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October 14, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RE: Ex Parte Presentation, CC Docket No. 96-128

Dear Mr. Caton:

On October 14, 1997 the attached letter was provided to John Muleta, Acting Deputy Chief of the Common Carrier Bureau.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

E. Estey

attachment

copy to: J. B. Muleta

No. of Copies rec'd 0+1

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October 14, 1997

Mr. John B. Muleta
Acting Deputy Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW, Room 500
Washington, DC 20554

RE: CC Docket No. 96-128

Dear Mr. Muleta:

On October 7, 1997, the Common carrier Bureau issued a waiver order in the above-captioned docket that extended until March 9, 1998, the obligation to transmit specific payphone identification digits to carriers for LECs and PSPs that are currently unable to do so. The waiver did not, however, extend carriers' obligation to compensate PSPs on a per-call basis beginning October 7, 1997. Information AT&T had previously placed on the record demonstrates that AT&T cannot comply with the waiver as granted. The alternative AT&T provides below would allow AT&T and similarly situated carriers to comply with the Commission's payphone compensation requirements and the Bureau's waiver order by permitting carriers to use the per-phone compensation method to calculate their payment obligations for payphones that do not deliver the necessary identification digits.

On September 30, 1997, the United States Telephone Association ("USTA") filed a petition requesting a blanket waiver that would give all LECs nine months to implement either a Flex ANI-based or an OLNS/LIDB-based technical solution to the Commission's requirement that LECs enable payphone service providers ("PSPs") to transmit specific payphone identification digits as part of call set-up information. On October 1, 1997, TDS Telecommunications Corporation ("TDS") requested a waiver until July 1, 1998 to permit it to provide LIDB-based payphone identification information.

In its Opposition to the USTA and TDS Petitions for Waiver ("Opposition"), filed on October 7, 1997, AT&T strongly opposed these last-minute requests, but on that

same day the Bureau granted a limited waiver on its own motion. Contrary to the statement in paragraph 12 of the Bureau's order, the Bureau's waiver will cause significant harm to IXCs in general, and AT&T in particular.

AT&T's ability to perform its obligations under the Commission's Payphone Orders is severely prejudiced by the Bureau's waiver. AT&T's September 15 and September 29 ex partes fully explained AT&T's actions in developing its payphone compensation systems. In those filings, AT&T showed that it cannot practically implement a per-call compensation mechanism based on "matching" LEC ANI lists and call records bearing a "07" code until late 1998, and at a cost of $16 million.

In particular, AT&T's ex partes showed that AT&T's 4ESS® switches, which are used to route AT&T toll-free calls, are not connected with LEC LIDB databases and cannot process "07" codes as payphone calls. Furthermore, in anticipation that LECs would comply with the Commission's rules for transmitting payphone specific identification codes, the ex partes explained that AT&T had not developed a system for using the 07 code to track payphone calls for the purpose of calculating per-call compensation. In addition, the ex partes provided the results of AT&T's investigation, both internally and with our outside vendor, regarding the time and cost figures required to develop and implement such a system. In sum, the ex partes showed that AT&T cannot track payphone calls on a per-call basis for the majority of payphone calls that require compensation during the waiver period.[1]

In its Opposition, AT&T urged the Commission to enforce its current rules, except in certain limited circumstances[2], because AT&T had acted diligently to comply with the rules issued last year even though most of the LECs had not. AT&T continues to believe that the Commission should enforce its payphone compensation rules in this regard, and that carriers should not be required to pay compensation unless payphones transmit specific payphone coding digits (i.e., 27, 29 and 70), because carriers will be deprived of their ability to block calls from such phones and will also be unable to bill customers on a per-call basis for calls from those phones.

In all events, the Bureau stated that its waiver was granted for the purpose of enabling all parties -- including IXCs -- to adjust to the Commission's requirements, without further delaying the payment of compensation as required by Section 276 of the Communications Act.[3] Given the facts stated above, particularly AT&T's

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[1] In contrast, AT&T is currently able to track and pay per-call compensation for dial-around operator services calls because they are routed to 5ESS® switches in AT&T's network, which can interconnect with an ancillary Originating Line Number Screening database.

[2] AT&T did not oppose a limited waiver to continue a per-phone compensation plan for phones served by non-equal access offices, and a brief extension of the per-phone compensation plan for equal access switches that use Bell I signaling (Opposition at p. 7-8).

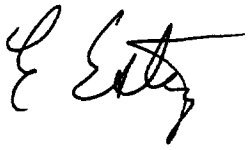
[3] Waiver Order, paras. 2, 11.

inability to track payphone calls in the absence of specific payphone identification digits, the Bureau must, in equity, permit AT&T and similarly situated carriers to use an alternative mechanism to track and pay payphone compensation during the limited waiver period.[4]

Specifically, the Bureau should modify its waiver to permit carriers the alternative of calculating their payment obligations by using the per-phone compensation method[5] for payphones that are unable to deliver the proper identifying digits.

In addition, in order to enable carriers to prepare for receipt of specific payphone digits between now and March 9, and to maintain an accurate dual tracking mechanism during such time, the Bureau should expressly require each LEC to provide the Commission and carriers with a schedule stating which offices are currently able to deliver payphone digits and when it will deliver specific payphone identification digits from its other equal access end offices.[6] After March 9, however, only non-equal access offices should be exempt from the requirements the Commission clearly established eleven months ago.

Yours truly,



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[4] Based on recent communications with other IXCs, Frontier faces similar problems to AT&T's and supports the alternative cited below.

[5] The Commission stated in its October 9, 1997 Order (para. 4) that it would address in a subsequent order the per-phone compensation obligations that were vacated by the Court of Appeals. The Bureau's revised waiver order should require carriers that rely upon the waiver to apply the per-phone payment rules that are adopted by the Commission in its subsequent order.

[6] To simplify tracking and billing, the transition to per-call compensation -- after implementation of payphone digits from end offices -- should begin on the first day of the next month.