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Regina M. Keeney, Chief
Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW, Room 500
Washington, DC 20554

Federal Communications Commission
Washington, DC 20554

Re: Payphone Compensation Requirements in CC Docket No. 96-128

Dear Ms. Keeney:

This letter discusses attempts by a number of LECs to use an earlier decision in CC Docket No. 91-35¹ to thwart the clear requirements of the Commission's Payphone Reconsideration Order.²

The two issues described below are critical to AT&T's ability to meet the FCC's October, 1997 deadline for tracking calls from payphones to calculate per-call compensation. First, as explicitly required by the Commission's Payphone Reconsideration Order, LECs must provide payphone coding digits as part of ANI, not just a LIDB solution. Otherwise, the LECs will preclude PSPs from receiving payphone compensation, and will make it impossible for AT&T (and presumably other IXC's) to track most payphone calls in the foreseeable future. Second, the ANI digits LECs and PSPs provide for per call compensation should be specific to payphones, and should not include all information identifier codes. It would take AT&T more than a year to develop the capability to recognize all such codes, and it would require AT&T and other IXC's to incur significant additional LEC charges. Following are the details of these two issues.

¹ Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, Third Report and Order, 11 FCC Rcd 17021 (1996).

² FCC 96-439, released November 8, 1996.

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LECs Must Provide ANI Digits, Not Just A LIDB Solution

The Payphone Reconsideration Order (¶ 64) states:

"Once per-call compensation becomes effective, we clarify that, to be eligible for such compensation, payphones will be required to transmit specific payphone coding digits as a part of their ANI, which will identify them to compensation payors. Each payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line. We also clarify . . . that LECs must make available to PSPs, on a tariffed basis, such coding digits as a part of the ANI for each payphone." (emphasis added)

Despite this clear directive, however, a significant and growing number of LECs, in reliance on the Order in CC Docket No. 91-35, have announced that they intend to implement their originating line screening obligations, which include payphone identification digits, through the LIDB method. That method only identifies the originating payphones as "restricted lines" and requires IXCs to query the LEC's line information data base in order to determine whether a call is originated from a payphone. This is exactly the type of arrangement the Commission excluded in the Payphone Reconsideration Order.

If permitted, this LEC action would preclude PSPs from receiving payphone compensation, because they would not be able to comply with the Commission's eligibility requirements in the Payphone Orders. In addition, such LEC actions would make it impossible for AT&T to track most payphone calls in the foreseeable future, and would also make such tracking prohibitively expensive. AT&T cannot use the LIDB method to track toll free calls from such phones, because the switches AT&T uses to provide its toll free services are not interconnected with the platforms it uses to access the LECs' LIDBs.³ Thus, in order to use LIDB to track calls from payphones, AT&T would need to (1) establish connectivity between all of its 135 toll-free switches and the LIDB platform, (2) modify existing call processing logic to send appropriate calls to the LIDB, and (3) create a lifecycle management infrastructure to maintain this new capability. There is no way that AT&T could complete such development work by October, 1997. Such changes would take at least 18 Months to complete and would cost at least \$22 million.

Second, even beyond the time and cost needed to develop these new capabilities for toll free calls, the LECs' LIDB proposals would impose significant unwarranted and unnecessary costs on IXCs. The Payphone Reconsideration Order correctly recognizes that carriers should not have to incur the additional network time and other expense needed to enable a database look-up on every call with a "restricted line" code

³ Although it is prohibitively expensive, as explained below, it is technically possible for AT&T to use LEC LIDBs to track operator services calls from payphones, because AT&T's operator services switches can access the LECs' LIDBs.

to determine whether the call is coming from a payphone.⁴ Nor is there any reason to bestow these additional LIDB revenues as a windfall to LECs, who are already the principal beneficiaries of payphone compensation. A preliminary estimate indicates that this bonanza could be hundreds of millions of dollars in additional revenues for the LECs each year.

Accordingly, LECs must be directed to comply with the requirements of the Payphone Reconsideration Order and provide the necessary information digits by October 1997.

The ANI Identification Digits LECs and PSPs Provide Should Be Specific To Payphones

Based on the language quoted above from the Payphone Reconsideration Order and industry activities in support of the order, AT&T began developing the network systems and other mechanisms needed to track and pay per call compensation. Because the Industry Numbering Committee decided that the information identifier ("I/I") codes 27 (for coin phones), 29 (for prison calls), and 70 (for coinless or smart phones) should be set aside in response to the Commission's order, our development is based upon a system that will capture these specific and unique payphone designators. AT&T has already spent in excess of \$5M to develop these tracking and compensation payment capabilities.⁵

Recently, however, a proposal was made to consider the implementation of FLEX ANI, whereby all I/Is, not just the 27, 29 and 70 codes, would be applied by LEC end offices processing all calls. Unfortunately, AT&T's central office switches cannot currently support FLEX ANI, and it would take more than a year to develop that capability. Moreover, such development would cost well over \$10 million and would force AT&T to delay many planned technological feature enhancements that would be beneficial to customers. In addition, as with the LIDB approach, adoption of FLEX ANI would require AT&T and other IXC's to incur significant additional LEC charges. In this case, LEC one-time charges on IXC's for implementing FLEX ANI generally range from \$1000 to \$1200 per end office, per carrier identification code. Because there are over 17,000 LEC end offices, and most large IXC's possess multiple CIC architectures, the costs to deploy such a compensation tracking mechanism would require AT&T and other IXC's -- and their customers -- to absorb additional scores of millions of dollars in LEC charges. Therefore, AT&T urges the Commission to re-state that LECs must make available, and PSPs must pass, only the specific I/I digits related to payphones.

⁴ Restricted line codes are used to identify many types of calls in addition to those coming from a payphone. These could include: restrictions to operator assisted, third party, collect, and person to person type calls.

⁵ The capabilities AT&T is developing will not, however, enable AT&T to block calls from specific payphones based upon the compensation that will be due for the use of such phones.

Because we are rapidly approaching the FCC's October 7, 1997 deadline, it is essential that the Commission reinforce its prior directives on these issues as soon as possible. Failure to do so in the near term might not only have severe impacts on carrier and consumer costs but also on carriers' ability to comply with the Commission's tracking requirements.

I would be happy to discuss these matters in greater detail with you or your staff at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Keeney", written in a cursive style.

copy to:

A. Barna
M. Carowitz
R. Crellin
D. Gonzalez
J. Muleta
M. B. Richards
J. Schlichting
R. L. Smith