subscribers to the telephone lines for semi-public service, it could not provide access to the CPNI to other PSPs without the location owners' written consent, because that would violate section 222(c)(1).[167] PacTel also contends that APCC's and CPA's proposal that PacTel be required to inform site owners about competitive options for semi-public payphone service would violate its First Amendment right to free speech, and that PacTel should not be required to perform marketing for its creditors.[168]

60. In providing payphone services, PacTel must comply with the Commission's pre-existing Computer III CPNI requirements, to the extent that they are consistent with section 222 of the 1996 Act, and any regulations adopted by the Commission pursuant to section 222. PacTel represents that it will comply with section 222 and all CPNI requirements adopted in the Commission's CPNI rulemaking proceeding. Accordingly, we find that PacTel's plan comports with CPNI requirements. In reaching this conclusion, we do not address issues raised by APCC and CPA relating to traffic information on the use of semi-public payphones. Issues relating to the interpretation of section 222, and how it relates to the Computer III CPNI rules, are being addressed in the CPNI rulemaking, and therefore will not be considered here. We do, however, reject APCC's and CPA's request that we require PacTel to inform site owners about competitive options for semi-public payphone

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163 Id. at 24.

164 PacTel Reply at 32.

165 Id. (reserving the right to adjust its plans depending on the content of the Commission's order in the CPNI rulemaking).

166 Id. at 32-33 (noting that the only difference between public payphone service and semi-public payphone service is that, with semi-public service, the PSP charges the site owner for placement of the payphone to make up for lower volumes of payphone usage).

167 Id. at 33-34.

168 PacTel Reply at 34 (noting that forcing ratepayers or PacTel's shareholders to pay for such marketing on behalf of its competitors would be inequitable).

service, because no such requirement was adopted in the Payphone Order or in the Reconsideration Order, or is otherwise required by our CEI rules.

2. Network Information Disclosure

61. The Payphone Order requires PacTel to disclose to the payphone services industry information about network changes and new network services that affect the interconnection of payphone services with the network.[169] PacTel must make that disclosure at the "make/buy" point, that is, when PacTel decides whether to make or to procure from an unaffiliated entity any product whose design affects or relies on the network interface through which a PSP interconnects with PacTel's public switched network.[170] PacTel must provide that information to members of the payphone services industry that sign a nondisclosure agreement within 30 days after the execution of the nondisclosure agreement.[171] PacTel also must publicly disclose technical information about a new or modified network service twelve months prior to the introduction of that service.[172]

62. In the Payphone Order, the Commission waived the notice period for the disclosure of network information relating to "basic network payphone services" in order to ensure that payphone services are provided on a timely basis consistent with the other deregulatory requirements of that order.[173] Pursuant to this waiver, network information disclosure on the basic network payphone services must have been made by the BOCs no later than January 15, 1997.[174]

63. In its plan, PacTel states that no disclosure of network information is required for its currently tariffed payphone services.[175] PacTel represents that interconnection between its PSPs and the underlying basic services is accomplished in all cases through existing published standard network interfaces, and that changes to existing network specifications or

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[169] Payphone Order at para. 206.

[170] Phase II Order, 2 FCC Rcd at 3086, para. 102.

[171] Phase II Order at 3091-3093, paras. 134-140.

[172] Id. at 3092, para. 136. We note that, under the Commission's rules, if a BOC is able to introduce the service within twelve months of the make/buy point, however, it may make public disclosure at the make/buy point. It may not, however, introduce the service earlier than six months after the public disclosure.

[173] Payphone Order at para. 146.

[174] See id.

[175] PacTel CEI Plan at 13.

publication of new interfaces are not required at this time.[176] PacTel also represents that it will continue to comply with all Commission network disclosure requirements as it develops new services or makes network changes that may affect the interconnection or interoperability of payphone services with the network.[177] Consistent with the requirements of the Payphone Order, PacTel made network disclosures in connection with its payphone services by January 15, 1997.[178] We therefore find that PacTel's CEI plan comports with the Commission's network information disclosure requirements.[179]

3. Nondiscrimination Reporting

64. In the Payphone Order, the Commission directed the BOCs to comply with the Computer III and ONA requirements regarding nondiscrimination in the quality of service, installation, and maintenance.[180] Specifically, BOCs are required to file the same quarterly nondiscrimination reports, and annual and semi-annual ONA reports, with respect to their basic payphone services that they file for other basic services to ensure that the BOCs fulfill the commitments made in their CEI plans with respect to the nondiscriminatory provision of covered service offerings, installation and maintenance.[181]

65. PacTel represents that, on a quarterly basis, it will track and report on the installation and maintenance intervals for basic payphone services provided to its payphone

[176] Id.

[177] Id. at 13-14.

[178] See Letter from Denice Harris, Manager, Federal Regulatory Relations, Pacific Telesis, to William F. Caton, Secretary, Federal Communications Commission (Jan. 13, 1997); Letter from Denice Harris, Manager, Federal Regulatory Relations, Pacific Telesis, to William F. Caton, Secretary, Federal Communications Commission (Jan. 15, 1997).

[179] We note that, in its comments, CPA urged the Commission to require PacTel to provide timely network information disclosures with respect to various network elements and services, including the replacement or upgrading of switches, plans to offer and provide coin refund service and billing services to PubCom, and any call tracking system or service that PacTel develops. CPA Comments at 16-18. As discussed above, PacTel is only required to disclose to the payphone services industry information about network changes and new network services that affect the interconnection of payphone services with the network. PacTel committed to continue to comply with all Commission network disclosure requirements; nothing more is required at this time.

[180] Payphone Order at para. 207.

[181] See Payphone Order at para. 207; BOC ONA Reconsideration Order, 5 FCC Rcd 3084, 3096, Appendix B (1990), BOC ONA Amendment Order, 5 FCC Rcd 3103 (1990), Erratum, 5 FCC Rcd 4045, pets. for review denied, California II, 4 F.3d 1505 (9th Cir. 1993), recon., 8 FCC Rcd 7646 (1991), BOC ONA Second Further Amendment Order, 8 FCC Rcd 2606 (1993), pet. for review denied, California II, 4 F.3d 1505 (9th Cir. 1993); Phase II Order, 2 FCC Rcd at 3082, para. 73; and Filing and Review of Open Network Architecture Plans, CC Docket No. 88-2, Memorandum Opinion and Order, Phase I, 6 FCC Rcd 7646, 7649-50 (1991).

operations and the same intervals for all of its other customers, so that comparisons can be made.[182] PacTel further declares that its reports will contain the same types of information and be in the same format as the information and format the Commission approved in Computer III.[183] We find that PacTel's CEI plan comports with the Commission's nondiscrimination reporting requirements.

C. Accounting Safeguards

66. In the Payphone Order and the Accounting Safeguards Order, the Commission concluded that it should apply accounting safeguards identical to those adopted in Computer III to BOCs providing payphone service on an integrated basis.[184] Pursuant to Computer III, the BOCs must adhere to certain accounting procedures to protect ratepayers from bearing misallocated costs. These safeguards consist of five principal elements: 1) the establishment of effective accounting procedures, in accordance with the Commission's Part 32 Uniform System of Accounts requirements and affiliate transactions rules, as well as the Commission's Part 64 cost allocation standards; 2) the filing of cost allocation manuals (CAMs) reflecting the accounting procedures and cost allocation standards adopted by the BOC; 3) mandatory audits of carrier cost allocations by independent auditors, who must state affirmatively whether the audited carriers' allocations comply with their cost allocation manuals; 4) the establishment of detailed reporting requirements and the development of an automated system to store and analyze the data; and 5) the performance of on-site audits by Commission staff.[185] PacTel must comply with these accounting safeguards. We note that the approval granted to PacTel in this order is contingent upon the CAM amendments associated with PacTel's provision of payphone service going into effect.

D. Other Issues

1. Sufficiency

67. APCC, SDPA, and Telco generally assert that PacTel's CEI plan insufficiently describes how PacTel intends to comply with the CEI requirements, and request the

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182 PacTel CEI plan at 13.

183 Id.

184 Payphone Order at para. 157, para. 199, and para. 201; Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, CC Docket No. 96-150, Report and Order, FCC 96-490, at para. 100 (rel. Dec. 24, 1996).

185 BOC Safeguards Order, 6 FCC Rcd at 7591, para. 46.

Commission to require PacTel either to amend or to refile its plan.[186] As discussed above, we find that PacTel adequately complies with each of the CEI requirements.

2. Tariffing Issues

68. APCC raises various objections to the content of PacTel's state tariffs.[187] PacTel responds that the Commission should not allow APCC to turn this CEI proceeding into a tariff proceeding.[188] PacTel argues that the Commission delegated to the states the responsibility for reviewing tariffs for basic payphone lines.[189]

69. We agree with PacTel that this is not the appropriate proceeding to address whether PacTel's tariffed rates are cost-based and non-discriminatory. The Commission stated in the Reconsideration Order that it would "rely on the states to ensure that the basic payphone line is tariffed by the LECs in accordance with the requirements of Section 276."[190] That order required that the tariffs for these LEC services must be: (1) cost based; (2) consistent with the requirements of section 276 with regard, for example, to the removal of subsidies from exchange and exchange access services; and (3) nondiscriminatory.[191] In addition, the order established that "[s]tates must apply these requirements and the Computer III guidelines for tariffing such intrastate services."[192] The order further stated that "[w]here LECs have already filed intrastate tariffs for these services, states may, after considering the requirements of this order, the Report and Order, and section 276 conclude: 1) that existing tariffs are consistent with the requirements of the Report and Order as revised herein; and 2) that in such case no further filings are required."[193] Finally, the Commission noted that "[s]tates unable to review these tariffs may require the LECs operating in their state to file these tariffs with the Commission."[194] Thus, state and federal payphone tariff proceedings are

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186 APCC Comments at 1-2, Telco Comments at 2-3, SDPA Comments at 3-4.

187 APCC Comments at 6-8.

188 PacTel Reply at 24 (noting that "[j]ustification of rates has never been a requirement of CEI plans").

189 Id. at 24-25 (noting that Pacific Bell's and Nevada Bell's existing rates and terms for COPT basic service have already been approved, and that PacTel's new tariffs for payphone services are currently before the California PUC and the Nevada PSC).

190 Reconsideration Order at para. 163.

191 Reconsideration Order at para. 163; see also id. at n.492 (noting that the "new services required in the Report and Order is described at 47 C.F.R. Section 61.49(g)(2)").

192 Id.

193 Id.

194 Id.

the appropriate fora to address complaints concerning tariffed rates, terms and conditions for payphone services.

70. On April 11, 1997, CPA filed an ex parte communication with the Commission, which expresses concern that Pacific Bell has filed a request with the California Public Utilities Commission ("CPUC") to defer cancellation of Pacific Bell's tariff for Public Access Line ("PAL") service from April 14, 1997, until April 30, 1997.[195] Pacific Bell sought the extension to ensure "'a smooth and successful conversion of the detariffed product to a product that is offered under tariff with minimal disruption of the COPT customer as well as the end user.'"[196] CPA argues that the "late admission by Pacific itself that it is having trouble confirms that the transition to detariffed payphone operations is not going smoothly at Pacific Bell," and urges the Commission not to approve PacTel's CEI plan until Pacific Bell has satisfactorily responded to CPA's concerns.[197] We find that the Pacific Bell's request to the CPUC for a limited extension of the removal of Pacific Bell's tariff for PAL service until April 30, 1997, does not suggest that the "transition to detariffed payphone operations is not going smoothly at Pacific Bell," nor does it warrant disapproval of PacTel's CEI plan.[198] To the extent CPA obtains credible evidence that Pacific Bell has failed to comply with the requirements of the Payphone Orders, or with the terms of its CEI plan, CPA may initiate a formal complaint action against Pacific Bell.[199]

3. Screening Codes

71. APCC and MCI contend that PacTel is required, pursuant to the Reconsideration Order, to provide PSPs using COPT Service (Basic) lines with screening code digits that uniquely identify their lines as payphone lines.[200] APCC asserts that if PacTel

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[195] Letter from Martin A. Mattes, Graham & James LLP on behalf of California Payphone Association, to William F. Caton, Acting Secretary, Federal Communications Commission (April 11, 1997) ("CPA April 11 Ex Parte"). Public Access Line service is an access service on which a payphone can be placed.

[196] Id. (quoting Letter of Mary L. Vanderpan, Regulatory Vice President, Pacific Bell, to Wesley M. Franklin, Executive Director, California Public Utilities Commission (April 10, 1997)).

[197] Id.

[198] We note that it does not appear, nor does CPA allege, that the removal by Pacific Bell of its PAL service will affect the availability of Pacific Bell's payphone CEI services, the state tariffs for which went into effect on April 1, 1997. PacTel April 11 Ex Parte.

[199] See 47 U.S.C. § 208.

[200] APCC Comments at 18-21 (asserting that if PacTel transmits a unique code only on its coin lines, which are primarily used only by PacTel's own payphone division, and not on its COPT Service (Basic) lines, which are primarily used by independent PSPs, PacTel is discriminating in favor its payphone division by providing it a great advantage in the collection of per-call compensation from interexchange carriers); MCI Comments at 1-2. Screening code digits allow interexchange carriers (IXCs) to track payphone calls for the purpose of paying per-

transmits a unique screening code only on its coin lines, which are primarily used by PacTel's own payphone division, and not on its COPT Service (Basic) lines, which are primarily used by unaffiliated PSPs, PacTel is discriminating in favor its payphone division by providing it a great advantage in the collection of per-call compensation from interexchange carriers. In addition, MCI maintains that PacTel's plan does not provide screening code digits that can be transmitted by PSPs for all access methods and from all locations.[201]

72. PacTel responds that the Commission has acknowledged that a LIDB-based solution is a suitable means of identifying an originating line as a payphone line.[202] PacTel represents that it is taking that approach.[203] In addition, PacTel argues that it is not required to provide the same screening capability to COPT Service (Basic) and coin lines, on the ground that the relevant CEI requirements are satisfied so long as the basic network capabilities it provides to its PSPs are available under tariff to other PSPs.[204]

73. We find that the issue of whether PacTel is providing screening information in compliance with the requirements established in the payphone rulemaking is outside the scope of the CEI review process and is more appropriately addressed in that proceeding or in other proceedings.[205]

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call compensation to LECs. As APCC states, "with a unique screening code, the IXC knows immediately that a call is compensable, and should not have to take any further steps in order to calculate the compensation due for each particular ANI invoiced by an [independent PSP]." APCC Comments at 21. APCC, CPA, AT&T, and MCI also contend that PacTel must provide the same screening capability to COPT Service (Basic) and coin lines. APCC Comments at 18-19; CPA Comments at 4, AT&T at 2; and MCI Comments at 3.

201 MCI Comments at 3. For example, MCI states that LECs "do not provide [automatic numbering identification] or information digits with feature group B access and from non-equal access areas." MCI contends that, "[a]ccordingly, PSPs would not be able to transmit specific payphone coding digits from payphones in these circumstances and, therefore, they would not be eligible for compensation." Id.

202 PacTel Reply at 12 (citing Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, Third Report and Order, 11 FCC Rcd 17021, para. 34 (rel. Apr. 5, 1996)). LIDB, or the line identification data base, is offered through regional data bases called service control points, and provides a variety of database services. A LIDB-based solution relies upon the line identification data base to provide originating line screening. Under a LIDB-based solution, an interexchange carrier would have to query the LIDB database each time it receives an "07" code (which simply indicates that the originating line is a restricted line, and not that it is a payphone line) in order to obtain more detailed information about billing restrictions on the originating line.

203 Id. at 13.

204 PacTel Reply at 13.

205 See, e.g., Policy and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, CCB/CPD File Nos. 96-18, 96-25, and 96-32, Memorandum Opinion and Order, DA 96-2169, at 2 n.7 (rel. Dec. 20, 1996) (citing MCI petition for clarification of LECs' obligation to provide screening code digits, and stating that MCI's petition would be addressed in a subsequent order). We note that in its

4. Numbering Assignments

74. According to APCC, the Payphone Order requires LECs to assign line numbers to payphones on a nondiscriminatory basis.[206] It contends that PacTel's CEI plan is deficient in that it does not address the assignment of numbers.[207] For example, APCC maintains that PacTel should be required to reallocate the numbers assigned to the existing base of payphones, without charge, so that an equal percentage of LEC payphones and PSPs are assigned 8000 and 9000 series numbers.[208] In reply, PacTel asserts that it will make number assignments on a nondiscriminatory basis.[209]

75. We agree with APCC that the Payphone Order requires LECs to provide numbering assignments on a nondiscriminatory basis; it did not, however, require LECs to reallocate existing number assignments.[210] PacTel represents that it will assign payphone numbers on a nondiscriminatory basis. We conclude that no further showing is required by PacTel in the context of this CEI plan.

5. Dialing Parity

76. MCI asserts that PacTel does not explain how it will comply with the dialing parity requirement in the Payphone Order, including access to operator services, directory assistance, and directory listings.[211] PacTel responds that this issue should not be dealt with here. It represents that the Commission "'conclude[d] that the technical and timing

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Reconsideration Order, the Commission stated that, once per-call compensation becomes effective, "[e]ach payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line." Reconsideration Order at para. 64. That order further required that "all LECs must make available to PSPs, on a tariffed basis, such coding digits as part of the ANI for each payphone." Id.

206 APCC Comments at 17 (citing Payphone Order at para. 149).

207 Id. at 17.

208 Id. at 17-18 n.16. APCC states that assignment of numbers in the 8000 to 9000 range provides a distinct advantage in the prevention of fraud by alerting overseas operators to refrain from completing collect calls to such numbers. See also CPA Comments at 6 (urging the Commission to require PacTel to commit to assign ANIs in the 8000 or 9000 series to COPT stations on a first come, first served basis, and to facilitate reassignment of payphone ANIs).

209 PacTel Reply at 15. PacTel notes that the same service representatives will take orders for its PSPs as for other PSPs, and that, if a customer asks for a particular number or number series (including one in the 8000 and 9000 range), and it is available in the desired area, that customer will receive the number on a first-come, first-served basis. Id.

210 Payphone Order at para. 149.

211 MCI Comments at 3-4.

requirements established pursuant to Section 251(b)(3), and Section 271(c)(2)(B), should apply equally to payphones,'" and that it "will apply those requirements to payphones in connection with implementing those sections of the Act."[212]

77. The Payphone Order concluded that the dialing parity requirements adopted pursuant to section 251(b)(3) of the 1996 Act should extend to all payphone location providers.[213] The Commission stated that such dialing parity for payphones should be implemented at the same time as dialing parity for other telephones.[214] PacTel must, of course, comply with these requirements. We conclude, however, that PacTel is not required, as part of the CEI process, to demonstrate how it will comply with these requirements. In the Payphone Order, the Commission specified that a BOC's CEI plan must describe how it will conform to the CEI requirements with respect to the specific payphone services it intends to offer and how it will unbundle those basic payphone services.[215] Therefore, MCI's request that PacTel be required to elaborate upon how it intends to comply with the dialing parity requirement is outside the scope of this CEI review proceeding.

6. Uncollectibles

78. AT&T asserts that PacTel must explain its treatment of uncollectibles due to fraud. AT&T contends that, to the extent PacTel establishes a policy of foregoing uncollectibles due to fraud for its payphone service affiliates, the same treatment must be accorded to non-affiliates.[216] PacTel represents that it does not discriminate in its treatment of uncollectibles, and that it will respond to issues concerning the accounting treatment of uncollectibles in CAM proceedings.[217] We find that, while the Payphone Order generally requires that fraud protection must be available on a nondiscriminatory basis, it does not establish any specific requirements for uncollectibles. Because the issue of the treatment of uncollectibles appears to raise principally accounting matters, that issue will be addressed in the review of PacTel's CAM.

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[212] PacTel Reply at 11 (citing Payphone Order at para. 292).

[213] Payphone Order at para. 292.

[214] Id.

[215] Payphone Order at para. 203-04.

[216] AT&T Comments at 3.

[217] PacTel Reply at 36-37.

7. Operator Services

79. APCC contends that PacTel's CEI plan fails to specify whether PacTel considers operator services to be part of its deregulated payphone service.[218] APCC claims that, if PacTel's operator services are regulated, Pactel must demonstrate that it is not subsidizing its payphone operations or discriminating between its payphone operations and other PSPs in the provision of these services. For example, if PacTel is offering a commission to its payphone operations for presubscribing its payphones to PacTel's operator services, then such commissions must also be available to unaffiliated PSPs on the same terms and conditions.[219] Operator services are regulated services. Because PacTel must offer such services to affiliated and unaffiliated PSPs on a nondiscriminatory, tariffed basis, PacTel's CEI plan is not deficient because it does not address whether PacTel considers operator services to be part of its deregulated payphone service. We note that, in the Reconsideration Order, the Commission declined to require LECs to make available, on a nondiscriminatory basis, any commission payments provided to their own payphone divisions in return for the presubscription of operator service traffic to the LEC, because the Commission concluded that the level of 0+ commissions paid pursuant to contract on operator service calls was beyond the scope of section 276 and the Payphone proceeding.[220]

8. Inmate Calling Services Issues

80. The Inmate Calling Service Provider Coalition (ICSPC) raises a number of issues related to the provision of inmate calling services (ICS). ICSPC contends that PacTel should be required to identify the network support and tariffed services it will provide to its ICS operations.[221] ICSPC also argues that PacTel must disclose whether its regulated operations will provide its ICS operations with inmate call processing and call control functions and information for fraud protection, and the validation of called numbers.[222] ICSPC contends that such services or information must be provided to other carriers on a nondiscriminatory basis. According to ICSPC, PacTel's failure to describe its provision of ICS in detail prevents the Commission from determining whether PacTel has complied with the requirements of section 276.[223] In addition, ICSPC asserts that PacTel should be required

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[218] APCC Comments at 21-22.

[219] Id. at 22.

[220] Reconsideration Order at para. 52.

[221] ICSPC Comments at 2-3, 10.

[222] Id. at 10-12, 14-16, 18.

[223] Id. at 3.

to disclose whether its payphone operations will be responsible for the cost of ICS calls for which its payphone operations are unable to collect the charges.

81. ICSPC also asserts that PacTel must show that any call processing and call control system used for its ICS is being provided on a deregulated basis, regardless of whether that system is located at a central office or at a customer premises.[224] According to ICSPC, to the extent PacTel's call processing and call control systems dedicated to ICS are located in PacTel's central offices, PacTel must provide physical or virtual collocation to other providers.[225] ICSPC also contends that PacTel must disclose information on interfaces between PacTel's equipment dedicated to ICS and its regulated network support services, so that other providers can utilize the same interface if they wish.[226]

82. In a subsequent ex parte filing,[227] ICSPC argues that section 276 requires the BOCs to treat collect call processing for ICS as part of their nonregulated ICS operations, because collect calling is fundamental to ICS.[228] According to ICSPC, if a BOC's ICS operation "hands off" collect calls to its network-based operator services division for processing and that division assumes the responsibility and risk associated with billing and collecting for those calls, then the BOC is essentially providing ICS as a regulated service and is still subsidizing that service contrary to the prohibition in section 276.[229]

83. In response to ICSPC's arguments, PacTel represents that it described in its CEI plan the tariffed network services that it will provide to its ICS, and which are available to all other providers of ICS service at the same rates, terms and conditions.[230] PacTel also represents that all of the descriptions concerning how it will meet CEI requirements for payphone service apply equally to ICS, because ICS is included in the definition of payphone service in section 276, and its CEI plan applies to all services meeting that definition.[231] In addition, PacTel represents that its call control and call processing functions are performed in

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[224] Id. at 10.

[225] Id. at 18.

[226] Id. at 18-19.

[227] See Letter from Albert H. Kramer to William F. Caton, Secretary, Federal Communications Commission (Mar. 19, 1997) (ICSPC Ex Parte Response).

[228] Id. at 1-2.

[229] Id. at 2.

[230] PacTel Reply at 35.

[231] Id. (noting that its positions on billing services, operator services, tracking codes/LIDB, and other issues mentioned by ICSPC are the same regarding ICS payphone services as they are for payphone service in general).

unregulated equipment.[232] With respect to uncollectibles, PacTel asserts that it affords the same treatment to the disputed charges of independent PSPs that purchase its third party billing services as it does for its own disputed charges.[233] PacTel avers that other issues raised by ICSPC concerning PacTel's accounting treatment of uncollectibles relate directly to its cost allocation manuals, and that it will respond in CAM Revision proceedings.[234] PacTel maintains that, as discussed above, it has met the technical requirements relating to interface functionality and technical characteristics.[235]

84. Section 276 specifically defines payphone service to include the provision of inmate telephone service in correctional institutions.[236] In the Reconsideration Order, we clarified that the requirements of the Payphone Order apply to inmate payphones that were deregulated in an earlier order.[237] Thus, PacTel is required to reclassify as unregulated assets all of its payphone assets related to its provision of ICS, with the exception of the loops connecting the inmate telephones to the network, the central office "coin service" used to provide the ICS, and the operator service facilities used to support the ICS.[238] In addition,

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[232] Id. at 36. PacTel represents in its CEI plan that all unregulated call control equipment used by its payphone operation is located on the customers' premises, except for Pacific Bell's Inmate Call Control Units ("ICCUs") which it has in central offices. PacTel states that Pacific Bell's ICCUs are located in central offices because LEC payphones traditionally were part of network service. It avers that "[a]ll our call control equipment, regardless of location, will interconnect to the network using the same tariffed service (i.e., COPT Service, including 1PF) at the same price as is available to independent PSPs for use with their call control equipment on customers' premises." PacTel CEI Plan at 11.

[233] PacTel Reply at 37. Under its third party billing tariffs, PacTel seeks collection of the entire balance due from the billed party, including amounts billed on separate pages. Id. Independents who purchase its billing services can have PacTel investigate disputed charges on their behalf. In that case, PacTel undertakes the same investigation, and takes the same collection actions, as it does for its own disputed charges. Id. Alternatively, independent PSPs purchasing PacTel's billing service may also conduct their own investigation with support from PacTel's billing services group. Id.

[234] Id. (noting that ICSPC raised the same issues in the CAM Revision proceedings).

[235] Id. at 37-38 (noting that it interconnects inmate lines to its collocated unregulated equipment using the same technical interfaces as independent PSPs use to interconnect their unregulated equipment to inmate lines on the premises of correctional facilities).

[236] 47 U.S.C. § 276(d).

[237] Reconsideration Order at para. 131 (citing Petition for Declaratory Ruling by the Inmate Calling Services Providers Task Force, Declaratory Ruling, 11 FCC Rcd 7362, 7373 (rel. Feb. 20, 1996) (Inmate Service Order); Petitions for Waiver and Partial Reconsideration or Stay of Inmate-Only Payphones Declaratory Ruling, Order, 11 FCC Rcd 8013 (Com. Car. Bur. 1996)).

[238] See Payphone Order at paras. 157, 159.

PacTel is required to offer on a tariffed basis any basic payphone service or network feature used to provide ICS.[239]

85. We conclude that PacTel's CEI plan comports with our CEI requirements with respect to its provision of ICS. PacTel represents that the underlying network services used to interconnect its ICS are available on a tariffed basis to all PSPs under the same terms, prices, and conditions.[240] Although we agree with ICSPC that any call processing and call control equipment related to PacTel's provision of ICS must be reclassified as nonregulated, regardless of whether that equipment is located in a customer premises or a PacTel central office,[241] PacTel represents that it has done so. We find no support in the Payphone Order or in the Reconsideration Order for ICSPC's contention that PacTel is required to provide collect calling as a nonregulated service when used with inmate payphones.

86. We conclude that the other issues raised by ICSPC related to the provision of ICS either have already been addressed in this Order or are beyond the scope of this proceeding. We find no requirement in the Commission's rules, and ICSPC has cited no authority, that obligates PacTel to allow the collocation of nonaffiliated providers' call processing and call control equipment in a central office. As previously noted, the issue of the treatment of uncollectibles will be addressed in the review of PacTel's CAM. Finally, with regard to the disclosure of interface information, we concluded above that PacTel's CEI plan comports with the Commission's network information disclosure requirements.

9. Primary Interexchange Carrier Selection

87. Oncor asserts that in order for PacTel's CEI plan to comply with the "spirit" of the Commission's CEI requirements, the plan must address various issues concerning the payphone PIC selection process.[242] AT&T also asserts that PacTel's CEI plan should describe how PacTel will ensure that the PIC selection process for payphones will be performed on a

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239 See Payphone Order at paras. 146-49; Reconsideration Order at paras. 162-63.

240 PacTel Reply at 35.

241 Payphone Order at paras. 157, 159. See also Inmate Service Order, 11 FCC Rcd at 7373.

242 Oncor Comments at 5. According to Oncor, PacTel should have described: (1) how it will manage the payphone PIC selection and order implementation process; (2) how it will ensure that all PIC orders obtained pursuant to PacTel agreements with location owners will be handled on a nondiscriminatory basis, and that all valid PIC orders and location provider agreements will be honored and will not be subject to interference by PacTel or anyone else; (3) how its marketing personnel will be trained and supervised to ensure that they do not misrepresent PacTel's role in the payphone PIC selection process; and (4) how its personnel involved in the PIC ordering and implementation processes will be trained and supervised to ensure that they do not "interfere" with the sales and marketing of interexchange services from payphones. Id.

nondiscriminatory basis.[243] PacTel responds that AT&T's and Oncor's comments concerning PIC selection are not relevant to this proceeding.[244]

88. We conclude that PacTel is not required, as part of the CEI process, to demonstrate how it will administer the PIC selection process for payphones. In the Payphone Order, the Commission specified that a BOC's CEI plan must describe how it will conform to the CEI parameters with respect to the specific payphone services it intends to offer and how it will unbundle those basic payphone services.[245] The payphone rulemaking proceeding did not, however, require the BOCs to describe how they will administer the PIC selection process in their CEI plans, as argued by AT&T and Oncor. Therefore, arguments raised by parties regarding PacTel's role as PIC administrator are beyond the scope of this proceeding.

10. Subscriber-Selected Call Rating

89. APCC and CPA contend that, in order to meet the Commission's CEI requirements, PacTel must provide a coin line service that allows independent PSPs to set their own end user rates for local and intraLATA calls, as well as to establish the length of initial and overtime periods.[246] They therefore request the Commission to require PacTel to develop a more flexible rating feature for its coin line service.[247] PacTel responds that this same request was made by the parties in the Payphone Proceeding, and that the Commission declined to adopt it.[248] In addition, PacTel argues that, "[b]y offering the same COPT coin line service, including the same call rating functionality, to other PSPs as we provide to our own, we have met the CEI plan requirement."[249]

90. We find that the Payphone Order did not require the BOCs to provide to independent PSPs an unbundled call rating feature for coin line services.[250] In addition, on

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[243] AT&T Comments at 3.

[244] See PacTel Reply at 31.

[245] Payphone Order at paras. 203-04.

[246] APCC Comments at 12. See also CPA Comments at 10. APCC argues that, permitting PacTel to offer a coin line service that forces its subscribers to price payphone calls at PacTel's set rates would be contrary to the purpose of section 276 of promoting payphone competition, and would permit PacTel to discriminate in favor of its payphone division. APCC Comments at 10-11.

[247] CPA Comments at 10; APCC Comments at 12.

[248] PacTel Reply at 9.

[249] Id.

[250] Payphone Order at paras. 146-48. See also Reconsideration Order at para. 165.

reconsideration of the Payphone Order, in response to a request that the Commission require access to, inter alia, call rating capabilities,[251] the Commission specifically declined to require further unbundling of payphone services beyond those established in the Payphone Order.[252] As previously noted, independent PSPs may seek additional unbundling through the 120 day ONA process, and state regulatory commissions may impose further unbundling requirements.

11. Selection of Operator Services Provider

91. APCC requests that the Commission require PacTel to unbundle operator services from its coin line service so that PSPs may select the operator service provider (OSP) for intraLATA calls.[253] APCC argues that, under section 276, PSPs are entitled to select the OSP for intraLATA calls, including local, operator-assisted calls, and therefore that, to the extent PacTel does not permit OSP selection for its coin line service, its CEI plan is inconsistent with section 276.[254] We concur with PacTel that APCC's request is beyond the scope of this proceeding,[255] which is limited to determining whether PacTel's CEI plan complies with the Commission's Computer III CEI requirements.[256]

12. Billing and Collection and Coin Refund Services

92. CPA and SDPA request that, to the extent PubCom is allowed to use PacTel's billing and collection services, the Commission require PacTel to offer nondiscriminatory access to such services to independent PSPs.[257] We reject CPA's and SDPA's request. In the

[251] On reconsideration, the New Jersey Payphone Association requested that the Commission require access to call rating capabilities, answer supervision, call tracking, joint marketing, installation and maintenance, and billing and collection. See Reconsideration Order at para. 155

[252] Reconsideration Order at para. 165.

[253] APCC Comments at 12. APCC notes that, while PacTel states that PSPs can select the OSP for intraLATA calls with its COPT Service (Basic) service, PacTel's CEI plan is silent with respect to OSP selection for its coin line service. Id. (citing PacTel CEI Plan at 4).

[254] Id.

[255] See PacTel Reply at 10.

[256] We note that, as PacTel states, PubCom will be provided the same COPT coin line service, including the same operator service, as is available to other PSPs. See PacTel Reply at 11. If independent PSPs seek a different arrangement, they may request it through the 120 day ONA process.

[257] CPA Comments at 8; SDPA Comments at 4 (arguing that PubCom's preferential access to the LEC's accounting, and billing and collection systems, and call completion data, should be discontinued). CPA also requests that the Commission require PacTel to impute to PubCom the tariffed rates for the billing and collection services its LEC operations provide on PubCom's behalf. CPA Comments at 8. CPA adds that, if PacTel cannot make the same billing elements it provides to PubCom available on an unbundled, nondiscriminatory

Payphone Order, the Commission concluded that a LEC must provide billing and collection services provided to its own payphone operations to independent PSPs on a nondiscriminatory basis only if the LEC "provides basic, tariffed payphone services that will only function in conjunction with billing and collection services from the LEC."[258] On reconsideration, the Commission reaffirmed this conclusion, stating that "[w]e decline to require access to unregulated services, such as installation and maintenance of unregulated CPE, and billing and collection (beyond the requirement established in the Report and Order)."[259] Because the basic payphone services offered by PacTel do not require PacTel's billing and collection to function,[260] PacTel may provide billing and collection services on behalf of its payphone operations, without providing such services to third parties in the same manner, so long as PacTel properly accounts for the unregulated use.[261]

93. CPA also requests the Commission to require PacTel to offer independent PSPs an equivalent coin refund service, including providing credits on PacTel subscriber bills, to that provided on behalf of PubCom.[262] We reject CPA's request. PacTel states that, beginning April 15, 1997, its operators will handle calls from end users seeking refunds from PubCom payphones in the same way that they handle calls for refunds from other PSPs'

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basis, PacTel must charge PubCom a premium for use of them, because it claims that all basic network capabilities used by its own service divisions, including billing capabilities, must be offered to competitors. CPA Comments at 8-9 (citing Computer III, 104 FCC 2d at 1040). See also CPA April 11 Ex Parte (arguing that "the principle of Comparably Efficient Interconnection should mandate that if Pacific Bell chooses to make its billing envelope available to PubCom [for marketing materials relating to payphones] it should also make its billing envelope available for marketing materials of competing payphone service providers").

[258] Payphone Order at para. 149. The Commission stated that this requirement would apply, for example, in situations in which coin services require the LEC to monitor coin deposits and such information is not otherwise available to third parties for billing and collection. Id.

[259] Reconsideration Order at para. 166 (noting that services the Commission has deregulated are available on a competitive basis and do not have to be provided by LECs as the only source of services).

[260] Policy Division March 20 Ex Parte (noting that other PSPs can perform their own billing and collection services, purchase those services from a third party, or purchase them from PacTel through its third party billing tariff).

[261] See PacTel Reply at 18. CPA contends that it is unaware of any provision in Pacific Bell's CAM for the assignment of any portion of billing costs to PubCom. We note, however, that customer billing costs are located in account 6623, and product advertising costs are primarily found in account 6613 of Pacific Bell's CAM, and that Pacific Bell's CAM reflects cost pools to allocate such costs between regulated and nonregulated activities, which include the nonregulated activities of PubCom.

[262] CPA Comments at 6-7. CPA claims that PacTel currently responds to requests for refunds by offering: (1) to provide a free call from the payphone; (2) to send a check for the amount of the coin deposit to the caller; or (3) to provide a credit on the caller's monthly bill for local service. Id. CPA claims that once PacTel has separated its LEC operations from PubCom, PubCom could not provide credits on customer bills without the active participation by the LEC.

payphones: they will refer callers to signs posted on payphone equipment for the number to call for refunds.[263] Nothing more is required by the Payphone Order. In addition, we agree with PacTel that billing services are not subject to CEI or payphone proceeding nondiscrimination requirements.[264] Thus, PubCom's use of Pactel's billing services[265] to provide coin refunds through credits on customer bills is consistent with the requirements of the Payphone Order. We note that PacTel must, of course, properly account for PubCom's use of such services.

13. Interim Compensation Scheme

94. Telco argues that apart from the numerous deficiencies in PacTel's CEI plan, the Commission should refrain from allowing PacTel or any BOC to participate in the interim compensation scheme outlined in the Payphone Order.[266] We find that this argument is beyond the scope of this CEI review proceeding. Moreover, the interim compensation rules were addressed at length in the payphone rulemaking proceeding.[267]

14. Semi-Public Payphone Service Issues

95. Finally, APCC maintains that, to the extent that PacTel's payphone operations continue to offer "semi-public-like" payphone service that involves charging location providers for lines and usage of their payphones, PacTel must disclose how such service will

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263 PacTel Reply at 20. According to PacTel, Pacific Bell has operator services contracts with five independent LECs, pursuant to which Pacific Bell periodically forwards to such LECs the names and telephone numbers of the LECs' payphone customers who call Pacific Bell's operators for coin refunds. PacTel represents that, on March 31, 1997, Pacific Bell sent notices to these LECs informing them that this service will be eliminated on June 1, 1997. Thus, according to PacTel, effective June 1, 1997, Pacific Bell will apply the same payphone refund process to these LECs as is applicable to Pacific Bell's and Nevada Bell's PSPs and to other PSPs. Policy Division April 1 Ex Parte.

264 See PacTel Reply at 20. See also Detariffing of Billing and Collection Services, CC Docket No. 85-88, Report and Order, 102 FCC 2d 1150 (1986); Filing and Review of Open Network Architecture Plans, CC Docket No. 88-2, Phase I, Memorandum Opinion and Order, 4 FCC Rcd 1, 59 (1988); Filing and Review of Open Network Architecture Plans, CC Docket No. 88-2, Phase I, Memorandum Opinion and Order on Reconsideration, 5 FCC Rcd 3084, 3088 (1990) (refusing to require BOCs to provide billing and collection services to ESPs, because "[a]t present ESPs are generally able to bill their subscribers without our mandating that BOCs perform such services for them"); Payphone Order at para. 149; Reconsideration Order at para. 166.

265 After April 15, PubCom customers will still be able to request a credit on their monthly phone bill if they are PacTel subscribers. PacTel Reply at 20 (noting that Nevada Bell customers have the option of call completion or a refund via a pre-paid calling card).

266 Telco Comments at 4-7.

267 See e.g. Reconsideration Order at para. 114-15 (describing the interim compensation mechanism adopted in the Payphone Order).

be supported by its network operations and how charges for the service will be treated on the subscriber's bill.[268] We find these semi-public payphone service issues to be beyond the scope of the CEI review process.

V. CONCLUSION

96. We conclude that PacTel's CEI plan complies with the Computer III requirements, contingent upon the effectiveness of its state tariffs for payphone services. Accordingly, in this Order, we approve PacTel's CEI plan to offer Basic Payphone Service, as described herein.

VI. ORDERING CLAUSE

97. IT IS HEREBY ORDERED that, pursuant to Sections 1, 4(i) and (j), 201, 202, 203, 205, 218, 222, 276 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i) and (j), 201, 202, 203, 205, 218, 222, and 276 and authority delegated thereunder pursuant to Sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, PacTel's Comparably Efficient Interconnection Plan for the Provision of Basic Payphone Service IS APPROVED, subject to the requirements and conditions discussed herein.

Federal Communications Commission

A. Richard Metzger, Jr.

A. Richard Metzger, Jr.
Deputy Chief, Common Carrier Bureau

[268] APCC Comments at 25.