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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 16, 1997

A. Richard Metzger, Jr., Esq.
Acting Chief, Common Carrier Bureau
Federal Communications Commission
Washington, D.C. 20554

Re: Proposed Rate Integration Plan of the American Samoa Government, CC Docket No. 96-61

Dear Mr. Metzger:

Sprint Communications Company, L.P. ("Sprint") respectfully submits its comments on the proposal of the American Samoa Government's (ASG) submitted October 1, 1997 in the above-captioned proceeding. Integration of American Samoa into the rates and rate structures used for other U.S. points raises new and complex issues that are different from those raised with respect to other points, particularly since the ASG wishes to retain its international country code.

Whether or not American Samoa remains outside of the North American Numbering Plan (NANP), however, rate integration will take substantial time and effort to accomplish. Sprint therefore urges the Commission to establish a working group similar to the one that was successfully employed to accomplish rate integration with Guam and the CNMI.

The ASG states that it is aware of three different options for the technical implementation of rate integration. Under the first, which it opposes, American Samoa would join the NANP, as Guam and the CNMI recently did. Under the second and third proposals, American Samoa would retain its international country code. Under the second proposal, interexchange carriers would have to modify their existing rating, pricing, billing, and invoicing systems to give American Samoa domestic U.S. pricing. Under the third proposal, interexchange carriers would change the rate

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levels for calls terminating[1] in American Samoa to match those of other rate integrated points. American Samoa is indifferent as between the second and third proposals.

Sprint understands the ASG's wish to retain its country code in view of the substantial expense and trouble that would have to be incurred in order to join the NANP and the relatively small amount of traffic between the rest of the U.S. and American Samoa.[2] At the same time, however, the ASG is incorrect in its assertion that interexchange carriers can achieve rate integration "without costly billing modifications."[3] As Sprint demonstrates below, ASG underestimates the magnitude and expense of the effort involved in modifying billing and other systems that would result if ASG seeks domestic U.S. pricing while insisting on retaining its country code.

In view of the aforementioned, Sprint believes that the third option suggested by ASG is preferable. Under that option, ASG would retain its country code and interexchange carriers would, to the extent their existing billing and other systems allow, modify their international pricing, rating and billing systems to mimic domestic U.S. rates as much as possible. The ASG recognizes,[4] however, (and Sprint concurs) that "this approach might not enable certain carriers to treat American Samoa exactly the same as domestic points for purposes of all of their optional calling plans."[5] The ASG also notes that waivers might be necessary and that the ASG would support such waivers. Sprint agrees with the ASG that waivers will be necessary if the ASG wishes to retain its country code and to remain part of the international dialing plan.

Background

Sprint currently interconnects with American Samoa as if the latter were a foreign country. Thus, Sprint corresponds with ASG pursuant to a mutually agreed accounting rate filed

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[1] Sprint does not offer originating message telephone service from American Samoa, except for card products and international 800 service.

[2] According to the Commission's 1995 Section 43.61 international traffic data, the most recent available, U.S. carriers billed for 5,830,904 minutes terminating in American Samoa in 1995. Of these, Sprint billed 522,332 minutes.

[3] ASG Proposed Rate Integration Plan, October 1, 1997 at 10.

[4] *Id.*

[5] *Id.*

with the Commission. The current accounting rate between Sprint and ASG for switched voice service is $1.10 a minute. Calls to American Samoa are currently priced and billed as international calls over billing and rating systems that are different from those utilized for domestic calls. Calls to and from American Samoa also pass through international gateway switches as well as domestic switches.

The Bureau apparently recognizes the difficulties associated with integrating American Samoa into domestic U.S. rate structures and rates because American Samoa is currently treated as an international point by interexchange carriers. In its recent Memorandum Opinion and Order in CC Docket No. 96-61,[6] the Bureau noted that there were "several measures that could be implemented in American Samoa that likely would facilitate the ability of interexchange carriers to integrate their service offerings to American Samoa with their interstate offerings to the mainland and other offshore points."[7] The Bureau identified these steps as including participation by ASG in the NANP, provision of access service to IXCs on a basis comparable to that of LECs in other parts of the U.S. and provision of Feature Group D service if requested by IXCs.

The ASG's desire to retain its country code and to remain part of the international dialing system makes it difficult or impossible for Sprint to apply domestic U.S. pricing to American Samoa. This is because Sprint's rating and billing systems rely in part on Numbering Plan Area (NPA) codes to properly rate and bill individual calls.[8]

The genesis of NPA codes dates back to the 1940's, when the current network dialing plan was devised by the pre-divestiture American Telephone and Telegraph Company (AT&T). Because of the way the NANP (also known as the North American Dialing Network) was established, "although calls to Canada (and some Caribbean points) are international in nature, they are handled via the integrated North American Dialing Network and are **not** dialed in the international dialing format. Mexico, on the other hand, while

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[6] Policy and Rules Concerning the Interstate, Interexchange Marketplace, DA No. 97-1628, released July 30, 1997 ("Order").

[7] Order at 11.

[8] As the Commission is aware, it is common for local exchange carriers (LECs) to bill on behalf of interexchange carriers. In order to rate and bill interexchange calls accurately, LEC rating and billing systems must also be able to distinguish between international country codes and NPAs.

geographically part of North America, chose to join the Latin American countries of Central and South America in world numbering zone 5 and is dialable in the international format."[9]

Under the world numbering plan, calls to NPAs within the NANP are reached using a closed, 10 digit dialing sequence. The single digit 1 is used as the country code for all the countries in the North American zone. Because of the way the NANP was established, a few foreign countries may be dialed on a 1+ basis. These anomalies, however, long predate interexchange competition, and all interexchange carriers long ago built their systems to deal with these exceptions.

International dialing, by contrast, uses an open numbering plan capable of handling from 7 to 12 digits. This is because some countries utilize shorter telephone numbers within their country than do other countries. The open numbering plan accommodates these variations. In order to reach a country located outside the NANP, a caller calling from within the NANP must dial "011" for international, station-to-station unassisted calls.

Guam, the Commonwealth of the Northern Marianas (CNMI), Western Samoa and American Samoa were originally in World Numbering Zone 5. Guam and the CNMI recently joined the NANP after approximately a year's advance preparation with the North American Numbering Council and as part of their efforts to achieve rate integration.

Traffic between Sprint's domestic telephone network and points beyond the boundaries of the integrated North American Dialing Network passes through specially equipped switches. As can be seen from the above description, those switches must be able to handle the open numbering plan (*i.e.*, a called telephone number that may have anywhere from 7 to 12 digits) as well as compensate for other potential anomalies, such as a foreign telephone number that employs the same initial digits as a telephone number within the NANP.

I. The Effort of Modifying Existing Billing and Other Systems Would Be Totally Out of Proportion to the Benefits Attained

[9] Notes on the Network, American Telephone and Telegraph Company, 1980 at 3.01 (emphasis in original.)

Sprint's rating and billing systems are often (though not always) tied to this numbering system. Even before a call can be billed, it must be rated before it can be sent downstream to be billed by Sprint's Message Processing System (MPS) and invoiced by Sprint's Invoice Processing System (IPS). The upstream rating systems employ fields for country codes and NPAs.

Thus, for example, billing for Sprint's popular Sprint Sense product, which offers interstate service at peak/off peak rates of $.25 and $.10 per minute, respectively, is tied to NPAs. The billing system examines the called NPA to determine whether the number is eligible for rating under the Sprint Sense rate structure. If the NPA is part of the NANP, the call will be rated under Sprint Sense. A call that is perceived by the billing system as an international call because it utilizes 011+ dialing and a country code will be ineligible for billing at Sprint Sense rates.

Even if calls to American Samoa could be repriced to more closely resemble domestic U.S. pricing as ASC suggests, the nature of Sprint's billing and other systems is such that not every product, discount, or pricing arrangement offered in the domestic U.S. market can be provided to American Samoa if American Samoa insists on retaining its country code.

With respect to Sprint's domestic 800 toll free service, Sprint's switches examine the NPA of the calling party to determine whether the 800 service customer has opted to pay for calls from that particular NPA.[10] If the switch sees a country code instead of an NPA, it will reject the call as unauthorized by the customer.[11] Any attempt to "trick" the domestic 800 service into recognizing the American Samoa country code as an NPA, however, would also require deletion of American Samoa from I-800 Service to ensure that calls from American Samoa were not priced as international calls rather than domestic ones.

In some cases, volume discounts are applied by Sprint's rating systems based upon a customer's domestic calling volumes, while different discounts are applied based upon

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[10] Customers for Sprint's 800 service can configure their service so that callers who dial a domestic 800 number are only able to complete toll free calls from specific geographic areas chosen by the 800 service customer. These permitted areas are defined by their NPA codes.

[11] A customer desiring toll free service from other countries must subscribe to Sprint's international toll free (I-800) service rather than domestic 800 service.

international calling volumes. The systems that apply these discounts would have to be modified to ensure that appropriate discounts were applied *e.g.* that "international" discounts were not improperly applied to calls to American Samoa, which are technically not international calls even if they are dialed and recorded as such, and that "domestic" discounts are applied to calls to American Samoa even if they are dialed and recorded as international calls.

Other systems are also tied to the domestic/international distinction between NPAs and country codes. In many cases, international and domestic calls are presented differently in Sprint's invoices. Maintaining a country code while billing at domestic U.S. rates would require changes in Sprint's IPS software. Similarly, Sprint's systems automatically calculate appropriate state and federal tax rates on individual calls. This software may require modification as well.

In many cases, as the Commission knows, interexchange carriers use local exchange carriers (LECs) to render bills. For the LECs to accurately render bills on behalf of interexchange carriers, Sprint believes that LEC rating, billing, and invoicing systems will also have to be modified to know that calls which appear to be international because they are dialed with the 011+ prefix to a country code in fact should be rated, billed and invoiced at domestic rates.

The aforementioned examples are not intended to be exclusive, and were gathered in the brief period of time which the Bureau has allowed for comment on the ASG's October 1, 1997 proposal. They are only intended to be illustrative of the level of effort and expense that would be required to accomplish what the ASG would have Sprint and other interexchange carriers do under its second option.

The modification of rating, pricing and billing systems for Sprint Sense alone would be a significant and costly undertaking. In the past, Sprint has consciously elected to provide service to some high cost points at a loss rather than incur the huge expense of modifying Sprint Sense pricing and billing to reflect the higher cost of serving these points. The modification of systems to price what appears to the switch to be an international call (because American Samoa would continue to employ 011+ dialing and a country code) as a domestic Sprint Sense call would be even more costly and burdensome.

Sprint has also gathered information about the level of effort that was required to implement rate integration for

Guam and the CNMI. For calls outbound to Guam, Sprint estimates that it took almost 2500 hours of effort by highly skilled personnel to implement rate integration and associated changes for those points. For calls inbound from Guam, Sprint has to date expended approximately 2000 hours of effort for necessary modifications to the MPS system alone, and the project is not yet complete.

If American Samoa retains its country code but nonetheless seeks to obtain domestic pricing, Sprint believes that the level of effort required could easily be twice that required for Guam and the CNMI. Sprint submits that the effort and expense that would be required are totally out of proportion to the minimal public benefit that would result given the small amount of traffic and revenue involved. For this reason, the Commission should not impose the ASG's second option on interexchange carriers.

II. If the ASG Wishes to Maintain the Current Accounting Rate Arrangement with U.S. Interexchange Carriers, ASG Accounting Rates Should Comply with the Commission's Accounting Rate Benchmarks.

The ASG indicated that at some point in the future, it would file interstate access tariffs. Until that time, however, Sprint must conduct relations with the ASG pursuant to existing accounting rate arrangements. As Sprint indicated above, the current accounting rate it has with ASG for switched voice service is $1.10 a minute. Sprint is currently negotiating with the ASG to lower the accounting rate to $.60 a minute. Even $.60 a minute, however, appears to be substantially above cost by the Commission's own calculation as the Commission described in its recent Report and Order in IB Docket No. 97-142.[12]

There, the FCC also recounted the pernicious effects of above-cost accounting rates on the public interest. Among other things, high accounting rates result in U.S. consumers paying artificially high prices, discourage cost-based pricing, and can be used to finance strategies that create competitive distortions. *Benchmarks* at para. 2.

The Commission therefore prescribed certain accounting rate benchmarks for various countries and directed U.S. international carriers to negotiate towards those benchmarks with their correspondents. If the U.S. carriers were

[12] International Settlement Rates, FCC 97-280, released August 18, 1997 ("Benchmarks"), *notice of appeal filed* Kokusai Denshin Denwa Co., Ltd. V. FCC and United States of America, Case No. 97-1614, D.C. Circuit.

unsuccessful, the Commission reserved the right to order U.S. carriers to pay their correspondents only in accordance with its benchmarks.

The Commission did not, of course, prescribe benchmarks for American Samoa because the latter is not a foreign country. The Commission, however, did prescribe such benchmarks for Western Samoa, which is close to American Samoa and which shares many characteristics with the latter.[13] The Commission's *Benchmarks* order classified Western Samoa as a lower middle income country. *Benchmarks* at Appendix C. The Commission's accounting rate benchmark for Western Samoa is therefore $0.19 per minute for switched voice service, which carriers must reach within three years after implementation of the *Benchmarks* order.

Until the ASG implements cost-based access charges, Sprint believes it is important for accounting rates with American Samoa to move towards compliance with the Commission's accounting rate benchmarks. The Commission should encourage and, if necessary, require such movement.[14] Cost-based accounting rates are an important ingredient in making rate integration a reality.

Conclusion

Sprint understands, in view of the expense and effort that would be required, the ASG's reluctance to become part of the NANP. On the other hand, Sprint would have to incur substantial expense and effort to implement full domestic pricing for American Samoa if the latter maintains its country code and international dialing pattern. That expense and effort would be totally out of proportion to the minor public benefit that would result from this option. Sprint therefore supports the ASG's third proferred option. Under this option, the ASG would maintain its status as an international point but U.S. interexchange carriers would implement domestic U.S. pricing to American Samoa insofar as it was able to do so without incurring unreasonable expense and effort.

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[13] As the ASG indicated in its petition at 8, "There are extensive business and family contacts between American Samoa and nearby nations."

[14] Inasmuch as American Samoa is an American territory and fully subject to the Commission's jurisdiction, the Commission can, after appropriate proceedings, clearly require the use of a particular accounting rate without having concerns over the effects of such actions on U.S. comity with sovereign foreign nations.

It will take time for Sprint to determine how and to what extent it will be able to combine domestic U.S. pricing with international dialing. This has never been done before, and there are few precedents on which to draw. At the same time, it will be necessary to work with the ASG and the Commission. Sprint therefore urges the Commission to follow the successful lead of the Governments of Guam and the CNMI by establishing a working group in which the Commission could participate. Sprint stands ready to participate in any such working group.

Sincerely,

Kent Y. Nakamura
General Attorney

cc: Patrick Donovan, Esq., Common Carrier Bureau
Neil Fried, Esq., Common Carrier Bureau
David Sieradzki, Esq.