CARRIER:	Ogden Telephone Company
TRANSMITTAL(s):	Transmittal No. 11, Tariff F.C.C. No. 2
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	American Public Communications Council
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Eugene Gold

****

CARRIER:	Pacific Bell
TRANSMITTAL(s):	Transmittal Nos. 1905 and 1914, Tariff F.C.C. No. 128
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	AT&T Corporation and MCI Telecommunications Corporation
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Steve Funkhouser

****

CARRIER:	Rochester Telephone Corporation
TRANSMITTAL(s):	Transmittal No. 19, Tariff F.C.C. No. 1
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	AT&T Corporation and American Communications Council
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Calvin Howell

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CARRIER:	Southern New England Telephone
TRANSMITTAL(s):	Transmittal No. 687, Tariff F.C.C. No. 39
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	MCI Telecommunications Corporation
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Steve Funkhouser

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CARRIER:	Southwestern Bell Telephone
TRANSMITTAL(s):	Transmittal No. 2608, Tariff F.C.C. No. 73
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	American Public Communications Council and MCI Telecommunications Corporation
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Jim Lichford

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CARRIER:	Sprint Local Telephone Companies
TRANSMITTAL(s):	Transmittal No. 25, Tariff F.C.C. No. 1
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	MCI Telecommunications Corporation
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Calvin Howell

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CARRIER:	Taconic Telephone Corporation
TRANSMITTAL(s):	Transmittal No. 24, Tariff F.C.C. No. 1
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	American Public Communications Council
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Steve Funkhouser

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CARRIER:	US West, Inc.
TRANSMITTAL(s):	Transmittal No. 823, Tariff F.C.C. No. 5
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	American Public Communications Council and MCI Telecommunications Corporation
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Eugene Gold

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CARRIER:	Vista-United Telecommunications
TRANSMITTAL(s):	Transmittal No. 22, Tariff F.C.C. No. 1
SUBJECT:	Implementation of the Commission's Orders Regarding Pay Telephone Reclassification and Compensation
PETITIONER(s):	American Public Communications Council
EFFECTIVE DATE:	April 15, 1997
CONTACT:	Steve Funkhouser

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For more information, contact Judith A. Nitsche at (202) 418-1540.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Southwestern Bell Telephone Company's Comparably Efficient Interconnection Plan for the Provision of Basic Payphone Services	)	CC Docket No. 96-128
	)	
Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996	)	

ORDER

Adopted: April 15, 1997 **Released: April 15, 1997**

By the Deputy Chief, Common Carrier Bureau:

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I. INTRODUCTION

1. On December 30, 1996, pursuant to the requirements of the Commission's orders in the payphone rulemaking proceeding,[1] Southwestern Bell Telephone Company (SWBT) filed a comparably efficient interconnection (CEI) plan for payphone service.[2] In that proceeding, the Commission directed each Bell Operating Company (BOC) to file an initial CEI plan describing how it will comply with the Commission's *Computer III*[3] CEI equal access requirements and nonstructural safeguards for the provision of payphone services.[4] BOCs must make available on a nondiscriminatory basis the regulated basic services they provide to independent payphone service providers (PSPs) and to the BOCs' own payphone operations to provide payphone services.[5]

2. The Commission issued a public notice of SWBT's CEI plan on January 8, 1997.[6] On February 7, 1997, six parties filed comments opposing the plan.[7] SWBT

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[1] *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Report and Order, FCC 96-388 (rel. Sept. 20, 1996) (*Payphone Order*), *recon.*, FCC 96-439 (rel. Nov. 8, 1996) (*Reconsideration Order*), appeal docketed *sub nom.*, *Illinois Public Telecommunications Assn. v. FCC and United States*, Case No. 96-1394 (D.C. Cir., filed Oct. 17, 1996); *Order*, DA 97-678 (Com. Car. Bur. rel. Apr. 4, 1997) (*Clarification Order*).

[2] Southwestern Bell Telephone Company's Comparably Efficient Interconnection Plan for the Provision of Basic Payphone Service (filed Dec. 30, 1996) (SWBT CEI Plan).

[3] *Amendment of Section 64.702 of the Commission's Rules and Regulations*, CC Docket No. 85-229, Phase I, 104 FCC 2d 958 (1986) (*Phase I Order*), *recon.*, 2 FCC Rcd 3035 (1987) (*Phase I Recon. Order*), *further recon.*, 3 FCC Rcd 1135 (1988) (*Phase I Further Recon. Order*), *second further recon.*, 4 FCC Rcd 5927 (1989) (*Phase I Second Further Recon.*), *Phase I Order* and *Phase I Recon. Order vacated*, *California v. FCC*, 905 F.2d 1217 (9th Cir. 1990) (*California I*); Phase II, 2 FCC Rcd 3072 (1987) (*Phase II Order*), *recon.*, 3 FCC Rcd 1150 (1988) (*Phase II Recon. Order*), *further recon.*, 4 FCC Rcd 5927 (1989) (*Phase II Further Recon. Order*), *Phase II Order vacated*, *California I*, 905 F.2d 1217 (9th Cir. 1990); *Computer III Remand Proceedings*, 5 FCC Rcd 7719 (1990) (*ONA Remand Order*), *recon.*, 7 FCC Rcd 909 (1992), *pets. for review denied*, *California v. FCC*, 4 F.3d 1505 (9th Cir. 1993) (*California II*); *Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier I Local Exchange Company Safeguards*, 6 FCC Rcd 7571 (1991) (*BOC Safeguards Order*), *recon. dismissed in part*, Order, CC Docket Nos. 90-623 & 92-256, FCC 96-222 (rel. May 17, 1996); *BOC Safeguards Order vacated in part and remanded*, *California v. FCC*, 39 F.3d 919 (9th Cir. 1994) (*California III*), *cert. denied*, 115 S.Ct. 1427 (1995) (referred to collectively as the *Computer III* proceeding).

[4] *Payphone Order* at para. 202.

[5] *Id.* at paras. 146, 200-04.

[6] *Pleading Cycle Established for Comments on Comparably Efficient Interconnection Plans for Payphone Service Providers*, CC Docket No. 96-128, Public Notice, DA 97-31 (rel. Jan. 8, 1997).

submitted reply comments on February 24, 1997. For the reasons discussed below, we approve SWBT's CEI plan.

II. BACKGROUND

3. The payphone rulemaking proceeding implemented section 276 of the Communications Act of 1934, as amended.[8] Section 276 directed the Commission to prescribe a set of nonstructural safeguards for BOC payphone service to implement the statute's requirements that any BOC: (1) shall not subsidize its payphone service directly or indirectly from its telephone exchange or exchange access service operations; and (2) shall not prefer or discriminate in favor of its payphone service.[9] The Act provided that such safeguards must, at a minimum, include the nonstructural safeguards adopted in the *Computer III* proceeding.[10]

4. In the *Payphone Order*, the Commission determined that the *Computer III* and *Open Network Architecture (ONA)*[11] nonstructural safeguards would "provide an appropriate regulatory framework to ensure that BOCs do not discriminate or cross-subsidize in their provision of payphone service."[12] Accordingly, the Commission required the BOCs to file

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[7] Comments of the American Public Communications Council on SWBT, CEI Plan (APCC); MCI Telecommunications Corporation Comments (MCI); Comments of Telco Communications Group, Inc., on SWBT's Comparably Efficient Interconnection Plan (Telco); Comments of Oncor Communications, Inc. (Oncor); Comments of the Inmate Calling Service Providers Coalition on SWBT's CEI Plan (ICSPC); AT&T's Comments On SWBT's Comparably Efficient Interconnection Plan (AT&T). APCC filed an erratum to its comments on February 12, 1997.

[8] 47 U.S.C. § 276. Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996 Act), *codified at* 47 U.S.C. §§ 151 *et seq.* Hereinafter, all citations to the 1996 Act will be to the 1996 Act as it is codified in the United States Code. The 1996 Act amended the Communications Act of 1934. We will refer to the Communications Act of 1934, as amended, as "the Communications Act" or "the Act."

[9] 47 U.S.C. § 276(b)(1)(C).

[10] *Id.*

[11] *See Filing and Review of Open Network Architecture Plans*, 4 FCC Rcd 1 (1988) (*BOC ONA Order*), *recon.*, 5 FCC Rcd 3084 (1990) (*BOC ONA Reconsideration Order*); 5 FCC Rcd 3103 (1990) (*BOC ONA Amendment Order*), *erratum*, 5 FCC Rcd 4045, *pets. for review denied, California v. FCC*, 4 F.3d 1505 (9th Cir. 1993), *recon.*, 8 FCC Rcd 97 (1993) (*BOC ONA Amendment Reconsideration Order*"); 6 FCC Rcd 7646 (1991) ("*BOC ONA Further Amendment Order*); 8 FCC Rcd 2606 (1993) (*BOC ONA Second Further Amendment Order*), *pet. for review denied, California v. FCC*, 4 F.3d 1505 (9th Cir. 1993) (collectively referred to as the *ONA Proceeding*).

[12] *Payphone Order*, at para. 199. In addition, the Commission adopted accounting safeguards for incumbent LEC, including BOC, provision of payphone service on an integrated basis. *See 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, para. 100 (rel. Dec. 24, 1996) (*Accounting Safeguards*

"CEI plans describing how they will comply with the *Computer III* unbundling, CEI parameters, accounting requirements, CPNI requirements as modified by [s]ection 222 of the 1996 Act, network disclosure requirements, and installation, maintenance, and quality nondiscrimination requirements."[13] Obtaining approval of their CEI plans is one of the criteria BOCs must meet before their payphone operations may receive compensation for completed intrastate and interstate calls using a payphone under the new compensation plan established in the payphone proceeding.[14]

5. The *Payphone Order* required BOCs to "provide tariffed, nondiscriminatory basic payphone services that enable independent [payphone service] providers to offer payphone services using either instrument-implemented 'smart payphones' or 'dumb' payphones that utilize central office coin services,[15] or some combination of the two in a manner similar to the LECs."[16] Those tariffs must be filed with the applicable state regulatory commission.[17] Additionally, BOCs must file with the Commission tariffs for unbundled features or functions that are either used by a BOC's payphone operations to

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Order)

[13] *Payphone Order* at para. 199. In its notice of proposed rulemaking regarding the customer proprietary network information (CPNI) and other customer information provisions of the 1996 Act, the Commission concluded that its previously established CPNI requirements would remain in effect, pending the outcome of that rulemaking, to extent that they do not conflict with the CPNI provisions of the 1996 Act. *See Implementation of the Telecommunications Act of 1996: Telecommunication Carriers' Use of Customer Proprietary Network Information and Other Customer Information*, CC Docket No. 96-115, Notice of Proposed Rulemaking, 11 FCC Rcd 12513 (1996) (*CPNI NPRM*).

[14] *Reconsideration Order*, at para. 132. In addition to an approved CEI plan, in order to receive compensation, the *Reconsideration Order* requires that "a LEC [local exchange carrier] must be able to certify the following: (1) it has an effective cost accounting manual (CAM) filing; (2) it has an effective interstate [carrier common line] tariff reflecting a reduction for deregulated payphone costs and reflecting additional multiline subscriber line charge (SLC) revenue; (3) it has effective [intrastate] tariffs reflecting the removal of charges that recover the costs of payphones and any intrastate subsidies; (4) it has deregulated and reclassified or transferred the value of payphone customer premises equipment (CPE) and related costs as required in the [*Payphone Order*]; (5) it has in effect intrastate tariffs for basic payphone services (for "dumb" and "smart" payphones); and (6) it has in effect intrastate and interstate tariffs for unbundled functionalities associated with those lines." *Id.* at para. 131.

[15] A "smart" payphone has capabilities programmed into it that perform certain functions, such as rating calls or collecting or returning coins. A "dumb" payphone does not have such capabilities, but must instead rely on central office controls to collect and return coins or perform other functions.

[16] *Reconsideration Order* at para. 162.

[17] *Id.*

provide payphone service or offered by the BOC to unaffiliated PSPs on an unbundled basis.[18]

III. SERVICE DESCRIPTION

6. SWBT's basic payphone service is comprised of two separate and distinct services which are tariffed at the state level, pursuant to the *Reconsideration Order*, and several unbundled features which are tariffed at both the state and federal level.[19] Both services permit the subscriber to elect either two-way or one-way originating only business exchange access service. These lines are provided and maintained by SWBT and provide access to and from the public switched telecommunications network for long distance service and local calling.[20] SWBT asserts that its basic payphone service offering will be available to PSPs including SWBT's own nonstructurally separate payphone service operations.[21]

7. SWBT offers a standard Customer Owned Pay Telephone Service (COPTS or COPT service) which is intended to be used by payphone providers that deploy "smart" payphones, where the CPE is programmed to collect coins, return coins and rate calls.[22] COPTS is essentially identical to SWBT's typical business exchange access service and involves the provision of central office line equipment, all outside plant facilities needed to connect the serving central office with the customers premises, and the network interface.[23] This service also includes automatic number identification (ANI) and 900/976 call blocking.[24] SWBT explains that because most independent PSPs use "smart sets," they use COPTS lines to interconnect to SWBT's network.[25]

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[18] *Payphone Order* at paras. 146-148; *Reconsideration Order* at paras. 162-163; *Clarification Order* at para. 8.

[19] SWBT maintains that in providing inmate telephone service, its own payphone operations will purchase from SWBT the same tariffed services at the same rates as all unaffiliated inmate calling service providers. SWBT Reply at 16.

[20] SWBT CEI Plan at 4.

[21] *Id.* at 5.

[22] For purposes of this Order, this service will also be referred to as Customer-Owned, Coin-Operated Telephone (COCOT) service.

[23] SWBT CEI Plan, Exhibit B at 1.

[24] SWBT states that COPTS currently passes a two-digit code with the ANI at the beginning of a call which identifies it as a restricted line. It asserts that when per-call compensation becomes effective, these lines will transmit coding digits which will specifically identify them as payphone lines. *See id.*

[25] SWBT Reply at 5.

8. SWBT also offers "SmartCoin" service which is generally used by payphone providers that deploy "dumb" or "network-controlled" payphones, where payphone functions are provided from a SWBT central office.[26] SWBT maintains that SmartCoin service will offer the existing central office functionality of SWBT's basic payphone service to other PSPs, enabling them to utilize network-controlled sets, instead of "smart" sets. In addition to the features provided with the standard COPTS offering, SmartCoin service includes SWBT's operator services,[27] outside plant facilities, and the following central office capabilities: Dial Tone First,[28] Originating Line Screening,[29] Coin Supervision,[30] Coin Administration,[31] Answer Supervision,[32] Sent Paid Quotation,[33] Automatic Rate Table,[34] Automatic NPA-NXX.[35] SWBT asserts that it will provide PSPs with the same toll detail reporting that is provided to subscribers of other SWBT local exchange services. PSPs may also request a "Customer Billing Report" which will provide additional information regarding SWBT recorded sent-paid calls originating from the SmartCoin access line.[36] SWBT states that its payphone operations will primarily use SmartCoin service.[37]

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[26] SWBT CEI Plan at 4-5; SWBT Reply at 5. For purposes of this Order, this service will also be referred to as "coin line."

[27] SWBT's operator system will handle 0-, 0+, and 1+ intraLATA long distance calls and 0-/0+ local calls. All 10XXX/101XXXX+ dialed intraLATA long distance calls will be routed to the dialed carrier. SWBT does not provide Coin Supervision on calls dialed in this manner. SWBT CEI Plan, Exhibit B at 2.

[28] This feature enables end users to dial certain calls without a depositing a coin. *Id.*

[29] A two-digit code passed by the local switching system with the automatic number identification at the beginning of a call which identifies the originating line as a payphone. *Id.*

[30] This feature controls the disposition of the coins held in the CPE, including coin collect and coin return capabilities. Coin collect is used when a call has been completed and coin return is used if there is no answer or a busy signal. *Id.*

[31] With this feature, SWBT operators may attempt to release stuck coins at the request of the end user. *Id.*

[32] This feature provides "off-hook" supervisory signals to ensure proper call duration timing on outbound calls. *Id.*

[33] With this feature, the SWBT operator, or the automated coin telephone service, quotes a charge to the end user for the deposit of coins when the end user is originating a 1+, 0+, or 0- call that is not alternately billed. *Id.*

[34] This feature updates rates for intraLATA "sent paid" (i.e., coin) calls. *Id.*

[35] This feature updates new area codes and central offices via BellCore updates. *Id.*

[36] This report, according to SWBT, will include detail of sent-paid calls handled by SWBT, with the exception of local calls which do not require the assistance of an operator. *Id.* at 5.

[37] SWBT Reply at 5.

9. In addition to these payphone line services, SWBT will offer the following features on an unbundled basis to PSPs that subscribe to either of its basic payphone service offerings:

1. *Selective Class of Call Screening Service (SCOCS).* This service restricts outgoing operator handled calls placed over SWBT's network. SWBT will offer Basic SCOCS,[38] Collect Only-Inmate Calls,[39] and Coinless Only SCOCS.[40] SWBT notes that SCOCS is not needed with the SmartCoin line and therefore is not available when a customer subscribes to its SmartCoin service offering.

2. *Billed Number Screening.* This service prevents callers from billing collect calls or bill-to-third number calls placed over SWBT's network to the number associated with the payphone line.

3. *International Toll Blocking.* This service arrangement provides central office blocking of direct-dialed international calls from coin-operated telephones to telephone numbers outside the North American Dialing Plan.

4. *Answer Supervision-Line Side.* This service provides "off-hook" supervisory signals to CPE that allows billing to begin when the called party answers. These signals originate from the "called" party's service central office to a line interface at the "calling" party's serving central office.[41]

IV. COMPLIANCE ISSUES

A. CEI Plan Requirements

10. The Commission's CEI requirements were originally established in the *Computer III* proceeding, in which the Commission adopted a regulatory framework to govern the provision of integrated enhanced and basic services by the BOCs.[42] As applied to the

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[38] Basic SCOCS blocks outgoing calls unless the call will be billed to a called telephone number (collect call), a third telephone number, or a calling card number. SWBT CEI Plan, Exhibit B at 3.

[39] Under this arrangement, outgoing calls may only be billed to a called telephone number (i.e, collect calls). *Id.*

[40] Coinless Only SCOCS is the same as Basic SCOCS but is typically used with coinless payphones. *Id.*

[41] *Id.* at 4.

[42] *See Phase I Order*, 104 FCC 2d at 1026, para. 128. Requiring BOCs to file CEI plans was one of the nonstructural safeguards adopted by the Commission, in lieu of structural separation, to prevent cross-subsidization and discrimination. As a first step in implementing the *Computer III* framework, the Commission permitted the BOCs, which remained subject to various structural separation requirements, to offer individual

payphone context, the CEI requirements are designed to give independent PSPs equal and efficient access to the regulated basic payphone services that the BOCs use to provide their own payphone services. BOCs must also provide payphone services to independent PSPs on a nondiscriminatory basis as a required in the payphone rulemaking proceeding.[43] The Commission, in its *Computer III* proceeding, established nine specific CEI requirements,[44] which are discussed below. SWBT has described in its submissions how its will satisfy each of these nine CEI requirements. We review below SWBT's CEI plan with respect to each of these requirements.

1. Unbundling of Basic Services

11. The *Payphone Order* deregulated LEC payphones and classified those payphones as CPE.[45] In addition to providing tariffed coin service so competitive payphone providers can offer payphone services using either "smart" payphones or "dumb" payphones that utilize central office coin services, a LEC must also tariff unbundled payphone features used by the LEC's operations to provide payphone services.[46] Moreover, BOCs, but not other LECs, must unbundle additional network elements when requested by payphone providers based on the specific criteria established in the *Computer III* and *ONA* proceedings.[47]

12. The *Payphone Order* requires BOCs to file CEI plans that explain how they will unbundle basic payphone services.[48] Specifically, a BOC must indicate how it plans to unbundle, and associate with a specific rate element in the tariff, the basic services and basic service functions that underlie its provision of payphone service.[49] Nonproprietary information used by the BOC in providing the unbundled basic services must be made

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enhanced services on an integrated basis following approval of service-specific CEI plans. BOCs were required to describe in their CEI plans: (1) the enhanced service or services to be offered; (2) how the underlying basic services would be made available for use by competing ESPs; and (3) how the BOCs would comply with the other nonstructural safeguards imposed by *Computer III*. *See Phase I Order*, 104 FCC 2d at 1034-59, paras. 142-200.

[43] *See Reconsideration Order* at paras. 163-65.

[44] *Phase I Order*, 104 FCC 2d at 1039-1043, paras. 154-166.

[45] *Payphone Order* at para. 142.

[46] *Id.* at para. 146-148; *Reconsideration Order* at para. 162-163.

[47] *Payphone Order* at para. 148; *Reconsideration Order* at para. 165.

[48] *Payphone Order* at para. 204.

[49] *Id.* (citing *Phase I Order*, 104 FCC 2d at 1040); see also *Reconsideration Order* at para. 213 .

available as part of CEI.[50] In addition, any options available to the BOC in the provision of such basic services or functions must be included in the unbundled offerings.[51]

13. SWBT asserts that the COPT and SmartCoin services, together with the various optional services described above, comprise its basic payphone offerings and will be available to any PSP, including its own payphone service operations at the same rates, and under the same terms and conditions, pursuant to state or federal tariffs in all jurisdictions currently served by SWBT.[52] SWBT also states that any interLATA services offered to PSPs will be provided by carriers other than SWBT (and any affiliate) until SWBT or an affiliate become authorized to provide such services. Any additional intraLATA basic services that may be used to support SWBT's basic payphone service offering in the future will be added to its CEI plan by way of an amendment prior to their use by SWBT, in accordance with prior Commission rulings.[53] Further, SWBT asserts that it will unbundle additional network elements when requested by PSPs, provided that the request meets the requirements set forth in *Computer III* and *ONA*.[54]

14. APCC argues that SWBT's CEI plan must be rejected because SWBT's payphone service is not sufficiently unbundled.[55] APCC contends that SWBT is required to offer the basic payphone lines for its COPT and SmartCoin services, and to offer separately the features and functionalities that SWBT provides as part of those basic payphone offerings.[56] Specifically, as to SWBT's SmartCoin service offering, APCC maintains that PSPs must be able to subscribe to this coin line service without being required to take and pay for all of the "coin line-specific features," such as call screening, coin supervision, coin administration, and operator services, that SWBT proposes to provide as part of this service.[57] APCC argues that such unbundling and separate tariffing are necessary to ensure that SWBT's payphone offerings are nondiscriminatory and free from improper cost allocation.[58]

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[50] *Payphone Order* at para. 204 (citing *Phase I Order*, 104 FCC 2d at 1040).

[51] *Id. See also Reconsideration Order* at para. 213 (citing *Phase I Order* at 1040).

[52] SWBT notes, however, that tariffs regarding its COPTS and SmartCoin services are not required to be federally tariffed. SWBT CEI Plan at 8.

[53] *Id.* at 9-10.

[54] SWBT Reply at 7-8.

[55] APCC Comments at 7.

[56] *Id.* at 6-7.

[57] *Id.* at 6-7.

[58] *Id.*

15. SWBT responds that its COPT and SmartCoin service offerings comply with the CEI unbundling requirement. SWBT claims that, contrary to APCC's assertion, the Commission did not require the unbundling of its SmartCoin service. It contends that BOCs are only obligated to unbundle in their state tariffs payphone features and functions that they provide to their own payphone operations.[59] SWBT asserts that its tariffed offerings satisfy this requirement. If APCC members or other customers wish additional unbundling, SWBT states, the proper procedure is to submit a request to SWBT pursuant to established ONA procedures, not to object to its CEI plan.[60]

16. We find that SWBT's plan satisfies the CEI unbundling requirement contained in the payphone rulemaking proceeding. The payphone rulemaking proceeding requires BOCs to offer transmission services that enable unaffiliated PSPs to offer payphone services using either a "smart"or "dumb" payphone or to offer inmate calling services.[61] In addition, consistent with the payphone rulemaking proceeding requirements, BOCs must provide, on a tariffed basis, the unbundled features and functions they provide to unaffiliated PSPs or to their own payphone operations.[62] SWBT's plan satisfies those requirements. We note, however, that SWBT may choose to unbundle additional functions and features, states may require further unbundling, and independent PSPs may request additional unbundled features and functions through the *ONA* 120-day service request process.[63] Any other unbundled features and functions provided by SWBT must comply with the tariffing and CEI requirements of the payphone rulemaking proceeding, *Computer III*, and *ONA*.

17. We reject APCC's contention that SWBT must further unbundle its payphone services. As noted in the *Clarification Order*, the Commission's payphone orders "do not require that LECs unbundle more features and functions from the basic payphone line . . . than the LEC provides on an unbundled basis."[64] In the *Clarification Order*, we stated that, for example, if a BOC provides answer supervision bundled with the basic payphone line, the BOC is not required either to unbundle that service from its state tariff for payphone service, or to tariff that feature at the federal level. If the LEC, however, provides answer supervision separately, on an unbundled basis, either to affiliated or unaffiliated PSPs, the LEC must tariff

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[59] SWBT Reply 9-11.

[60] *Id.* at 11.

[61] *Payphone Order* at para. 146.

[62] *Reconsideration Order* at para. 146.

[63] *Clarification Order* at para. 8 n. 23.

[64] *Clarification Order* at para. 16 (citing *Payphone Order* at para. 148; *Reconsideration Order* at para. 165).

that feature in both the state and federal jurisdictions.[65] Because SWBT offers, and will use, its SmartCoin service on a bundled basis, it need not unbundle the individual features that comprise that service in its CEI plan. Moreover, SWBT has unbundled the basic services and features that its own or other payphone operations will use and represents that these services and features will be available to all PSPs, including its own payphone operations, at the same tariffed rates, and under the same terms and conditions. SWBT is not required to unbundle from its basic payphone service offerings individual features or functions that are included in those offerings unless it is offering such features and functions on an unbundled basis to any PSP.[66] Independent PSPs may seek further unbundling of SWBT's basic services by making a request pursuant to the *ONA* process.[67]

2. Interface Functionality

18. The interface functionality requirement obligates a BOC to make available standardized hardware and software interfaces that are able to support transmission, switching, and signaling functions identical to those used by the BOC's payphone service.[68]

19. SWBT claims that it disclosed on January 15, 1997, the interface that it will use to provide access to its SmartCoin line service and that no new network disclosure is required for the existing standard line-side interface for the COPTS line.[69] Further, SWBT asserts that if special interfaces, signaling, abbreviated dialing, or other unique capabilities are

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[65] *Id.* That Order clarified that the unbundled features and functions addressed in the payphone rulemaking proceeding are network services similar to basic service elements (BSEs) under the ONA regulatory framework. BSEs are defined as optional unbundled features that an enhanced service provider may require or find useful in configuring its enhanced service. *Id.* at para. 17 (citing *Filing and Review of Open Network Architecture Plans*, Phase I, Memorandum Opinion and Order, FCC 88-381, 4 FCC Rcd 1 (1988) (*BOC ONA Order*)). In this case, the unbundled features are payphone-specific, network-based features and functions used in configuring unregulated payphone operations provided by PSPs or LECs. Some of the LECs use terms such as tariffed "options" and "elective features" to refer to network services that other LECs call features and functions. The *Clarification Order* concluded that "[o]ptions and elective features must be federally tariffed in the same circumstances as features and functions must be federally tariffed, depending on whether they are provided on a bundled basis with the basic network payphone line (state tariff), or separately on an unbundled basis (federal and state tariffs)." *Id.* (citing *Application of Open Network and Nondiscrimination Safeguards to GTE Corporation*, 11 FCC Rcd 5558 (1995)).

[66] *Payphone Order* at paras. 146-48.

[67] *Id.* at para. 148; *Reconsideration Order* at para. 165.

[68] *Phase I Order*, 104 FCC 2d at 1039, para. 157; *Payphone Order* at paras. 202-03.

[69] Letter from Todd F. Silbergeld, Director-Federal Regulatory, SBC Communications Inc., to William F. Caton, Acting Secretary, FCC (Mar. 19, 1997) (confirming that network disclosure regarding the network interface for its SmartCoin service was filed on January 15, 1997) (SWBT March 19 *Ex Parte*).

made available to SWBT's payphone service operations, they will be made available to other PSPs at the same time, in the same jurisdictions, and on the same terms and conditions.[70]

20. According to Telco, "rather than explaining how it intends to provide interface functionality, [SWBT] fails to provide any technical details as to how PSPs will connect to the network interfaces."[71] Although SWBT does not specifically respond to this assertion in its reply, it maintains that absent specific objections based on *Computer III* requirements, the Commission must approve its plan.[72]

21. As stated above, the interface functionality requirement only obligates the BOC to make available standardized hardware and software interfaces that will be able to support transmission, switching, and signaling functions identical to those used by the BOC's payphone service. SWBT represents, and Telco does not deny, that it has done so. Beyond the filing of network disclosure, which SWBT claims that it has filed, this obligation does not require SWBT to provide technical details explaining how PSPs will connect to SWBT's network interfaces. We, therefore, reject Telco's objection and find that SWBT's CEI plan comports with the interface functionality requirement established by the Commission.

3. Resale

22. The resale requirement established in *Computer III* obligates a "carrier's enhanced service operations to take the basic services used in its enhanced service offerings at their unbundled tariffed rates as a means of preventing improper cost-shifting to regulated operations and anticompetitive pricing in unregulated markets."[73] Based on the requirement in the *Payphone Order* and the *Reconsideration Order*, any basic services provided by a BOC to its payphone service operations, as well as any payphone service provided to others, must be available on a nondiscriminatory basis to other payphone providers.[74]

23. SWBT represents that its payphone operations will subscribe to the underlying basic services at tariffed rates.[75] We disagree with Telco's argument that this description is "too conclusory and vague to allow the Commission to understand exactly how [SWBT] will

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[70] SWBT CEI Plan at 8.

[71] Telco at 2.

[72] SWBT Reply at 23.

[73] *Phase I Order*, 104 FCC 2d at 1040, para. 159.

[74] *Payphone Order* at para. 200; *Reconsideration Order* at para. 211.

[75] SWBT CEI Plan at 10.

comply with this requirement."[76] We find that SWBT's CEI plan, which states that SWBT's basic payphone services will be available on a nondiscriminatory basis to all PSPs, comports with the resale requirement established by the Commission. To the extent that Telco's objections are based on concerns that SWBT's tariffed payphone offerings unlawfully discriminate against unaffiliated PSPs, contrary to SWBT's express representation in this proceeding, such specific, fact-based claims should be addressed in federal or state tariff proceedings, or in a formal complaint action against SWBT.[77]

4. Technical Characteristics

24. This requirement obligates a BOC to provide basic services with technical characteristics that are equal to the technical characteristics the BOC uses for its own payphone services.[78]

25. SWBT represents that the technical characteristics of the underlying interfaces that will be used by SWBT to provide basic payphone service will be the same as those available to unaffiliated competitors that wish to use them in providing their own payphone offerings.[79] Further, SWBT claims that its procedures for processing and assigning access lines will ensure that there will be no systematic discrimination in access line assignment based upon the identity of the customer or the proposed use.[80] Telco does not challenge these representations, but asserts that SWBT should provide further detail to enable the Commission to determine that there will be no discrimination between affiliated and unaffiliated PSPs.[81] We find that SWBT is not required by our CEI rules to furnish the additional information requested by Telco in order to satisfy the technical characteristics requirement. We therefore conclude that SWBT's CEI plan comports with the technical characteristics requirement established by the Commission. To the extent that Telco obtains credible evidence that SWBT has unlawfully discriminated against unaffiliated PSPs in the assignment of access lines, Telco may initiate a formal complaint action against SWBT.[82]

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[76] Telco at 2-3.

[77] *See* 47 U.S.C. § 208.

[78] *Payphone Order* at paras. 199-207; *Reconsideration Order* at paras. 218-220; *Phase I Order*, 104 FCC 2d at 1041, para. 160.

[79] SWBT CEI Plan at 11.

[80] *Id.*

[81] Telco at 3.

[82] *See* 47 U.S.C. § 208.

5. Installation, Maintenance, and Repair

26. The *Payphone Order* requires that BOCs describe in their CEI plans how they will comply with the nondiscrimination requirements in *Computer III* and *ONA* regarding the quality of service, installation, and maintenance.[83] This requirement ensures that the time periods for installation, maintenance, and repair of the basic services and facilities included in a CEI offering to unaffiliated PSPs are the same as those the BOC provides to its own or its affiliated payphone service operations.[84] BOCs also must satisfy reporting and other requirements showing that they have met this requirement.[85]

27. In its CEI plan, SWBT asserts that service ordering, installation, maintenance, and repair service used by its own payphone service operations will be performed in the same manner as they are for basic services purchased by unaffiliated PSPs.[86] Further, SWBT maintains those services will be subject to the same scheduling procedures and time periods as for other PSPs.[87] SWBT indicates that its internal methods for installing, maintaining, and repairing all of its basic services are sufficiently mechanized to prevent discrimination.[88] Thus, SWBT asserts, its payphone operations will not be given any preference or priority over other PSPs, nor will its payphone operations have access to systems supporting basic service order entry, installation, maintenance, or repair functions unless such access is also available to other PSPs on nondiscriminatory terms.[89]

28. APCC and Telco argue that SWBT's CEI plan must provide further detail regarding how it will provide installation and repair on a nondiscriminatory basis to unaffiliated PSPs in order to be able to evaluate whether nondiscriminatory procedures will in

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[83] *Payphone Order* at para. 207.

[84] *Id.* at para. 203; *Phase I Order*, 104 FCC 2d at 1041, para. 161.

[85] *Phase I Order*, 104 FCC 2d at 1041, para. 16. SWBT must provide quarterly reports on installation and maintenance of its basic services. *Id.* at 1055-1056, paras. 192-193. We note that the *Payphone Order* does not impose any new continuing reporting requirement because BOCs are already subject to reporting requirements pursuant to *Computer III* and *ONA*. BOCs must report on payphone services as they do for basic services.

[86] For example, SWBT explains that both its payphone operations and other PSPs will place orders for tariffed services through its "Vendor Resource Center." SWBT CEI Plan at 6; SWBT Reply at iv.

[87] SWBT CEI Plan at 12.

[88] *Id.* at 11. SWBT states that a detailed description of these methods may be found in the August 3, 1995 Amendment to SWBT CEI Plan for Payment Processing Services, CC Docket Nos. 85-229, 90-623, and 95-20, which was approved by the Common Carrier Bureau on October 31, 1995. *See BOCs' Joint Petition for Waiver of Computer II Rules*, 10 FCC Rcd 13758 (Com. Car. Bur. 1995).

[89] SWBT CEI Plan at 12.

fact be in place.[90] For instance, APCC contends that SWBT's plan must discuss the service ordering procedures that apply when a location provider changes from a SWBT payphone to an independent PSP or vice versa.[91] APCC asserts that these procedures must be specified to ensure that conflicts that arise in this context are resolved in a nondiscriminatory fashion. APCC also argues that SWBT must specify the procedures that it will use to ensure that SWBT will not engage in unfair marketing practices when its payphones are replaced by independent payphones.[92]

29. APCC further asserts that SWBT is required to explain whether it intends to share personnel between its operating company and payphone operations and, if so, the measures it will implement to ensure that the use of shared personnel will not lead to discrimination in the provision of installation, maintenance, and repair.[93] In addition, APCC contends that SWBT should identify for its payphone offerings the demarcation point between the switched network and a payphone provider's inside wire.[94]

30. In its reply, SWBT asserts that no preference will be given to orders from any particular providers and that it will process orders from its own payphone operation in the same manner as it processes orders from other PSPs. Similarly, SWBT represents that it will not notify its payphone operations when a new service order is placed for an independent PSP payphone, nor will its own payphone operations have any method of ascertaining this information.[95] With respect to the location of the demarcation point, SWBT maintains that the demarcation point established for payphone services will be consistent with the minimum point-of-entry demarcation point standards applicable to all wireline services.[96] Further, SWBT contends that it will comply fully with the *Payphone Order* which requires LECs to treat independent PSPs in a nondiscriminatory manner.[97]

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[90] APCC at 15; Telco at 3.

[91] APCC at 16.

[92] *Id.* at 17.

[93] *Id.* (maintaining that SWBT's service ordering procedures must specify that SWBT's payphone operations are not notified when a new service order is placed for an independent PSP payphone).

[94] *Id.*

[95] SWBT Reply at 31-32.

[96] Letter from Todd F. Silbergeld, Director-Federal Regulatory, SBC Communications Inc., to William F. Caton, Acting Secretary, FCC at 1-2 (Apr. 1, 1997) (citing *Payphone Order* at para. 151) (SWBT April 1 *Ex Parte*).

[97] *Id.*

31. We find that SWBT has met the installation, maintenance, and repair requirement. We conclude that SWBT's CEI plan, together with the representations that SWBT has made in this proceeding, provides sufficient detail on the procedures it will employ to ensure that the installation, maintenance, and repair functions are performed on a nondiscriminatory basis. For example, SWBT maintains that the ordering mechanisms that SWBT will use to provide these functions will be the same for both unaffiliated and affiliated PSPs. Moreover, SWBT represents that the scheduling procedures and time periods for providing installation, maintenance and repair will be the same for all PSPs. We conclude, therefore, that the record evidence with respect to SWBT's installation, maintenance, and repair procedures for PSPs satisfies our CEI requirements.

32. We reject APCC's argument that SWBT must provide further explanation about personnel sharing in order to ensure that there will be no discrimination against unaffiliated PSPs. As stated above, SWBT represents that no preferences in ordering, installation, maintenance, and repair will be given to its own payphone operations. We find that SWBT's CEI plan sufficiently describes the procedures it has in place to address concerns about discrimination, including concerns raised by APCC with respect to shared personnel. Moreover, we note that the Commission's rules require BOCs to allocate properly their costs, including costs associated with the use of personnel, between regulated and nonregulated operations.[98] We further conclude that SWBT's representation regarding the location of the demarcation point complies with the requirements established in the *Payphone Order*.[99] Finally, we find that APCC's request that SWBT's service procedures address potential unfair marketing practices is beyond the scope of the installation, maintenance and repair requirement. To the extent that APCC's concern about unfair marketing practices raises issues about access to CPNI of unaffiliated PSPs, we conclude below that SWBT's plan complies with the applicable CPNI requirements.

6. End User Access

33. With regard to payphone services, this parameter requires the BOC to provide to all end users the same network capabilities to activate or obtain access to payphone services that utilize the BOC's facilities. This parameter also requires the BOC to provide all end users equal opportunities to obtain access to basic network facilities, whether they use the payphone services of the BOC's payphone operations or those of an independent PSP.[100]

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[98] *See* 47 C.F.R. §§ 64.901, 64.903. We also note that pursuant to section 64.904 of the Commission's rules, LECs that file CAMs are required to have an independent audit performed annually. *See* 47 C.F.R. § 64.904.

[99] *Payphone Order* at para. 151.

[100] *See Phase I Order*, 104 FCC 2d at 1041, para. 162; *Payphone Order* at paras. 202-03.

34. SWBT represents that end users will be able to obtain access to SWBT's basic payphone service via the same tariffed services that end users can use to obtain access to the services of other PSPs.[101] SWBT maintains that no abbreviated dialing, signaling arrangements, or any special derived channel access arrangements are uniquely associated with SWBT's basic payphone service offering.[102] We find that SWBT's CEI plan comports with the end user access requirement established by the Commission.

7. CEI Availability

35. This requirement obligates a BOC's CEI offering to be available and fully operational on the date that it offers its corresponding payphone service to the public.[103] It also requires the BOC to provide a reasonable time prior to that date when prospective users of the CEI offering can use the CEI facilities and services for purposes of testing their payphone service offerings.[104]

36. The payphone rulemaking proceeding established the following tariffing requirements for LECs. LECs must file tariffs in the states for basic payphone services that enable independent PSPs to offer payphone services using either smart or dumb payphones and for any unbundled features that the LECs provide to their payphone operations or to others.[105] LECs are not required to file tariffs for the basic payphone line for smart and dumb payphones with the Commission.[106] As stated in the *Clarification Order*, LECs are required to file federal tariffs for payphone-specific, network-based features and functions "only if the LEC provides them separately and on an unbundled basis from the basic payphone line, either to its payphone operations or to others. . . ."[107]

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[101] SWBT CEI Plan at 12.

[102] *Id.*

[103] *Payphone Order* at para. 203.

[104] *Phase I Order*, 104 FCC 2d at 1041, para. 163. The testing period is necessary "to balance the conflicting interests of the carrier, which should have a reasonable period to develop, test, and 'de-bug' its CEI offerings before making them publicly available, and other CEI users, such as competitors, that might suffer an unfair competitive disadvantage if carriers were able to test and perfect their . . . services -- particularly, their interconnection with the basic underlying facilities -- while withholding those same basic facilities from others." *Id.*

[105] *See Clarification Order* at para. 8.

[106] *Reconsideration Order* at paras. 162-163.

[107] *Clarification Order* at para. 18.

37. SWBT asserts that all underlying basic services used by SWBT in the provision of basic payphone service are currently offered under tariff in all jurisdictions served by SWBT.[108] Specifically, SWBT has filed state tariffs for payphone services used with "smart" and "dumb" payphones as well as state and federal tariffs for all of its unbundled features and functions.[109] As discussed above, SWBT further represents that all underlying basic services available to SWBT's payphone service operations will be made available to other PSPs on the same terms and conditions. In jurisdictions where access arrangements are not currently available, SWBT maintains that it will make testing capability available to PSPs at the same time that such capability is made available to SWBT's own payphone operations.[110]

38. APCC contends that the CEI plan must be rejected because SWBT did not file tariffs for its "coin line-specific" features.[111] It contends that, pursuant to the *Reconsideration Order*, SWBT must file tariffs for unbundled features at both the state and federal levels, and that the only service for which a federal tariff is not required is for the "basic payphone line."[112] Thus, APCC asserts that although SWBT has filed federal tariffs for some of the features provided with its COPT service, SWBT's plan cannot be approved until it files federal tariffs for the features and functionalities of its SmartCoin service.[113]

39. In addition, APCC asserts that SWBT must be required to disclose the areas in which its SmartCoin service is not available and whether it has any payphones installed in these areas.[114] Similarly, AT&T contends that SWBT should clarify that its SmartCoin service will be available on a nondiscriminatory basis to all PSPs at every central office where such service is provided to SWBT's payphone operation.[115]

40. SWBT responds that a BOC is only obligated to file state tariffs for payphone services used with "smart" and "dumb" payphones and to file state and federal tariffs for "basic network services or unbundled features;" it is not required to file federal tariffs for coin

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[108] SWBT Payphone CEI Plan at 13. SWBT March 19 *Ex Parte* at 2 (stating that state tariffs were filed for basic payphone services on January 15, 1997).

[109] *See, e.g.*, SWBT March 19 *Ex Parte* at 2.

[110] *Id.*

[111] APCC at 6.

[112] *Id.* at 5-6 (citing *Reconsideration Order* at para. 163).

[113] *Id.* at 6.

[114] *Id.* at 12.

[115] AT&T at 3-4.

line-specific features.[116] SWBT reiterates that it has already filed state and federal tariffs for its unbundled features and that APCC has identified no specific unbundled features which SWBT has failed to include in its interstate tariff.[117] Thus, SWBT contends that APCC is wrong in asserting that federal tariffs must be filed for coin line-specific features.

41. In response to APCC and AT&T's concern over the availability of its SmartCoin service, SWBT contends that because its "dumb" payphones require coin line functions, its payphone operations that use such payphones must be served by central offices that offer SmartCoin service. This availability, SWBT asserts, is expressly stated in its January 15, 1997, network disclosure which states that its SmartCoin service "will be available in any wire center where SWBT is the incumbent LEC."[118]

42. We find that SWBT's plan complies with the CEI availability requirement.[119] We reject APCC's argument that SWBT must file a federal tariff for all payphone service features and functions except for the basic access line for COPTS and SmartCoin service. As stated in the *Clarification Order*, BOCs need only submit federal tariffs for payphone-specific, network-based features and functions if the BOC provides them separately and on an unbundled basis from the basic payphone line, either to its own payphone operations or to others.[120] We find that SWBT has filed both state and federal tariffs for the unbundled features that its payphone operations will use or offer in conjunction with its use of its COPTS line. Moreover, because SWBT will use, and offer, the features and functions of its

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[116] SWBT Reply at 7-9.

[117] Specifically, SWBT notes that it has filed state and federal tariffs for the following payphone features: SCOCS, Billed Number Screening, International Toll Blocking, and Line Side Answer Supervision. SWBT Reply at 9.

[118] SWBT Reply at 23-24.

[119] We note that our conclusion that SWBT's CEI plan complies with the CEI availability requirement, and therefore our approval of its CEI plan, is contingent on the effectiveness of SWBT's state tariffs for payphone services. We note further that, because we are relying on the states to review LEC tariffs for basic payphone lines, our conclusion that SWBT has satisfied the CEI availability requirement does not represent a determination that SWBT's basic payphone services are tariffed in accordance with the requirements of section 276. *See also infra* at para. 62.

[120] *Clarification Order* at para. 18. The *Clarification Order* also granted LECs a limited waiver of the federal tariffing requirement to the extent that they use or offer an unbundled feature for which they have filed a state tariff but not a federal tariff. In addition, that order required BOCs to advise the Commission by April 10, 1997, on the status of any such state tariffs and to commit to filing any necessary federal tariffs. *Id.* at paras. 18-22. SWBT advised the Commission that it was in full compliance with the federal tariffing requirement for unbundled features and functions and thus did not need a waiver of the Commission's requirements in order to be eligible to receive compensation pursuant to the payphone rulemaking proceeding. Letter from Christine Jines, Corporate Manager-Federal Regulatory, SBC Communications, Inc., to William F. Caton, Acting Secretary, FCC (Apr. 10, 1997).

SmartCoin service on a bundled basis, it need not either unbundle those features or file a separate federal tariff for them.

43. We also conclude that SWBT is not required to identify in its CEI plan specific geographic areas where its SmartCoin service is not available or to state whether SWBT has any payphones in such areas or what type of service, SmartCoin or COPT, is provided. SWBT's illustrative state tariff for SmartCoin service states that this service will be "offered, at the customer's option, where the necessary facilities are available."[121] Further, SWBT represents that all underlying basic services available to SWBT's payphone service operations will be made available to other PSPs on the same terms and conditions. We find that the state tariff together with this representation provides adequate information concerning the availability of its SmartCoin service for the purposes of our CEI plan requirements. We also find nothing in our CEI rules or our payphone orders that would require SWBT to identify how many of its payphones are SmartCoin and how many are COPTS for the purpose of satisfying the CEI availability requirement.

44. Finally, on our own motion, we waive the 90-day notice requirement for SWBT's provision of SmartCoin service. Therefore, SWBT may continue to provide SmartCoin service through the use of the CEI offering described herein for such service without first providing ninety days for unaffiliated PSPs to test such service. This waiver is reasonable in this context because, unlike the provision of a new enhanced service, SWBT has been offering payphone service using SmartCoin service for many years. To bar SWBT from continuing to use SmartCoin service to provide payphone service for a period of 90 days could result in a suspension of service. SWBT is not, however, relieved of its obligation to permit unaffiliated PSPs upon request to conduct testing of the SmartCoin CEI offering. For purposes of approving this CEI plan, we simply waive the requirement that SWBT may not offer SmartCoin service before such testing is accomplished.[122] If and when other basic payphone services are deployed, SWBT must make testing capability available to unaffiliated PSPs at the same time that such capability is available to SWBT's payphone operations.

8. Minimization of Transport Costs

45. This requirement obligates BOCs to provide competitors with interconnection facilities that minimize transport costs.[123]

46. SWBT contends that interconnection to all facilities used to provide the underlying basic services supporting its basic payphone service will be offered under tariff,

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[121] SWBT Reply at Exhibit C.

[122] The waiver provided herein does not effect the six specific requirements established in the payphone proceeding that carriers must meet before receiving compensation. *See Reconsideration Order* at para. 131.

[123] *Phase I Order*, 104 FCC 2d at 1042, para. 164.

and will therefore be made available under the same rates, terms, and conditions to both affiliated and unaffiliated PSPs.[124] As other configurations and serving arrangements are requested by end users and/or become technically feasible, SWBT asserts that it will work in good faith with customers to develop and implement new techniques that minimize transport costs. To the extent that it may plan to collocate its payphone equipment with its central office equipment, SWBT maintains that it will abide by the Commission's pricing parity rules and any applicable nondiscrimination requirements.[125] We find that SWBT's CEI plan comports with the minimization of transport costs requirement established by the Commission.[126]

9. Recipients of CEI

47. This requirement prohibits a BOC from restricting the availability of the CEI offering to any particular class of customer or unaffiliated PSP.[127]

48. SWBT represents that the basic underlying services that comprise its basic payphone service offering will be available on a tariffed basis and will be accessible by all PSPs that are properly licensed/certified by the applicable state commission to provide payphone service.[128] If any new arrangements are made available to SWBT's payphone service operations, such arrangements will be made available to other PSPs at the same time, in the same jurisdictions, and on the same terms and conditions, including prior notification to the Commission and the payphone industry.[129] We find that SWBT has proposed to provide service to CEI recipients in compliance with the Commission's requirements.

B. Other Nonstructural Safeguards

49. In addition to the CEI requirements established in *Computer III*, and applied to BOC provision of payphone services in the *Payphone Order*,[130] a BOC that provides

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[124] SWBT CEI Plan at 15.

[125] *Id.*

[126] *See Payphone Order* at para. 203; *Phase II Recon. Order*, 3 FCC Rcd. 1155, paras. 32-34.

[127] *Phase I Order*, 104 FCC 2d at 1042, para. 165.

[128] SWBT CEI Plan at 16.

[129] *Id.*

[130] *Payphone Order* at para. 202. *See also Reconsideration Order* at para. 210.

payphone services must comply with requirements regarding the use of CPNI, disclosure of network information, and nondiscrimination reporting.[131]

1. Customer Proprietary Network Information

50. The *Payphone Order* requires SWBT to explain how it will comply with the *Computer III* CPNI safeguards,[132] to the extent they are not inconsistent with section 222 of the Communications Act.[133] Although the requirements of section 222 became effective immediately upon enactment, the Commission initiated a proceeding to consider regulations interpreting and specifying in more detail a telecommunications carrier's obligations under this provision.[134] The Commission has concluded that its existing CPNI regulations remain in effect, pending completion of the CPNI rulemaking, to the extent they do not conflict with section 222.[135]

51. In its CEI plan, SWBT represents that it will continue to comply with the Commission's existing rules and requirements regarding the use of CPNI to the extent that the requirements of section 222 are not inconsistent with them and pending the outcome of the Commission's CPNI rulemaking proceeding.[136] SWBT also contends that CPNI related to the basic telecommunications services to which any PSP subscribes will be treated as restricted and will not be made available to, or accessible by, any other PSP, including its own payphone service operations, absent affirmative direction by the subscribing PSP. SWBT further maintains that aggregate CPNI will be made available, if at all, in accordance with the requirements of section 222(c)(3).[137]

52. APCC contends that SWBT should explain how it will protect, under nondiscriminatory conditions, the CPNI of PSPs, as well as the CPNI of SWBT's existing customers, including current customers of semi-public payphone service.[138] For example,

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[131] *Phase II Order*, 2 FCC Rcd at 3082, paras. 73-75.

[132] *See Phase II Order*, 2 FCC Rcd at 3095, para. 156.

[133] *Payphone Order* at para. 205 (citing 47 U.S.C. § 222, and *CPNI NPRM*)).

[134] *CPNI NPRM* at para. 2.

[135] *Id.* at para. 3 (noting that, to the extent that the 1996 Act requires more of a carrier, or imposes greater restrictions on a carrier's use of CPNI, the statute governs).

[136] SWBT CEI Plan at 18.

[137] *Id.*

[138] APCC at 23. *See also* Letter from Michael S. Wroblewski, on behalf of Peoples Telephone Company, Inc., to William F. Caton, Acting Secretary, FCC (Mar. 5, 1997).