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USWEST

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Robert H. Jackson
Executive Director-
Federal Regulatory

RECEIVED

June 18, 1997

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President and Chief Executive Officer
Federal Communications Commission
Director of Secretary

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

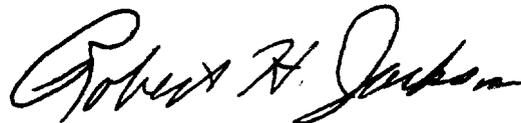
Re: Telephone Number Portability, CC Docket No. 95-116

Dear Mr. Caton:

Today, I sent the attached letter, on behalf of U S WEST, to Neil Fried, Lloyd Collier, Lenworth Smith, John Scott and Christopher Barnekov of the Common Carrier Bureau in conjunction with the Commission's Further Notice of Proposed Rulemaking in the above-numbered docket. Please include a copy of this letter and the attachment in the record in this proceeding.

In accordance with 47 C.F.R. § 1.1206(a)(1) of Commission's rules, the original of this letter and one copy are being filed with your office. Acknowledgment and date of receipt are requested. A duplicate of this letter is included for this purpose.

Sincerely,



Attachment

cc: Neil Fried
Lloyd Collier
Lenworth Smith
John Scott
Christopher Barnekov

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Robert H. Jackson
Executive Director-
Federal Regulatory

June 18, 1997

Mr. Neil Fried
Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 518
Washington, D.C. 20554

Re: CC Docket No. 95-116, Telephone Number Portability

Dear Mr. Fried:

In an *ex parte* meeting on June 11, 1997, U S WEST discussed the general requirement to invest in Intelligent Peripherals ("IPs") for each end office switch in order to provide AIN-based services to large business customers served from such switch.¹ This letter provides more information about IPs.

As you will recall, U S WEST Communications ("USWC") has found that the market for AIN-based services is largely dependent on the presence of large business customers. We have not experienced sufficient small customer interest in AIN services to warrant service development at this time.

In the meeting we provided information that showed a per switch incremental investment of \$2,793,000 is necessary to provide AIN-based services to large business customers. An IP performs these basic functions: 1) announcements, and 2) Dual Tone Multi-Frequency ("DTMF") tones for customer service control and update functions to the IP through a connection to the Public Switched Telephone Network ("PSTN").

Announcements -- The IP provides both terminating and intermediate announcement capabilities, recorded either locally by the business customer or professionally. Announcements may be changed or recorded again. Customers may take their own recorded announcements and integrate them with the AIN service logic, subject to Part 64 accounting safeguard rules.

DTMF or Key Pad Tones -- DTMF provides the customer with service control and update functions. Those functions allow customers to make changes to their AIN-based services without contacting the USWC Business Office. Also, these changes can be made from any location; the customer is not limited to access from the business location. For example, in the event of a blizzard, the ABC Company's customer service manager could from home

¹ There are methods to engineer a network to enable more than one end office switch to share access to one IP. However, each office sharing access to a single IP must have sufficient transport connections to the IP. To connect switches not in the same free local calling center, this cost of transport can become prohibitive. Also, sharing an IP among end offices raises IP capacity issues.

Mr. Neil Fried
June 18, 1997
Page 2

alter the message prompts callers would hear. They could be changed to inform callers that no live ABC Company representatives were available today due to the weather conditions. Callers would then be able to leave voice messages or to record their call-back numbers. The callers would also use the DTMF functionality to select their choice .

The DTMF can be in response to AIN service logic either that requires the input of telephone numbers or responds to questions with "yes" or "no" answers. For example, a customer using the Remote Access Call Forward service functionality wants to change the telephone number. The customer calls a special system update telephone number, hears an announcement menu, and enters the new "forwarded to" telephone number. These updated instructions are forwarded to the SCP data base within 30 seconds and the data base is updated with the new call processing instructions.

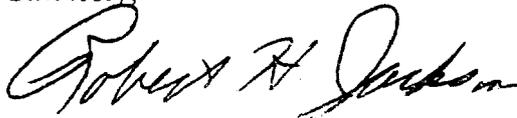
The DTMF functionality also allows the use of intermediate announcements. They allow a caller to return to the IP for further processing if a call is not answered. For example, after a call is not answered after three rings, an announcement can be played that offers the caller the option of entering DTMF to complete further the call to a special, after-hours emergency number, to leave a voice mail message, etc.

Connection to the PSTN -- The IP is connected to the PSTN through an ISDN Primary Rate Interface. The connection goes through the Signal Switching Point (SSP) through a common end office in a serving area. The Primary Rate Interface contains the switching fabric required to switch ISDN connections.

If, for example, USWC were to deploy IPs in each of the 25 Ericsson hosts identified on page 3 of our June 11, 1997, *ex parte* handout, we would have to spend \$69,850,000.² This amounts to a per line investment of more than \$188. In these and other locations there is not a customer base to warrant this type of investment. Accordingly, the costs of licensing AIN software are attributable solely to provide number portability and must be treated as recoverable Type 2 costs.

If you have any questions, please feel free to call me.

Sincerely,



Robert H. Jackson
Executive Director -
Federal Regulatory

cc: Lloyd Collier
Lenworth Smith
John Scott
Christopher Barnekov

² If these hosts were to share one or more IPs, the costs would be different and, possibly, lower. However, since most of these locations are scattered through USWC territory, the transport costs still would likely make the offering of AIN-based services uneconomical. Accordingly, USWC does not invest in IPs unless there is sufficient large business demand for AIN-based services.