

EX PARTE DOC.  
96-128

**BELLSOUTH**

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OCT - 3 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

EX PARTE OR LATE FILED

September 30, 1997

Mr. John B. Muleta  
Deputy Chief  
Common Carrier Bureau  
Federal Communications Commission  
2025 M Street, NW  
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

RE: Pay Telephone Reclassification and Compensation Provisions of the  
Telecommunications Act of 1996, CC Docket No. 96-128 Ex Parte

Dear John:

Michael Kellogg's September 30, 1997, letter on behalf of the LEC ANI Coalition, advised you that each member of the Coalition providing Flex-ANI would send you a company specific implementation schedule. This letter provides the information for BellSouth Telecommunications, Inc. (BellSouth).

The following timeline represents BellSouth's schedule to implement Flex-ANI within all of its switches:

- Flex-ANI software will be loaded into all of BellSouth's switches by October 1, 1997.
- Beginning as early as October 15 but in no event later than November 1, 1997, BellSouth will begin sending the Flex-ANI code "70" for payphone service provider (PSP) public telephone access service (PTAS) lines for those switches in which the translation work has been completed.
- Translation work will be progressively completed in all switches in all LATAs, and all switches will be transmitting Flex-ANI code "70" by March 1, 1998. BellSouth expects to equally distribute the translation work throughout the period which will begin as early as October 15, 1997, and no later than November 1, 1997. Therefore, 25% of the lines will be completed no later than November 30, 1997; 50% completed no later than December 31, 1997; and 75% completed no later than January 31, 1998.
- The federal tariff to allow access service customers to order and/or receive Flex-ANI code "70" without charge will be filed on October 3, 1997, to be effective October 18, 1997.

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- Cost recovery will begin upon completion of the implementation via a federal tariff to be filed later with charges to be paid by PSPs on payphone access lines similar to the current federal tariff for subscriber line charges.

If you have questions on BellSouth's Flex-ANI implementation schedule, do not hesitate to call me at (202) 463-4112.

Sincerely,



Ben G. Almond  
Executive Director-Federal Regulatory

cc: Robert W. Spangler  
Rose M. Crellin  
Greg Lipscomb

OCT - 3 1997

KELLOGG, HUBER, HANSEN, TODD &amp; EVANS, P.L.L.C. FEDERAL COMMUNICATIONS COMMISSION

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September 10, 1997

Via Facsimile

Robert H. Castellano  
 Director, Federal Government Affairs  
 AT&T  
 Room 1133M1  
 295 North Maple Avenue  
 Basking Ridge, NJ 07920

Via Hand Delivery

Leonard S. Sawicki  
 Director, FCC Affairs  
 MCI  
 1801 Pennsylvania Ave., N.W.  
 Washington, D.C. 20006

Re: ANI ii Coding Digits

Dear Mr. Castellano and Mr. Sawicki:

On behalf of the LEC ANI Coalition, I am writing to address your concerns on the issue of payphone-specific ANI ii digits.

As you know, it is our position that paragraph 64 of the Commission's Payphone Reconsideration Order must be read consistently with the Commission's OLS Order. In the OLS Order, the Commission made two things clear: (1) that to require LECs to offer new hard-coded ANI ii digits would be unduly expensive and wasteful; and (2) that LECs could satisfy their obligation to provide additional coding digits by offering to interexchange carriers, on a tariffed basis, either Flex ANI or OLNS/LIDB, the choice between the two being at the discretion of the individual LEC. Nothing in paragraph 64 of the Payphone Reconsideration Order indicates that the Commission has changed its mind on either of these points. We also believe that additional coding digits -- beyond "07" and "27" -- are not necessary for carriers to perform, on a non-discriminatory basis, per call tracking and blocking. See Worldcom Ex Parte of August 27, 1997, at 2 (admitting that carriers in fact can pay per-call compensation using existing coding digits by comparing the originating numbers on "07" and "27" calls to LEC ANI lists). These positions are laid out in greater detail in our White Paper on the Provision of ANI Coding Digits (June 16, 1997) and several follow-up ex partes by our Coalition and by USTA. See, e.g., Letter from Keith Townsend, Director, Regulatory Affairs & Counsel, USTA, to William F. Caton, FCC, CC Docket 96-128 (filed July 28, 1997).

Robert H. Castellano  
Leonard S. Sawicki  
September 10, 1997  
Page 2

That said, we recognize that your companies have stated that they both desire and need additional, payphone-specific coding digits to perform per call tracking and blocking, and we are willing to work with you to address those issues. Cooperation between the LECs and the carriers is essential to ensuring that the new payphone regime is implemented smoothly and to the benefit of all concerned. In that spirit, and so that the industry can move ahead promptly to implement the new per call compensation regime, we make the following proposal for your consideration. It consists of four points, each of which is integral to the whole.

(1) LECs that have selected Flex ANI to satisfy their obligations under the OLS Order will make Flex ANI available at no charge to all carriers for per call compensation purposes. LECs that have selected OLNS/LIDB to satisfy their obligations under the OLS Order will make OLNS/LIDB available at no charge to all carriers for per call compensation purposes. The choice between offering Flex ANI and/or OLNS/LIDB will be at the sole discretion of the LEC, as contemplated by the OLS Order.

(2) The carriers who receive Flex ANI and/or OLNS/LIDB pursuant to this offer must sign a sworn statement, to be filed with the FCC, that the coding digits received will not be used for any purpose other than per call compensation (*i.e.*, tracking and blocking). If a carrier wishes to use Flex ANI or OLNS/LIDB for purposes other than per call compensation, such as fraud control, it must so advise the LEC and bear a proper allocation of the tariffed rate of that service. In the event of a dispute over allocations, the matter will be resolved by the FCC.

(3) LECs will bill all PSPs, pursuant to a non-discriminatory federal tariff or assessment, for providing Flex ANI and/or OLNS/LIDB coding digits to carriers. In order to facilitate the passage of payphone coding digits, and to be eligible for compensation, PSPs must use payphones lines (*i.e.*, COCOT, PAL or coin lines), where such lines are available. All members of the LEC ANI Coalition currently make such lines available throughout their regions.

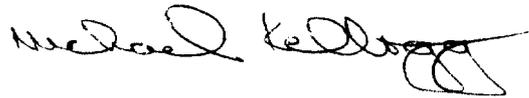
(4) In order to allow both LECs and carriers to put this regime in place, and adequately test the use of the new digits, the Commission would issue a waiver as follows: Per call compensation would begin as scheduled on October 7, 1997. For a period of six months, per call tracking would be conducted using LEC ANI lists. These lists would be provided to the carriers in a usable electronic form on a monthly basis. At the end of six months, LECs would have to offer either Flex ANI or OLNS/LIDB, as described above.

KELLOGG, HUBER, HANSEN, TODD & EVANS, P.L.L.C.

Robert H. Castellano  
Leonard S. Sawicki  
September 10, 1997  
Page 3

I hope this proposal addresses your concerns, and would appreciate hearing from you by September 15th. With per call compensation set to begin on October 7th, we obviously must move forward quickly to resolve these issues.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael K. Kellogg", with a stylized flourish at the end.

Michael K. Kellogg

cc: John Muleta  
Michael Carowitz  
Rose Crellin  
Greg Lipscomb  
Jennifer Myers  
Robert Spangler  
Al Barna

EX PARTE DOC 96-128



Richard H. Rubin  
Senior Attorney

Room 325213  
295 North Maple Avenue  
Basking Ridge, NJ 07920  
908 221-4481

September 15, 1997

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OCT - 3 1997

Via Facsimile and U.S. Mail

Michael K. Kellogg  
Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C.  
1301 K Street, N.W.  
Suite 1000 West  
Washington, D.C. 20005-3317

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Mr. Kellogg:

This responds to your letter dated September 10, 1997, to Robert H. Castellano, which sets forth a proposal on behalf of the LEC ANI Coalition to modify the Commission's rules regarding the delivery of ANI identification digits that carriers need to identify payphone calls.<sup>1</sup> Based on our initial review of your

<sup>1</sup> Contrary to your clients' stated position, paragraph 64 of the Commission's Payphone Remand Order expressly requires LECs to provide PSPs the capability to pass specific digits that identify calls originating from payphones. Moreover, contrary to your assumption, the Commission has expressly differentiated between the requirements of the OLS Order and the Payphone Orders on these issues. In particular, in granting recent waivers regarding the OLS Order, the Common Carrier Bureau stated that "the extensions granted today [of the deadlines for OLS] do not alter or otherwise modify any obligations of these or other LECs under the Commission's Payphone Order and the Payphone Reconsideration Order" (Petitions Pertaining to Originating Line Screening Services, CCB/CPD File No. 96-18, DA 97-1646 (rel. July 31, 1997) (emphasis added). Thus, your proposal to give LECs the right "at the[ir] sole discretion" to send either the Flex ANI digits or a 07 code followed by a LIDB query amounts to a request that AT&T support a modification or waiver of the Commission's explicit requirement -- a requirement that was not appealed by any party or affected by the Court of Appeals' order.

proposal, we believe that a process based on the delivery of Flex ANI is feasible. In contrast, the dual process you describe, in which LECs would be permitted to use either Flex ANI or OLNS/LIDB, is unworkable, especially at this late hour.

We agree with you that cooperation among LECs and carriers is essential to assure a prompt transition to per-call compensation. Indeed, assuming the accuracy of the data provided by USTA, AT&T has agreed that the delivery of specific payphone identification digits would be impractical for payphones served by non-equal access switches. Thus, in AT&T's Reply on remand (n.78) we explained the type of LEC waiver request we would support for this relative handful of cases.<sup>2</sup> We see no basis, however, for a waiver of the Commission's information digit requirements for payphones served by your clients' equal access switches.

Your prior arguments on these matters have focused exclusively on your clients' apparent desire not to implement Flex ANI. Thus, the portion of your proposal that suggests some of your clients would be willing to implement that solution is encouraging. Indeed, AT&T's information indicates that Flex ANI is generally and readily available to LECs with equal access switches, and that it can be implemented promptly. In contrast, it would take significantly longer to implement the proposal for the dual solution described in your letter.

The FLEX ANI feature has been available in Lucent Technologies (formerly AT&T) 5ESS® switches since at least early in 1995 and was developed for use with Lucent releases back to the 5E6 generic program, which was released in 1991. The 5ESS software generic has been upgraded several times in the succeeding years.<sup>3</sup> Thus, we believe that LECs using the 5ESS switch should all have the Flex ANI feature available to them today, whether or not they have chosen to implement it. Moreover the Lucent 5ESS software generics incorporate

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<sup>2</sup> Specifically, we would support the continuation of a modified per-phone compensation regime for such phones, i.e., a process similar to the one used in connection with AT&T's waiver of the Commission's dial-around compensation rules.

<sup>3</sup> The most recent Lucent 5ESS software release is generic 5E11.

the Flex ANI feature; thus, it is already resident in the LECs' switches and need only be turned on (after payment of any required licensing fees) and populated with the necessary data. For LECs using Nortel switches, we understand that the Flex ANI feature is included in the base software package, and would not even need to be turned "on" by your clients who use those switches.

In addition, Lucent 1AESS® switches have also been capable of providing the Flex ANI feature for several years. Although the actual installation of the feature in a 1AESS switch requires the loading of a tape, the availability of the feature is certain, and we believe that installation should be possible in no more than 30-60 days. Thus, we see no reason why your clients' equal access switches should not have been prepared to pass Flex ANI codes by October 7. Indeed, if your clients had begun this work by the late spring, there is no question that the work could have been completed on time.

Consistent with the Commission's requirements, AT&T and other carriers have spent tens of millions of dollars over the past year so that they will be prepared to receive and use Flex ANI data in a timely manner. AT&T itself will incur at least \$20 million in expenses to modify its current systems to enable it to track payphone calls, pay compensation to PSPs, block calls as requested by 800 subscribers and recover from customers the costs of per-call payphone compensation. There is no reason to expect carriers to make additional accommodations -- or to spend substantial additional amounts of time and money -- because your clients prefer not to implement the feasible and practicable requirements of the Commission's orders. Your proposal, however, would place significant direct and indirect burdens on carriers, as explained below.

As we understand it, your proposal would require AT&T and other carriers to operate at least four separate tracking mechanisms over the next 12 months, including two we have made no preparation for: an OLNS/LIDB-based per-call mechanism and a short-term per-call mechanism which would be based on an after-the-fact use of LEC ANI payphones lists. From a sheer administrative standpoint, this is not acceptable. Thus, even if your proposal were practicable (which it is not), we could not support your request that we

accept these additional burdens, simply because your clients choose not to make Flex ANI available.<sup>4</sup>

Most important, however, is the fact that your OLNS/LIDB proposal would cost millions of additional dollars and it could not be implemented within any reasonable time frame.<sup>5</sup> As AT&T has previously stated, the switches it uses to provide toll-free services do not interconnect with the LIDB databases where OLNS information is stored. Thus, substantial development work would be needed to establish that capability for toll-free calls. Our technical experts indicate that they expect that, even under an expedited schedule, it would take at least 18 months and \$ 7-10 million to enable all our toll-free switches to perform this function.<sup>6</sup> For your information, this development is more difficult than the current process for receiving Flex ANI codes, which has taken nearly a year to complete.

Furthermore, AT&T's tracking systems for dial-around access code calls have also been developed on the assumption that they will receive the payphone Flex ANI codes, not the 07 indicator carriers would receive from a

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<sup>4</sup> We also note that your "offer" to make Flex ANI or OLNS/LIDB available to carriers "at no charge" is not a concession; rather, the Commission's Reconsideration Order (¶ 64) requires that carriers receive this information without charge from LECs. Moreover, you are also obviously aware that your other client, the RBOC/GTE/SNET Payphone Coalition has already asserted (unjustifiably) that carriers should be required to reimburse PSPs for Flex ANI costs the LEC ANI Coalition intends to assess on PSPs.

<sup>5</sup> Please note that because of the short time we have had to provide this initial response we have not yet been able to identify all of the cost and technical issues raised by your proposal. Further, your proposal itself raises several technical questions which would need to be answered to respond fully (see Attachment 1). Another key issue arises from the fact that your proposal presumably applies only to your clients and we do not know other LECs' position on these issues. If, after review of this response, you would like AT&T to pursue your proposal further, please provide us with a prompt response to these questions.

<sup>6</sup> A preliminary analysis is set forth in Attachment 2.

LEC end office under an OLNS/LIDB process.<sup>7</sup> Thus, AT&T could not use the 07 indicator for those calls either, without additional development. We estimate such development would cost \$9-12 million and take at least 18-24 months to complete.<sup>8</sup>

In addition, depending upon the number of LIDB queries that would be required, AT&T's incremental access costs related to the use of external database queries for LIDB dips could be as much as \$15 million per year. Moreover, the use of the proposed OLNS/LIDB methodology may require AT&T to make signaling and trunking modifications in its network at additional cost.

Your proposal also ignores the substantial additional burdens and costs that would result from the suggested six-month transition period. Based on initial internal estimates and input from the Cincinnati Bell clearinghouse, we expect that AT&T's additional administrative costs for this process alone would exceed \$16 million. Moreover, we believe that it would take almost a year for us to be ready to implement such a system. Thus, in sharp contrast to the brief time it should take for your clients and other equal access LECs to implement the Flex ANI capabilities required of them last fall, your interim proposal could not even begin until at least 3Q98.

And the above represent only AT&T's direct costs. There are other significant costs associated with your proposal. Without specific payphone identification information, AT&T and other carriers will not be able to begin comprehensive per-call billing of customers to recover the costs of payphone compensation from the direct cost causers.<sup>9</sup> Under any analysis of the correct payphone compensation rate, carriers will be facing tens of millions

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<sup>7</sup> AT&T has not typically tracked such calls to payphones, because its commission agreements with agents generally do not compensate them for 800 access code calls.

<sup>8</sup> See Attachment 3.

<sup>9</sup> AT&T cannot bill payphone charges to any 800 subscribers on a per-call basis without specific payphone identification digits. Moreover, the absence of those digits has also made it impossible for AT&T to identify and bill end users for a significant portion of dial-around access code calls made from payphone calls.

of dollars in monthly payphone compensation costs. The longer they are denied access to such information, the greater the likelihood they will not be able to bill for and recover their payphone-related costs.

Similarly, the lack of payphone identification information will make it impossible for carriers to offer a reliable blocking option to 800 subscribers, who would otherwise be captive to end users' decisions to place calls from payphones. Thus, any delay in moving to per-call compensation has serious consequences for both carriers and customers.

In sum, we cannot support your proposed waiver of the Commission's clear and unmodified rules that require LECs to provide PSPs the ability to deliver to carriers the information that the carriers need to fulfill their obligations under the Payphone Orders. We call upon your clients -- all of whom are equal access LECs -- to move promptly to comply with their obligation to assure that carriers receive Flex ANI by October 7.

Yours truly,



Richard H. Rubin

cc: John Muleta  
Robert Spangler  
Greg Lipscomb  
Rose Crellin  
Jennifer Myers  
Al Barna

Attachment 1

Questions Relating to the LEC ANI Coalition Proposal

1. Which LECs would choose to provide an OLNS/LIDB functionality?
2. Would individual LECs' choices be consistent for all their offices (i.e., would they use only the Flex ANI process or only an OLNS/LIDB process)? If not, on what basis would the selection be made?
3. Would Local Number Portability have an impact on LECs' ability to support a universal OLNS/LIDB capability?
4. How would LECs using the OLNS/LIDB process differentiate LIDB dips for payphones from queries for non-payphones?
5. How would LECs using the Flex ANI process handle LIDB dips for 07 calls from non-payphones?
6. Will LECs that choose the OLNS/LIDB process send a 27 code for "dumb" coin phones?
7. Can the LECs' OLNS/LIDB network currently handle the incremental calls that might be generated by the proposed solution?
8. Would the OLNS/LIDB provider accept liability for payphone-related queries that time out?
9. Does the proposal's restriction regarding the use of ANI II digits for other than payphone compensation restrict carriers from imposing their own fraud controls (as they do today) based on receipt of the 07 code?

## Attachment 2

### Technical/Cost Requirements To Enable Toll-Free Switches To Query LEC LIDB Databases

Toll-free calls are routed through AT&T's more than 100 4ESS switches.

4ESS switches routinely do database lookups necessary to complete calls, but such lookups have always focused on the terminating party (the 800 subscriber). AT&T has not previously had any need to perform external database lookups for toll-free calls from 4ESS switches relating to the originating telephone.

In order to comply with the Commission's payphone requirements, AT&T modified its 4ESS software to enable it to process calls passed to its network that are identified by identification codes 27, 29 and 70, the industry-assigned codes for "dumb" payphones, inmate phones and "smart" payphones, respectively. When a toll-free call transmits one of these codes in the call set-up data stream, AT&T will launch a query to the database that holds information regarding the 800 subscriber to determine whether the customer wishes to accept or block all calls with those identifiers. Selective blocking from individual payphones is not currently an available option.

AT&T has also modified its tracking and billing systems to capture information on all calls which pass the 27, 29 and 70 codes. This information will be used for two purposes. First, it will be used to generate a record of completed calls placed from payphones. Second, it will be used to generate customer-specific billing records that can be used to bill 800 subscribers for the additional costs incurred as a result of the payphone compensation requirements, and used by these subscribers to pass on these costs to their internal cost-causer organizations.

In contrast, in reliance on the FCC's ruling requiring payphone providers to pass coding digits that specifically identify payphones without the need to perform additional processing, AT&T has not made any arrangements to handle the receipt of calls with a 07 code. Thus, as of today, AT&T's systems will not recognize a call with a 07 code as potentially originating at a payphone. Thus, it would not be able to: (i) query its 800 subscriber database to determine whether the call should be blocked at the request of the customer, or (ii) collect billing information

necessary to generate a per-call charge to recover the costs of payphone compensation.

In order to incorporate the receipt of a 07 code into the payphone compensation process, AT&T would need to modify its systems to launch a query to a LEC LIDB to determine whether a call with a 07 code is originated at an eligible payphone.

This development project will take significant time to complete. First, AT&T must develop specifications that will direct the 4ESS to launch a query to the appropriate LIDB; format the query so that it will seek the appropriate information from the LIDB; and direct the LIDB/OLNS information to be routed to the customer-specific database to determine whether the 800 subscriber wishes to accept or block calls from payphones. In developing the specifications, it will be necessary to assure that the new software does not have any unintended consequences on the other operations of the 4ESS switch or other aspects of AT&T's network. For this reason, the development will require interaction with all other concurrent development projects for the 4ESS, to assure that they will all have the intended, and no unintended, consequences.

After the specifications are developed, programmers will have to create the actual code that will be used to accomplish the necessary tasks. Once the coding is complete, it will need to be tested, both in an off-line application, and then on line. After this testing is successfully completed, the software can be installed in all of the 4ESSs.

This is a project of significant magnitude, and involves similar work to that for the 5ESS switches described in Attachment 3. Based on AT&T's experience with projects of similar size and scope, we estimate that it will cost at least \$ 7-10 million (not including network reconfiguration costs) and take at least 18 months to complete this project.

The size and scope of the development project is not affected by the proportion of payphone calls that are delivered using the 07 code. Further, the software upgrade will have to be installed in all of AT&T's 4ESS switches, because, depending on traffic conditions and customer requirements, payphone calls from anywhere in the country location may be routed to more than a single 4ESS switch.

As an alternative to the above, AT&T has also explored the possibility that tables could be added to the 4ESS to screen 800 subscriber calls to determine whether calls identified

with the 07 code are originated at a payphone. This would be more time-consuming (by about a year) and as expensive as the OLNS/LIDB query process described above. In particular, such a system would require AT&T to construct and maintain a table of up to 2.3 million payphone telephone numbers, based on LEC ANI lists. Moreover, it would require AT&T to screen every 800 subscriber call attempt (i.e., up to 200 million attempts daily). This project itself may be limited by space constraints in the memory of many 4ESS switches, and even if there were no such constraints, the addition of such tables may have negative impacts on the switches' ability to perform other current and planned functions. Thus, this is not a suitable alternative to developing the capability to interconnect with LEC LIDBs.

### Attachment 3

#### Technical/Cost Requirements To Enable Operator Services Switches To Query LEC LIDB Databases

AT&T uses 5ESS switches and specialized service platforms ("adjuncts") to provide operator services calls, including operator service dial-around access code calls from payphones or other phones.

For the reasons identified in Attachment 2, AT&T's systems for tracking dial-around access code calls have also been developed on the assumption that LECs would send the 27, 29 and 70 digit pairs to identify calls originated at payphones. They have not been designed to treat calls transmitting the 07 code as payphone calls.

In order to incorporate calls with the 07 code into the existing payphone compensation process, AT&T would need to do the following development work for its 5ESS switches and switch adjuncts:

Update the existing call processing for the 5ESS (and adjuncts) to require them to check into the ANI II digits to decide whether or not a LIDB dip is needed.

Build an ANSI SS7 OLSTCAP protocol in the 5ESS (and adjuncts) to perform OLS TCAP dips to LIDB through another AT&T database (the NAI/NCP).

Program the 5ESS (and adjuncts) to change the ANI II field from 07 to 27 (if that code is not otherwise provided), 29 or 70, so calls can continue to be processed.

Direct the switch (and adjuncts) to record the modified, rather than the original, ANI code, to assure proper tracking and downstream billing.

Program the 5ESS to use the modified code to interface with adjunct systems, when necessary.

Create additional SS7 TCAP messages in the AT&T STP network.

In addition to these 5ESS-related costs, development is also needed for the NAI/NCP, which interacts with LEC LIDBs (to assure that queries are directed to the appropriate LIDB, based on the telephone number of the originating phone):

Build ANSI OLS TCAP protocol in the NAI/NCP

Program the NAI/NCP to recognize the OLS TCAP message sent by 4ESSs and 5ESSs and forward the information to the proper LIDB

Program the NAI/NCP to direct the OLS TCAP response message from the LEC LIDB to the originating 4ESS or 5ESS (or adjunct).

Based on AT&T's experience with projects of similar size and scope, we estimate it will cost at least \$9-12 million and take at least 18-24 months to complete this project.

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September 22, 1997

Via Facsimile

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AT&T  
Room 1133M1  
295 North Maple Avenue  
Basking Ridge, NJ 07920

Re: ANI ii Coding Digits

Dear Mr. Rubin:

On behalf of the LEC ANI Coalition, I write to respond to your letter of September 15, 1997. We had expected to receive a response from MCI as well, and planned to reply to both letters at the same time. But we have still not heard from MCI and, given the shortness of time, it is necessary to press ahead toward a resolution of this matter.

The Coalition was, frankly, disappointed by your response. We proposed what we thought was a workable and fair solution to the problem of coding digits that would permit per-call compensation to go forward in a timely fashion. You have rejected that proposal without putting anything feasible in its place. I nonetheless write back in the hope that some workable solution may be achieved, and to explain why Flex ANI is not and cannot be the panacea your letter seems to believe it to be.

As an initial matter, I believe I should briefly point out why your legal position cannot be sustained. Under your reading of paragraph 64 of the Reconsideration Order, LECs must provide MCI and AT&T with Flex ANI for free. This simply cannot be reconciled with the result of 91-35, which rejected AT&T and MCI's demands that Flex ANI be provided universally, and instead allowed LECs to choose between Flex ANI and OLNS. Indeed, if Flex ANI had to be provided to carriers like AT&T and MCI for free, why would anyone ever purchase OLNS? Surely if the Commission had entirely reconsidered 91-35 in the few sentences that make up Paragraph 64, it would have so stated. Nowhere did it state that it had done so.

Nonetheless, we remain committed to establishing a workable solution to the purported needs you have identified. Accordingly, we focus the remainder of this letter on the facts that

Richard H. Rubin  
September 22, 1997  
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confront the industry, and at correcting any misunderstandings regarding the technologies, the costs, and the time frames that are feasible.

1. *Flex ANI Availability and Time Frames*

We should begin with your assertion that your "information indicates that Flex ANI is generally and readily available to LECs with equal access switches, and that it can be implemented promptly." Letter at 2. Your "information" is dead wrong. While your letter goes on at great length about the availability of Flex ANI on Lucent switches, you entirely fail to address *any* of the enormous *implementation* difficulties associated with Flex ANI (even setting aside for the moment the cost of replacing non-equal access and non-digital switches). It was precisely because of these implementation difficulties that so many LECs have chosen to comply with the Commission's order in 91-35 by installing OLNS rather than Flex ANI.

First, you assume that all LECs have installed recent generics on all of their Lucent 5ESS switches. See Letter at 2 (pointing out that Flex ANI became part of the generic release for 5ESS switches in 1991). But this is not true. For a variety of reasons, many switches have not had their switch generics upgraded. This means that, before anyone can even think of offering Flex ANI on these switches, the generic upgrades must be installed. As anyone familiar with digital switches is aware, this is a costly and time-consuming process, as an improper upgrade can put the integrity of the network at stake.

Second, Lucent 5ESS switches constitute a minority of total switches. For the other switches (which your letter almost entirely ignores), the software is not part of the generic. Instead, the LEC must conduct a separate installation process, which once again is time-consuming and complicated.

Third, your letter assumes that, once the software is installed, nothing more remains to be done. This again is false, and we were surprised to see a company with AT&T's technical competence make this mistake. Instead, after the software is installed, the systems engineers must do extensive *provisioning* and *translations* work. These are no small tasks.

Provisioning begins with adjustments to screening tables. For the 5ESS switch, for example, Flex ANI is currently provisioned at the "screening index level." Multiple classes of service (for example, COCOT lines and residential lines) often use the same screening index. Consequently, if the LEC were merely to assign a new code at the screening index level, more than just COCOT lines would be identified with the "70" code: residential and business lines potentially could be identified with that code as well. Consequently, an entirely new screening index must be created. Then classes of service must be separated, identified, and individually assigned to the new screening indices. This is an extremely labor-intensive process, and must be thoroughly tested for each switch and each line type.

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Even once that is completed, the LEC must condition the trunks for each carrier that wants Flex ANI. As AT&T's testing requests demonstrate, this is not a matter of flipping a switch. Each trunk group must be converted individually (and thoroughly error-checked) during low traffic volume hours. Countless man-hours must be spent on this conditioning, and close coordination with each carrier is required. This difficulty is reflected in LEC conversion protocols, which currently only allow a single carrier/end-office to be converted to Flex ANI during any 30-day period.

In light of these complexities, your estimate that LECs could have converted all 21,000 equal access switches in 30 to 60 days, Letter at 3, would be laughable if, from a network engineering perspective, it were not so scary. It might be possible to do one switch every 30 to 60 days, but it is simply not possible to install all the software in and convert an entire network within a year, much less a month. Indeed, for a carrier like U S WEST, which has a diverse range of switch brands, many older and rural switches, and which is spread across a broad geographic area, it would take about 2 years (and perhaps more) to complete the process.

Complicating matters still further are the competing demands for personnel and switch resources. Because of the demands of carriers like AT&T, LECs are currently in the process of reprogramming their switches to handle unbundling, resale, local number portability, Feature Group D CIC expansion, and NPA splits. These changes demand the *same personnel* (engineers) and *switch resources* (e.g., switch memory) that you are now asking be devoted to the conversion to Flex ANI. LECs have only so many employees, who can put in so many hours, to meet so many demands. They cannot simultaneously meet all of AT&T's demands.

It is thus wholly incorrect for you to assert that, if my clients "had begun [the conversion to Flex ANI] in the late spring, there is no question that the work would have been completed on time." Letter at 3. Even if begun in late spring, completion would for some companies still be months if not years away.

Moreover, for AT&T to suggest that conversion *could have begun* in late spring is entirely outrageous. If you will recall, as of "the late spring," AT&T was insisting that *Flex ANI was not a feasible solution* (and insisting that it would take at least a year for AT&T to be able to accept Flex ANI codes). See Letter from E. Estey to Regina Keeney, May 23, 1997, at 3 ("AT&T's central office switches cannot currently support FLEX ANI, and it would take more than a year to develop that capability") ("May 23 Ex Parte"). It was not until August 13, 1997 that AT&T changed its mind (having miraculously solved its one-year problem with Flex ANI in a fraction of that time). See Response of AT&T and MCI to LEC ANI Coalition Ex Parte, August 13, 1997, at 4 n.4 ("AT&T has been able to overcome the previously identified technical problems associated with the receipt of Flex ANI codes.") ("August 13, 1997, AT&T/MCI Ex Parte").

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For *AT&T* to suggest that my clients should have been implementing a solution that *AT&T* itself was rejecting, at the very time *AT&T* was rejecting it, is the height of chutzpah. It was not until about a month ago, on August 13, 1997 -- when *AT&T* suddenly decided it could use Flex ANI after all (and MCI, after clamoring for free OLNS suddenly decided that OLNS would not work for it after all) -- that Flex ANI became *AT&T*'s and MCI's chosen solution. See generally August 13, 1997, *AT&T/MCI Ex Parte*. Consequently, it was only about a month ago that my clients could even begin contemplating the use of Flex ANI to meet *AT&T*'s and MCI's demands.

The record is thus abundantly clear -- and I believe the Commission recognizes this as well -- that it was MCI's and *AT&T*'s tergiversation (which continued until the middle of last month) and not delay on my clients' part that has created the tight time deadlines now confronting the industry. See Letter at 2 (citing the "late date" as a reason for rejecting the LEC offer). Given the date on which *AT&T* agreed that Flex ANI was workable, and on which MCI suddenly decided OLNS would not be acceptable, Flex ANI could not under normal schedules have been fully deployed by October 7, 1998, much less October 7, 1997, as you now demand.

Setting aside your unacceptable efforts to lay the blame at my clients' feet, the bottom line is clear and inescapable. Flex ANI cannot possibly be implemented in the time frame or with the ease your letter suggests. It cannot be implemented (as you appear to concede) for non-equal access switches. It will not (as explained below) operate for switches using Bell I signaling. And it cannot be implemented on the remaining switches in the few days remaining before October 7, 1997. If per-call compensation is to go forward, as it should and as it must, some other solution must be found.

## 2. *A Comparison of Costs and Time Frames*

We understand that you also believe that using OLNS would inappropriately impose certain costs on *AT&T*. It seems to me that it would be helpful to ignore, for the moment, the question of who bears the costs and compare the total costs instead.

As an initial matter, we should point out that we find it hard to credit *AT&T*'s constantly-shifting cost and time estimates. As pointed out above, *AT&T* stated in May that it would take *at least* a year to equip its network to accept Flex ANI; then, just a few weeks later, it suddenly announced that the problem was resolved. Similarly, in May, *AT&T* told the FCC that it would "cost at least \$22 million" to equip its switches to launch LIDB queries to take advantage of OLNS. May 23 Ex Parte at 2. Now it states that the cost is \$7-10 million. Letter at 4. Surely you cannot expect us -- or the Commission -- to take *AT&T*'s estimates seriously when problems that need a year to resolve disappear overnight, or when costs are cut in half or a third in a matter of months.

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In any event, even accepting AT&T's estimates, the costs it identifies are small change compared to the alternative. According to your letter, AT&T would have to spend \$7-10 million to equip its toll-free switches to launch queries. Letter at 4. Even setting aside the fact that this very objection was rejected in the OLS proceeding, it pales in comparison to the hundreds of millions of dollars it would cost all LECs to implement Flex ANI. Indeed, as USTA has explained, it would cost over \$700 million to convert the entire industry to Flex ANI. See Letter from Keith Townsend, USTA, to Michael Carowitz, FCC, July 28, 1997, at 5. This is over 70 times the costs identified by AT&T.

Perhaps recognizing this, you state that, for non-equal access switches, AT&T will not demand Flex ANI. (This results in a savings of several hundred million dollars). Instead, you propose that, with respect to the payphones attached to those switches, the FCC issue a waiver that will keep those payphones indefinitely on a per-payphone, rather than per-call, compensation system. See Letter at 2 & n.2. While we welcome AT&T's support for waivers of unreasonable regulatory requirements, we believe that the need for any such waiver only underscores the reason why Flex ANI cannot be used as a permanent solution industry-wide. In particular, AT&T is proposing that the Commission exempt all of the payphones attached to approximately 4,500 of 26,000 switches from the per-call compensation regime *permanently*, requiring them to receive per-line compensation for the foreseeable and indefinite future. This, of course, cuts a huge hole in the Commission's per-call compensation regime. In contrast, if LECs were permitted to use OLNS *or* Flex ANI to identify payphones (as contemplated in 91-35 and as we now propose), even payphones attached to non-equal access switches would be able to participate in per-call compensation, just as the Commission intended.

Moreover, even the waiver you propose still would not cover all the areas in which it is not currently feasible to provide Flex ANI. As AT&T should be aware, many equal access switches still use Bell I signaling through Feature Group C for operator services traffic. These switches cannot provide double-digit ANI ii codes unless they are converted to Modified Operator Services Signaling ("MOSS") or Equal Access Operator Services Signaling ("EAOSS"). This will require extensive translations and rerouting work not only by the LEC, but also by the carriers that currently receive this Bell I signaling. Unless AT&T and other carriers are prepared to convert all of their Feature Group C signaling to MOSS or EAOSS overnight -- given the extensive use of Feature Group C by AT&T in certain areas, this is wholly unlikely -- the waiver would have to be extended further still.<sup>1</sup>

Rather than creating a patchwork of exceptions, it makes more sense to use a system -- like the combination of OLNS and Flex ANI approved in 91-35 -- that will permit all payphone

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<sup>1</sup>Additional potential problems with "950" calls also have been identified. As a result, it is not clear whether Flex ANI coding digits can be passed on such calls.

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calls, regardless of their origin, to be properly identified. Indeed, it was precisely to avoid such a patchwork of exceptions that many carriers (such as those that still had some Bell I signaling and those with non-equal access switches) chose OLNS over Flex ANI under 91-35.

Finally, I should point out that the cost of implementing Flex ANI even in equal access switches is still very large. While USTA estimated the cost to be around \$170 million, Bellcore has estimated the cost to be greater (in the range of \$300 million). Moreover, both of these estimates exclude the costs of any generic upgrades that are required. Because such upgrades cost between \$125,000 and \$500,000 *per switch*, the total cost may be substantially higher still. In any event, even a total cost of \$170 million is many times the OLNS costs identified by AT&T.

Allowing the use of both OLNS and Flex ANI would save not only money, but time. AT&T is currently estimating that it would take 18 months for it to establish connectivity between its toll-free switches and LIDB/OLNS. Given that AT&T's previous 1-year estimate for Flex ANI capabilities in fact turned out to be a matter of weeks, we believe this estimate to be grossly inflated. But even accepting it as accurate for the sake of argument, it would take longer for every LEC to complete the process of installing Flex ANI and doing the necessary translations work. As explained above, one carrier believes it would take about 2 years -- and perhaps more -- to reconfigure all of its switches.

### 3. *A Further Proposal*

Given these facts, we thought that AT&T would see its way clear to accepting our proposal rather than requiring us to return to the Commission to resolve this issue. Given the fact that you have requested further information -- we take the list of questions provided by AT&T as evidence of interest and willingness to compromise rather than as an attempt to gather information for additional argument -- we believe that this is still possible. Accordingly, we have done two further things. First, we have attached hereto responses to your various questions. Second, we are proposing a modification to our original proposal.

As you will recall, we proposed an interim solution until such time as carriers are ready to rely on the dual Flex ANI/OLNS system we outlined in our letter. In particular, we proposed that AT&T and other carriers use the "07" and "27" codes to isolate the potential payphone calls, and then compare the originating number for those calls to the LEC ANI lists for the purpose of determining which phones were payphones belonging to PSPs, and to which PSPs the payphones belong. You responded that it would take AT&T (together with Cincinnati Bell) at least one year, and cost \$16 million, to implement this interim mechanism.

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We believe that AT&T's objections to this mechanism are, on the whole, unpersuasive.<sup>2</sup> Nonetheless, to address the concern you raise in your letter, the Coalition is willing to find a vendor to take on this function at reasonable cost, with appropriate cost recovery. AT&T and other carriers can submit their billing tapes for all "07" and "27" calls to the vendor in electronic form, and the vendor will return a report with the number of compensable calls for each payphone, each PSP, and an address where the carriers can send their checks. The carriers can audit the operations of the vendor in whatever way they wish to ensure the accuracy of the results. Alternatively, the system of interim compensation -- whatever system the Commission imposes on remand -- can be continued in the interim period.

AT&T's other objection to such a solution is that it will not permit real-time blocking. We were not aware, however, that AT&T had developed the technology to implement blocking and had plans to deploy it within the next six months. So that we may better understand your purported needs in this respect, we would appreciate it greatly if you would explain when AT&T plans to have blocking technology available, whether AT&T plans to block all payphone calls or only those from certain phones, and a realistic timetable for deployment. We believe that the solution we propose -- using ANI lists for a short, 6-month period and relying on OLNS and Flex

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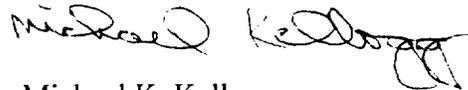
<sup>2</sup>In its response to the LEC ANI Whitepaper, AT&T asserted only one reason why it would not be able to track calls using this system. According to the paper, it would be "unreasonable to require [AT&T and other large carriers] to store data regarding all calls they receive that carry the 07 code, preserve that data until the LECs send quarterly lists of payphone telephone numbers and then match the data against the lists to screen out payphone originated calls." August 13, 1997, AT&T/MCI *Ex Parte* at 3 n.2. Why this is unreasonable, however, is far from clear. Everyone else will be tracking per-call compensation in precisely that manner. And AT&T and MCI would have to store the information until such time ANI lists are provided in any event. Without the ANI lists, AT&T and MCI will not know which originating number corresponds to which PSP, and thus to whom the check must be sent. Surely requiring AT&T and MCI to store data they would otherwise store in any event cannot be termed "unreasonable" - especially when compared to the alternative, which would foist the cost of hundreds of millions of dollars in unnecessary switch changes onto PSPs and ultimately onto consumers. Besides, even the purported "storage" problem AT&T and MCI identify is easily solved. AT&T could simply request that LEC ANI lists be sent monthly rather than quarterly. Indeed, the members of this Coalition already have offered to do so, but AT&T ignored this offer. This previously proposed solution not only would eliminate the supposed "storage" problem but also would address the other supposed problem AT&T identifies, which is timely customer billing. With monthly ANI lists, AT&T could timely recover its costs for per-call compensation from its 800 customers, who are (of course) billed on a monthly basis. It is ironic that AT&T would blame the supposed "quarterly" payment schedule for this alleged difficulty when it was *AT&T* that announced the schedule despite LEC demands for monthly payment.

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ANI afterwards -- can be implemented before AT&T's anticipated "blocking" program could conceivably be put into place.<sup>3</sup>

Given the time deadlines that are rapidly approaching, we request that you respond to this proposal no later than September 25, 1997. Thank you for your further consideration of this matter.

Yours sincerely,



Michael K. Kellogg

cc: John Muleta  
Al Barna  
Rose Crellin  
Greg Lipscomb  
Jennifer Myers  
Judy Nitsche  
Robert Spangler

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<sup>3</sup>As explained in the attached response to AT&T's list of questions, we also ask that you provide us with estimated per-call compensation query volumes for OLNS, based on specific ANI ii codes, in the event OLNS is used to effectuate payphone identification. This will assist us in ensuring that LIDB and the supporting network are capable of meeting any demands that AT&T might place upon them.