Attachment 1
Responses to AT&T's List of Questions

1. Which LECs would choose to provide an OLNS/LIDB functionality?

Currently, those LECs that chose OLNS/LIDB to comply with the requirements of the OLS Order, CC Docket 91-35, would (with one exception) also use OLNS/LIDB to identify payphone calls. The companies using OLNS include Bell Atlantic (North), Pacific Bell, Southwestern Bell, U S West, GTE, and SNET. Ameritech, Bell Atlantic (South), BellSouth, and Nevada Bell are currently planning to offer Flex ANI.

2. Would individual LECs' choices be consistent for all of 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?

For the most part, the choice would be consistent for all of a LEC's offices throughout its service area, although technical, economic, and regulatory considerations may under some conditions require otherwise.

3. Would Local Number Portability have an impact on LECs' ability to support a universal OLNS/LIDB capability?

We are not sure we understand this question, especially the reference to "universal OLNS/LIDB capability." We believe, however, that the question refers to the ability to conduct a proper OLNS query on a number that has been "ported." The industry is currently establishing processes so that queries for numbers that have been "ported" are routed to the proper database.

4. How would LECs using the OLNS/LIDB process differentiate LIDB dips for payphones from queries for non-payphones?

As we understand this question, you are asking how LECs would differentiate OLNS queries that are made for per-call compensation purposes from OLNS queries that are made for other purposes, such as fraud control. Currrently, LECs cannot distinguish OLNS queries made for fraud control from those made for per-call compensation purposes (although OLNS queries can be distinguished from other types of LIDB queries). We will instead have to rely on the integrity of the carriers -- and their unwillingness to contravene the representations made in a sworn declaration to the Commission -- to prevent them from making queries for fraud-control purposes without so advising the LEC. (Given that AT&T's letter does not object to the requirement of a sworn declaration, we assume that AT&T has no objection to it.). It may be possible to create a query specific to payphone compensation, but the cost of creating and implementing the necessary software has not yet been determined.

5. How would LECs using the Flex ANI process handle LIDB dips for 07 calls from non-payphones?

LECs that have chosen to provide Flex ANI (see response to question number 1, above) will not be changing their LIDB services. Consequently, all LIDB queries to LECs that have chosen to provide Flex ANI will be handled and billed under existing tariff rates.

6. Will LECs that choose the OLNS/LIDB process send a 27 code for "dumb" coin phones?

As we understand the question, the answer is "yes," to the extent "27" codes are passed today. Any "dumb" paystation using a coin line -- regardless of its owner -- will continue to send a "27" code as part of the ANI. Without that code, the switch would not be able to provide coin functionality.

7. Can the LECs' OLNS/LIDB network currently handle the incremental calls that might be generated by the proposed solution?

It is not clear whether or not they could. One reason for the 6-month interim solution is for the LECs and the carriers to discuss anticipated volumes, and to ensure that the LIDB/OLNS systems are fully capable of handling anticipated maximum loads. Accordingly, we respectfully request that AT&T provide us with anticipated query volumes for per-call compensation based on specific ANI ii digits so that we may ensure that LIDB and the supporting network are capable of meeting anticipated needs.

8. Would the OLNS/LIDB provider accept liability for payphone-related queries that time out?

No. Currently, the fraction of queries that time out is exceedingly small. We have no reason to believe that this state of affairs will change.

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 the receipt of the 07 code?

As we understand the question, the answer is "no." Any ANI ii codes that normally would be provided without Flex ANI may be used in any manner the carrier chooses. The restriction on use applies only to the additional codes provided as a result of Flex ANI (e.g., the "70," the "29", and other "new" codes provided through the use of Flex ANI).

EXPARTE Doc 96-128

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

MCI

MCI Telecommunications Corporation

1801 Pennsylvania Avenue N.W.
Washington, D.C. 20006
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Mary J. Sisak
Senior Counsel
Regulatory Law

September 30, 1997

Michael K. Kellogg
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Washington, DC 20005-3317

Dear Mr. Kellogg:

This letter responds to your letter dated September 10, 1997, on behalf of the LEC ANI Coalition (Coalition) to Leonard S. Sawicki, concerning the obligations of local exchange carriers (LECs) to provide unique payphone coding digits to payphone service providers (PSPs) that can be transmitted as part of ANI by PSPs to carriers.

In the letter, you state that it is the position of the Coalition that paragraph 64 of the Commission's Payphone Reconsideration Order must be read consistently with the Commission's OLS Order, in which the Commission found that LECs could satisfy their obligation to provide additional coding digits by offering either Flex ANI or OLNS/LIDB. You also state that the Coalition believes that additional coding digits other than "07" and "27" are not necessary for carriers to perform per call tracking and blocking. However, in the spirit of "cooperation" you propose:

1. That LECs, at their sole discretion, will make Flex ANI or OLNS/LIDB available at no charge to carriers for per call compensation purposes.

2. Carriers who receive Flex ANI and/or OLNS/LIDB pursuant to this offer cannot use the coding digits for any other purpose and if a carrier wants to use the digits for another purpose, it must bear a proper allocation of the tariffed rate of that service.

3. LECs will bill all PSPs for providing Flex ANI and/or OLNS/LIDB coding digits to carriers and PSPs must use payphone lines where such lines are available.

4. In order to put this regime in place and test the use of the new digits, per call compensation would begin as scheduled on October 7, 1997, but for a period of six months, per call tracking would be conducted using LEC ANI lists, which would be provided on a monthly basis.

MCI believes that the Coalition's proposal is not in compliance with the Commission's payphone orders and, therefore, it is unacceptable. The Commission's Payphone Reconsideration Order clearly requires LECs to make available to PSPs unique coding digits as part of ANI. In addition, the order states that each payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line"[1] in order for the PSP to be eligible for compensation. Based on information filed by the LECs, it is clear that the coding digit "07" would be transmitted as part of ANI in the OLNS/LIDB mechanism and carriers would need to query LIDB to get a payphone- specific information digit. There is no dispute that "07" is not a unique payphone coding digit. LEC OLNS/LIDB service, therefore, does not comply with the Commission's orders.

Your characterization of the OLS Order and its relationship to the payphone orders -- namely that because the Commission allowed LECs to provide OLS service through either Flex-ANI or LIDB, its payphone order also must allow the provision of screening digits through Flex-ANI or LIDB-- is incorrect. The Commission's originating line screening (OLS) proceeding, in which it required LECs to make OLS service available to aggregators, including payphone providers (PSPs), and operator service providers (OSPs), was for the purpose of ensuring that aggregators had a mechanism available to protect themselves from fraudulent operator service call charges billed to the telephone line and that OSPs had a mechanism to enable them to prevent such fraudulent calls. Importantly, this proceeding never considered and had no impact on subscriber 800 calls or other dial-around call types because these calls are never billed to the payphone-- they are billed to the 800 customer. Attempting to link the technical considerations, business purposes and policy bases of OLS for operator service call charge fraud and unique ANI information digits for payphone call origination is simply an attempt to unnecessarily mingle issues.

Although the Commission found that LECs could provide OLS information through LIDB or Flex-ANI, the Commission did not find that there was no other way for LECs to provide aggregator specific coding digits. The Commission simply found that in this case, it would allow LECs to fulfill their obligations through Flex-ANI or LIDB and it would not require LECs to implement other mechanisms. This decision did not significantly impact interexchange carriers (IXCs) because of the nature of the operator services that were affected. Specifically, MCI, for example, performs LIDB queries for operator service calls to determine whether the call is fraudulent. Thus, when MCI performs a query for its own internal fraud purposes, the payphone coding information will also be available to further enhance MCI's ability to determine whether to allow the call to be completed. Also, the OLS Order did not require carriers to do

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[1] Reconsideration Order at para. 64.

LIDB queries. Rather, the OLS Order simply made available to PSPs and carriers an additional mechanism with which to protect themselves from fraud.[2]

Payphone compensation is an entirely different situation. Carriers do not have discretion as to whether to track calls from payphones-- carriers must track all calls from payphones, including subscriber 800 calls. Therefore, if a LIDB solution is implemented, a LIDB query would have to be performed for all calls that are potentially from payphones. In addition, payphone compensation is not limited to operator service calls-- subscriber 800 calls also are compensated. As MCI explained in its letter dated April 18, 1997, to William F. Caton, MCI's current network configuration simply does not allow the use of LIDB to determine whether subscriber 800 calls originate from payphones. MCI can only launch LIDB queries from its operator service platform. The network was designed in this way because-- before the advent of per-call payphone compensation-- there was no need to know if a subscriber 800 call originated from a payphone.

In addition, while it may have been appropriate for the Commission to allow LECs to comply with their OLS obligations in a manner which imposed minimal burden on them because LECs were not the primary beneficiaries of the order, MCI estimates that the LECs' revenues will increase by $1 billion annually and possibly even more as a result of payphone compensation. Accordingly, the analysis of who should bear the cost of ensuring the implementation of the Commission's payphone compensation scheme is very different from the OLS Order. In light of the fact that IXCs have already spent millions of dollars to modify their networks to track calls from payphones upon the receipt of unique information digits-- and in light of the fact that the IXCs will be required to pay PSPs, and primarily LECs, over one billion dollars in payphone compensation annually, it is reasonable to require the LECs to make any necessary upgrades to transmit unique payphone coding digits as part of ANI.

Moreover, providing payphone coding digits through LIDB is inefficient, expensive, represents older technology, and cannot be implemented for at least 12 months. As demonstrated, MCI currently cannot perform LIDB queries for subscriber 800 calls. And, although it is technically possible to reconfigure the network to perform LIDB queries for subscriber 800 calls, MCI would have to spend between eight million and 50 million dollars in vendor costs alone to do so. Hardware and software upgrades to the operator service platform would cost, at a minimum, six million dollars. Switch software would have to be developed by our vendors at additional cost. In addition, MCI would face internal costs-- such as the costs

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2 If a carrier fails to perform a LIDB query and the call turns out to be fraudulent, the facts of whether the appropriate information digits were available and whether the OSP queried LIDB, most likely, could affect the determination of which entity is responsible for the fraud.

incurred to increase capacity to accommodate an increased number of LIDB dips and to change the routing for certain kinds of traffic (e.g. toll free) that would otherwise not require LIDB queries. Even with accelerated vendor turn-around, this process would take at least a year.

The use of LIDB would be an extremely inefficient mechanism to identify calls from payphones. Every "07" call would have to be queried, whether it was from a payphone or not, including calls from hotels, hospitals, and student dormitory rooms. A LIDB query for every one of these calls would add network delay and increase carrier access charges. For example, the typical internal processing time for a toll free call is ten milliseconds. However, if a LIDB dip is required, MCI must allow up to 850 milliseconds for the query and response-- 200 milliseconds of which is allowed for internal LIDB processing. Based on the volume of "07" calls, this would significantly increase network delay and access charges.

The additional cost to reconfigure the network and the network delay simply cannot be justified especially when more efficient and more cost effective alternatives, namely, Flex-ANI or hard-coding digits at the switch, are available.

Although the Coalition argues that these options are too costly, based on the data provided by USTA in its letter to the Commission dated July 28, 1997, and Bellcore data, it appears that LECs could implement Flex-ANI with minimal cost. USTA claims that it would cost $770.5 million to upgrade central office switches to provide Flex-ANI. This is based on upgrades for 3,400 non-equal access digital offices at an average cost of $35,000 each (total $119 million); 1,100 electro-mechanical switch replacements at $400,000 each (totaling $440 million); and implementing the Flex-ANI feature for digital equal access offices (estimated cost $171 million) and for the upgraded non-equal access electro-mechanical offices (estimated cost $40.5 million).

As an initial matter, the majority of the cost ($559 million of $750 million) is for converting non-equal access offices. However, given that there may not be smart payphones in non-equal access areas, the LECs may want to request a waiver of the Commission's Payphone Orders to delay per-call compensation in these areas.[3] Of course, any continuation of per-phone compensation would have to be based on a greatly reduced estimate of the number of compensable calls given the rural nature of the areas and any such waiver should only apply until a switch is converted to equal access. Dealing with non-equal access offices, separately, however, would greatly reduce the scope of the LECs' problem.

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[3] USTA states that many of these switches are located in rural areas, "serve few if any smart payphones, and most do not have prisons located in their serving territory." USTA Letter at 4.

The Coalition suggests that a waiver is not necessary because LECs with non-equal access switches could comply with per-call compensation if they are allowed to use OLNS/LIDB. According to USTA, however, the Coalition is incorrect.[4] USTA states that many small companies technically are not able to implement OLNS immediately.[5] According to USTA, OLNS is a long-term option for certain companies and "some accommodation will be required in the short term because of technical inability to implement OLNS immediately."

In any event, USTA's cost estimate for implementing Flex-ANI or hard-coding switches in non-equal access areas is incorrect. According to information provided by Bellcore ("Non-Equal Access Data" (NEAD), it appears that there are only 485 non-equal access electro-mechanical switches-- not 1,100 as stated by USTA. Based on USTA's cost estimates, it would cost $194 million to upgrade these offices. (485 X $400,000= $194 million). In addition, even this estimate may be high because it assumes that all of the 485 non-digital, non-equal access offices must be replaced.

USTA's statement that there are 3,400 digital non-equal access offices also is incorrect. Based on the Bellcore data, it appears that there are only 2,096 non-equal access offices. Of these, approximately 485 are the electro-mechanical type mentioned above and approximately 339 are Remote Digital switches which would not require upgrades because remote switches subtend Host switches and take on the characteristics of those respective Host switches. After deducting other special purpose switches, the actual number of non-equal access digital switches requiring upgrades is approximately 1,200 Host switches. After further examination and clarification of the exact meaning of some of the switch ID (CLLI codes) used in the Bellcore NEAD report, MCI expects that this number could decrease to only 500 switches needing upgrades.

USTA's estimate of the cost to upgrade equal access switches also is wrong. It is likely that USTA's estimate of 21,000 equal access offices is high because it also incorrectly includes remote offices. Most host switches can accommodate up to 5 remote switches, and some up to 10. If we assume only 3 remotes for every host as an average nationwide, then the number of equal access switches would be less than 5,500. This number makes more sense in light of USTA's estimate that only 3,000 equal access offices are equipped with Flex-ANI-- even though five of the seven RBOCs currently offer Flex-ANI (Ameritech, Bell Atlantic, NYNEX, SWBT and US West).

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[4] LEC ANI Coalition letter dated September 22, 1997, to Richard H. Rubin at 5.

[5] USTA Ex Parte, filed September 10, 1997, attachment at 2.

In addition, USTA's estimate that it would cost $171 million to implement Flex-ANI in equal access switches is based on an incorrect cost per switch. USTA's calculation is based on a cost of $9,000 per switch, which was developed by soliciting quotes from equipment vendors and then averaging the low quote of $4,000 per switch with the high quote of $14,000 per switch.[6] A far more accurate approach would have been to determine the average cost by weighting the prices quoted by vendors according to the population of each switch type. Even at $9,000 per switch, however, the cost to implement Flex-ANI is only $22.5 million (5,500-3,000=2,500 switches needing upgrades times $9,000= $22.5 million).

Also, in their interstate cost support, the BOCs cite software right-to-use fees of $2.1 million (USW), $2.6 million (SWBT), and $1.8 million (NYNEX). All five BOCs introduced Flex-ANI into their networks approximately in 1991/92. USTA's figure that 21,000 switches need upgrades costing $171 million is not consistent with these facts. In any event, as stated by USTA,[7] "implementation of Flex ANI, ANI ii or hard coding is determined by the individual company based on it's own business strategy and arrangements with other carriers." Even a $171 million one-time cost seems like a reasonable investment for the LECs to make to obtain over $1 billion annually in payphone compensation. Based on USTA's estimate of the cost of Flex ANI -- $171 million-- the per-call cost to recover that amount would be only $0.01.[8] Thus, the per-call cost of Flex ANI is clearly no more than $0.01, (without adjusting the $171 million USTA estimate) and almost certainly a fraction of this amount.

MCI also rejects your suggestion that per-call compensation should be implemented through the use of LEC ANI lists. As an initial matter, this approach would be an administrative nightmare-- if it could be done at all-- because carriers would have to store the call records for billions of calls per quarter that have a "07", "27", "29", or "70" information digit and then match those call records against the LEC ANI lists to determine which calls are compensable.

In addition, this approach would negate one of the basic tenets of the Commission's approach to per-call compensation-- namely, that carriers and 800 customers can avoid excessive compensation amounts by blocking calls from payphones. Without the ability to identify a call as coming from a payphone on a real-time basis, carriers and 800 customers cannot block these calls to avoid compensation.

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6 USTA Letter at 4.

7 USTA Letter at 3.

8 This cost figure was derived by depreciating the cost over seven years and assuming a 15.75% return on investment. No "commission adjustment" was used, however.

This approach also would severely limit the ability of carriers to recover the cost of compensation from the consumer because carriers must be able to submit the compensation charge with the monthly bill for the telecommunications service to the consumer. Carriers receive the LEC ANI lists months after a call has occurred, and it takes months more for carriers to verify the accuracy of those lists. The result is that it could be 6 months or more after a call is made before the carrier could submit the charge for payphone compensation to the consumer. It is unlikely that consumers would even remember the call, let alone pay the compensation charge.

With respect to the Coalition's charge that because MCI did not clearly indicate its position on LIDB in a timely fashion, MCI is not responsible for the fact that LECs did not implement the ability to provide unique payphone coding digits by October 7, 1997,[9] MCI refers you to its Petition for Reconsideration filed on October 21, 1996, in which MCI asks the Commission to define a compensable phone as one that transmits specific payphone coding digits. In the Petition, MCI also clearly explains that "07" is not a specific payphone coding digit. Thus, it should have been clear to the Coalition at that time that LIDB would not be an acceptable mechanism to MCI. MCI also refers you to its Reply Comments in connection with BellSouth's CEI plan, dated January 15, 1997, in which MCI argues that BellSouth's plan is not in compliance with the Commission's payphone orders because BellSouth intended to provide the coding digit "07" as a part of ANI with payphones and "07" is not a specific payphone digit. Thus, MCI argued that "PSPs purchasing payphone service from BellSouth will only be able to transmit the coding digit "07" and, therefore, they will not be eligible for compensation."[10] MCI filed similar arguments in the CEI proceedings for Ameritech, NYNEX, US West, and Pacific Bell and Nevada Bell.

Finally, it must be recognized that over the last year MCI and other IXCs have spent millions of dollars and thousands of man-hours implementing the mechanisms necessary to track unique payphone coding digits and to pay per-call compensation by October 7, 1997. If MCI

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9 Coalition letter dated September 22, 1997, to Richard H. Rubin at 4.

10 MCI Reply Comments, BellSouth CEI Plan, CC Docket No. 96-128, January 15, 1997, at 2-3.

receives unique payphone coding digits with ANI-- which the industry standards committee has identified as 27, 29 and 70-- we will be able to track and pay compensation for these calls. If we do not receive these digits, we will not pay compensation.

If you have further questions on this matter, please contact Len Sawicki (202) 887-2048 or me.

Sincerely,

Mary J. Sisak
soa

Mary J. Sisak

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

Ex PARTE Doc 96-128

AT&T

Richard H. Rubin
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Room 325213
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September 29, 1997

Via Facsimile and U.S. Mail

Michael K. Kellogg
Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C.
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Washington, D.C. 20005-3317

Dear Mr. Kellogg:

This responds to your letter of September 22. The very short turnaround time does not allow AT&T to respond to all of the issues raised by your letter. Nevertheless, we thought it would be helpful to respond to you as quickly as we could.[1]

First, your letter makes several general statements about LECs' inability to comply with the requirement to pass specific payphone digits, but offers no substantiating detail. For example, even if some of your clients' 5ESS® switches have not been upgraded to the 5E6 generic, your letter offers no data regarding the number or percentage of switches involved, or the percentage of traffic they carry. Considering the fact that the 5E6 (or a subsequent) generic is necessary to provide many popular features that are widely offered by your clients, and it is also required to provide a number of capabilities that have been mandated by the FCC and state PUCs,[2] we doubt that this is a common occurrence. Thus, in the absence of specific

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[1] We continue to disagree regarding the import of the Commission's rules on the delivery of payphone identification digits. The attached correspondence from the USTA (p. 2) also shows that USTA's staff recognizes that delivery of the 07 ANI ii digits does not comply with the Commission's rules.

[2] E.g., interchangeable NPA codes, 4-digit carrier codes and intraLATA presubscription.

data, we continue to believe that the availability of Flex ANI is not a problem for 5ESS switches.[3]

Next, we understand that some LEC tariffs do in fact have lengthy implementation schedules to provision carriers' one-at-a-time requests for Flex ANI. However, that is not the situation we face here. Thus, LEC tariff schedules for Flex ANI ordered by a carrier are not pertinent.

Last November, the Commission ordered LECs to develop for PSPs the capability to deliver payphone-specific identification digits to all carriers that receive payphone calls. This calls for a single implementation process at each switch that would apply to all of the payphone calls originated through that switch. Your letter does not indicate that your clients have even considered such a centralized approach, which seems most reasonable under the circumstances. Further, the attachment to your letter indicates that some of your clients have chosen to implement Flex ANI, including BellSouth, which had vigorously opposed Flex ANI as recently as last month. Your letter does not indicate that these companies find it difficult to provision this capability, nor does it explain why it should be different for others.

We also note that the workaround AT&T has proposed for non-equal access offices (which would eliminate about $560 million in claimed costs) affects less than 2% of all lines and payphones. Thus, it does not "cut[] a huge hole" in the per-call compensation scheme. Indeed, the scope of the waiver described by AT&T is consistent with the process the Commission has previously followed for payphones in such areas.[4]

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3 In addition, your letter does not respond to the information we provided regarding the availability of Flex ANI on Nortel and Lucent 1AESS® switches. Nor does it provide a carrier-specific description of your clients' ability or readiness to provide Flex ANI.

4 AT&T had already begun exploring the need to modify a limited number of trunk groups from equal access switches (virtually none of which would be operated by your clients) to its operator services switches before receiving your letter. We have not yet completed our analysis of the amount of traffic involved, but we believe that it is small. AT&T would not oppose a transitional waiver, if needed, to enable such conversions to be completed.

Contrary to the inference that could be drawn from your letter, AT&T always acknowledged that its planned (and now implemented) development project would enable it to receive and process the industry-established payphone identification codes. AT&T's concerns related to its ability to receive non-payphone-related Flex ANI codes were resolved by the fact that our systems are capable of ignoring non-payphone codes. Thus, there is no basis for your claim that AT&T has provided "constantly-shifting time and cost estimates."[5]

In fact, AT&T's 18-month estimate to establish connectivity with OLNS/LIDB is quite realistic. AT&T's September 15 letter explained that both its 4ESS switches (for subscriber 800 calls) and its 5ESS switches and related adjuncts (for access code calls) would have to be modified to enable them to interact with LEC LIDBs at a total cost of $16-22 million. Attachments 2 and 3 to the letter explain in detail the type of work that would be necessary to modify the switch logic.[6] Your letter offers no basis to challenge AT&T's estimates, either as to time or cost for this substantial project, which would have to be performed in conjunction with all of AT&T's other development projects for its network switches.

AT&T's letter further demonstrated that receipt of a 07 code on an "interim" basis would interfere with other critical-path items needed to implement the payphone compensation regime. In particular, receipt of "07" would prevent AT&T from implementing its plans to begin blocking 800 subscriber calls from payphones and billing customers a payphone charge on a call-by-call basis until the above work is completed. For your information, based on the assumption that we would be receiving all of the payphone specific codes by October 7, AT&T planned to begin blocking of payphone calls (at the request of its customers) by

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[5] In any event, it is interesting that your letter proffers AT&T's concerns as an excuse for not implementing Flex ANI, while continuing to press for a technical solution (OLNS/LIDB) that AT&T has consistently maintained was unworkable and that is not consistent with the Commission's requirements.

[6] In addition, the letter explains that AT&T would incur time and costs to modify related billing and other downstream systems to enable it to perform all of the tracking, blocking and billing functions needed to support the payphone compensation regime.

approximately November 1, 1997. AT&T also planned to begin billing end users on a call-by-call basis at that time.

AT&T also does not believe that its estimates regarding the time and cost for Cincinnati Bell to perform a database comparison for your proposed interim period are unreasonable. Therefore, there is no reason to adopt your suggestion that we obtain another vendor to perform this work. In this context, we note that in the second quarter of 1997, AT&T experienced its highest conflict rate ever with respect to multiple claims and name and address mismatches for individual payphones. This is clearly a complex process that could not be readily handed off to another supplier.

Finally, we cannot provide any reliable estimate of the number of LIDB/OLNS queries that might be necessary under your proposal. Your letter does not provide us with sufficient specific data regarding the extent to which LECs would require carriers to use LIDB, or the number of calls from payphones (particularly for 800 subscriber calls, which AT&T currently cannot track at all) to enable AT&T to provide such an estimate. Moreover, your letter does not provide any assurance that the LEC LIDB systems will have the capacity to handle the additional volumes that LECs' decisions not to implement Flex ANI would create. In addition, your clients' inability to provide such assurances raises the possibility that the number of "time out" queries could increase substantially. This, in turn, raises additional questions about the reasonableness of any proposal to require carriers to use OLNS/LIDB.

Very truly yours,

Richard H. R.

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

PRIORITY MEMORANDUM

Date: **September 4, 1997**

To: **Technical Management Committee**
National Services Advisory Committee
Technical Billing Subcommittee
Billing Advisory Team
Operator Services Subcommittee
Network Planning Subcommittee

From: **Paul K. Hart**

Subject: **Implementation of FCC Docket 96-128 Provisions**

File: **12.4.1.15.3.1**

Please take note that this memo addresses a number of issues that may affect all of USTA's members in a significant manner. The memo has two purposes:

1) To advise USTA members of the capabilities that the Subject Order requires and some of the issues that remain concerning these capabilities.

2) To request input from USTA members as to their capabilities and views on these issues.

Quoted following is the complete text of Paragraph 64 of the FCC's Order on Reconsideration in CC Docket Nos. 96-128 and 91-35, Released November 8, 1996, FCC 96-439.

> "64. In response to requests that we reconsider our conclusions about the definition of "payphone," we make a brief clarification. For the first year of the payphone compensation mechanism, when compensation is paid on a flat-rate basis, the definition of "payphone," for compensation purposes, will be the one that we established in the <u>Second Report and Order</u> in CC Docket No. 91-35, along with the alternative verification procedures. Once per-call compensation becomes effective, we clarify that, **to be eligible for such compensation, payphones will be required to transmit specific payphone coding digits as a part of**

their ANI, which will assist in identifying them to compensation payors. Each payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line. We also clarify, pursuant to a request by MCI, that LECs must make available to PSPs, on a tariffed basis, such coding digits as a part of the ANI for each payphone. We decline to require PSPs to use COCOT lines, as suggested by the RBOCs, because we have previously found that COCOT service is not available in all jurisdictions." Footnotes omitted, emphasis added.

Careful reading of this paragraph indicates that some of its expectations are inconsistent with current industry capabilities or will be very difficult and expensive to accomplish. First among them is that it would invalidate the meaning of 07 as ANI ii digits provided to IXCs for lines serving payphones. This is part of the structure for basic ANI provision which is hard coded in equal access switches.

In subsequent actions, certain aspects of the payphone compensation rules have been vacated or remanded to the Commission for further action, but the technical aspects of the network were not among the issues that were appealed. What we are facing is that the per-call compensation provisions are due to become effective on October 7, 1997, and we believe that the network capabilities to support the requirements stated in Paragraph 64 are not available and cannot be made available by October 7th.

We believe that it is the intent of the Commission to require that LECs provide the IXCs with information necessary for the IXCs to register subscriber 800 and access code calls[1] as being qualified to receive per-call compensation by October 7th. We also believe that the payphone service provider (PSP), not the IXC, will have to be billed for the service. Take note that in Paragraph 64 above, no mention is made of Originating Line Number Screening (OLNS)[2] as an acceptable method for provision of this information, and some of the IXCs have stated that it is not. We also believe that some IXCs will not be able to properly process OLNS queries by October 7, even if the database responses could be delivered by that time.

We are generally aware of the limitations of USTA's members to provide the ANI ii digits addressed in paragraph 64. We have previously circulated copies of a filing detailing those conditions - please call Jennifer Sbahi at 202-326-7294 if you would like to receive a copy for reference. At this

[1] Special conditions apply to 0+ calls dialed from payphones operated by Bell Operating Companies. The option to place access code calls does not exist absent equal access.

[2] The FCC, in its documentation, refers to Originating Line Screening (OLS) which, unlike OLNS, is a generic term encompassing many methods for verifying line conditions.

time, we do not know if our members have the capabilities to track the provision of ANI ii information supplied to the IXCs for the purpose of per call compensation, and then to bill the PSPs for its provision. In the event that OLNS is permitted and used, the LEC would then presumably count the provision of ANI 07 as the first stage in a sequence, and the OLNS query-response step would follow to provide the specific information needed.

It is also possible that provision of ANI lists for payphones could permit IXCs to make a determination after the call as to which payphones qualify for per-call compensation. At USTA, however, we are not aware if this is currently being done, if it is not done whether it is feasible and the cost and time burdens that would be incurred in order to implement such capabilities. The last page of this memo is a questionnaire that we ask our member companies to use to advise us concerning these issues. A consolidated response from each USTA member company receiving this memo would be most helpful. **This memo is also a call to action for the Technical Billing Subcommittee to work these issues on behalf of USTA's members in conjunction with staff so that we have knowledge of our members' capabilities in contacts with the FCC.**

Address of the Questionnaire

For a considerable time, a group of representatives of large USTA member companies including representatives from their payphone operations, collectively known as the Ad Hoc LEC Coalition, has been working these issues among themselves and with the FCC. Our focus here is to inform and to obtain information from USTA members that are not involved in the coalition activities. In an ongoing attempt to maintain consistency, however, the companies that are members of the coalition are invited to participate in this activity and will be informed of our communications.

This information is not directed to all USTA members, but primarily to those who are members of committees within the USTA structure. This is in an attempt to direct the questionnaire to a group that is already familiar with these issues and to obtain some insights concerning these capabilities before addressing the entire USTA membership.

The faster you can respond to this questionnaire, the better. Thanks.

Hart

cc: Regulatory Issues Advisory Committee
Small Company Committee

Four USTA Committees

Provision of Data to Support Per-Call Compensation
to Payphone Service Providers

September 4, 1997

Mid-Size Company Committee
Mary McDermott
Keith Townsend
Hance Haney
David Cohen
John Hunter
Larry Clinton
Technical Disciplines Staff

Please Reply by September 15, 1997

USTA Questionnaire Concerning Provision of Information to Interexchange Carriers to Support Per-Call Compensation

Company Name______________________________

Company Location______________________________

Contact Name for Further Information______________________________

Mailing Address______________________________

Phone________________ Fax________________ E-mail________________

Does your company provide service to payphones that are owned by Payphone Service Providers (PSPs) other than the serving telephone company?________________.

For equal access end offices, do you now, or do you intend to have the capability to transmit ANI ii digit pairs 27, 29 and 70 in accordance with industry definitions to identify payphones? (The ANI ii digit pairs 29 and 70 are provided by a carrier-specific capability known as "Flex ANI". See USTA TD Dispatch No. 96-122, dated 11/1/96 for digit pair definitions). If so, when will this be available?__________.

If you cannot provide these digits, do you provide ANI ii digits 07 and 27?________________.

If permitted, do you intend to rely on Originating Line Number Screening (OLNS) for provision of information necessary to qualify calls for payment of per-call compensation?________________.

If you do intend to use OLNS, when will the capability be available?________________.

Do you have the technical capability to track the provision of information (ANI ii or OLNS) to IXCs and bill the Payphone Service Provider (PSP) for it directly?____________. If so, has a tariff been filed by your company or on your behalf to establish the rate for such provision?________________.

Do you now or do you intend to provide information to IXCs in electronic form (usually every 30 days) showing the line numbers for each payphone and information on the line to which it is connected?____________. If you do intend to provide this capability in the future, please provide a date by which you estimate it will be available________________.

Please respond to Vern Junkmann by September 15th at USTA by Fax at 202-326-7333. Questions concerning this matter can be directed to Vern Junkmann at 202-326-7298, Tony Pupek at 202-326-7296 or Paul Hart at 202-326-7291.