

2. Tariffing Issues

57. APCC and SPCC raise various objections to the contents of BellSouth's state tariffs. Various commenters urge the Commission to review the relative charges for BellSouth's COCOT line services and coin line services, claiming that the price differential may unreasonably discriminate in favor of its tariffed coin line services, which, according to these commenters, BellSouth's payphone operations are more likely to use.¹⁸⁰

58. BellSouth responds that complaints about the adequacy of the rates or other aspects of its state tariffs are not before the Commission in this CEI plan review proceeding.¹⁸¹ BellSouth asserts that in the CEI context it is only required to show that the underlying basic payphone services are available on the same terms and conditions to all PSPs.¹⁸²

59. We conclude that the state payphone tariff proceedings are the appropriate fora to address complaints concerning rates, terms, and conditions offered in state tariffs. The Commission stated in the Reconsideration Order that it would "rely on the states to ensure that the basic payphone line is tariffed by the LECs in accordance with the requirements of section 276."¹⁸³ That order required that the tariffs for these LEC services must be: (1) cost based; (2) consistent with the requirements of section 276 with regard, for example, to the removal of subsidies from exchange and exchange access services; and (3) nondiscriminatory.¹⁸⁴ In addition, the order established that "[s]tates must apply these requirements and the Computer III guidelines for tariffing such intrastate services."¹⁸⁵ The order further stated that "[w]here LECs have already filed intrastate tariffs for these services, states may, after considering the requirements of this order, the Report and Order, and section 276 conclude: 1) that existing tariffs are consistent with the requirements of the Report and Order as revised herein; and 2) that in such case no further filings are required."¹⁸⁶ Finally,

¹⁸⁰ See APCC Comments at 4, 8-12; SPCC Comments at 6-8; APCC Reply at 2; AT&T Reply at 4-5; and Letter from Albert H. Kramer, Counsel to APCC, to William Caton, Secretary, FCC, filed Feb. 26, 1997, at 6 (APCC Feb. 26 Ex Parte); see also Letter from Michael S. Wroblewski, to William Caton, Acting Secretary, FCC, filed March 5, 1997, at 6 (Peoples March 5 Ex Parte).

¹⁸¹ BellSouth Reply at 16.

¹⁸² Id.

¹⁸³ Reconsideration Order at para. 163.

¹⁸⁴ Reconsideration Order at para.163; see also id. at n.492 (noting that the "new services test required in the Report and Order is described at 47 C.F.R. section 61.49(g)(2)").

¹⁸⁵ Id.

¹⁸⁶ Id.

the Commission noted that "[s]tates unable to review these tariffs may require the LECs operating in their state to file these tariffs with the Commission."¹⁸⁷ Thus, the state payphone tariff proceedings are the appropriate fora to address concerns about rates, terms, and conditions offered in state payphone tariffs.

3. Screening Codes

60. APCC, MCI, and AT&T contend that BellSouth is required to provide PSPs using COCOT lines with a screening code that uniquely identifies their lines as payphone lines.¹⁸⁸ According to APCC, BellSouth's plan does not provide sufficient detail about the types of screening services that BellSouth will offer to independent PSPs and BSPC's payphones.¹⁸⁹ APCC asserts that BellSouth had initially indicated that it would implement the Commission's originating line screening (OLS) requirement by offering "Flex ANI," a service that permits the assignment of a "70" code that uniquely identifies COCOT lines.¹⁹⁰ APCC claims that BellSouth now states that it will provide LIDB-based OLS, rather than Flex ANI.¹⁹¹ APCC argues that LIDB-based OLS is inferior to the unique code provided to LEC payphones using coin lines, and that such inferior treatment is inconsistent with the nondiscrimination requirement of section 276(a).¹⁹² Both AT&T and MCI support APCC's contention that the transmission of different digits on the SmartLine and PTAS lines constitutes discrimination.¹⁹³ AT&T also asserts that whatever codes are used, "the Reconsideration Order (para. 64) precludes BellSouth from requiring an interexchange carrier to perform an additional look-up in order to track payphone calls."¹⁹⁴ MCI also argues that BellSouth is not in compliance with the Commission's payphone orders.¹⁹⁵ According to MCI, in the Reconsideration Order the Commission required LECs to make available to PSPs coding digits as a part of ANI that specifically identify a phone as a payphone and "not merely as a restricted line."¹⁹⁶

¹⁸⁷ Id.

¹⁸⁸ APCC Comments at 21-23; MCI Reply at 1-2; and AT&T Reply at 4-5.

¹⁸⁹ APCC Comments at 21.

¹⁹⁰ Id. at 22.

¹⁹¹ Id.

¹⁹² Id. at 23.

¹⁹³ AT&T Reply at 5 and MCI Reply at 1-2.

¹⁹⁴ AT&T Reply at n.11.

¹⁹⁵ MCI Reply at 2.

¹⁹⁶ Id. (citing Reconsideration Order at para. 64).

61. In its reply, BellSouth disputes APCC's argument that BellSouth's choice of the LIDB solution for its OLS service unlawfully discriminates against non-BellSouth payphone providers.¹⁹⁷ According to BellSouth, the Commission determined that OLS could be provided by means of either a FLEX ANI solution or by the use of LIDB technology.¹⁹⁸ BellSouth states that consistent with the Commission's requirements, both the SmartLine service, which delivers the "27" ANI digits, and the PTAS service, which delivers the "07" digits, are equally available to all payphone providers, including BSPC.¹⁹⁹

62. We find that the issue of whether BellSouth is providing screening information in compliance with the requirements established in the payphone rulemaking proceeding to be outside the scope of the CEI review process and is more appropriately raised in that proceeding or in other proceedings.²⁰⁰

4. Numbering Assignments

63. APCC contends that BellSouth should be required to reallocate the numbers assigned to the existing base of payphones, without charge, so that an equal percentage of LEC payphones and PSP payphones are assigned 8000 and 9000 series numbers.²⁰¹ In reply, BellSouth states that line number assignments will be made to all payphone providers on a nondiscriminatory basis.²⁰² BellSouth states that it will not reserve a pool of numbers for its own operations, but will assign numbers in the 8000-9000 range on request "whenever

¹⁹⁷ BellSouth Reply at 12.

¹⁹⁸ Id. at 10-11.

¹⁹⁹ Id. at 11.

²⁰⁰ See e.g., Policy and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, CCB/CPD File Nos. 96-18, 96-25, and 96-32, Memorandum Opinion and Order, DA 96-2169 (rel. Dec. 20, 1996), p. 2 n. 7 (citing MCI petition for clarification of LECs' obligation to provide screening code digits and stating that MCI's petition would be addressed in a subsequent order). We note that in its Reconsideration Order, the Commission stated that, once per-call compensation becomes effective, "[e]ach payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line." Reconsideration Order at para. 64. That order further required that "all LECs must make available to PSPs, on a tariffed basis, such coding digits as part of the ANI for each payphone." Id.

²⁰¹ APCC Comments at 21. APCC states that assignment of numbers in the 8000 to 9000 range provides a distinct advantage in the prevention of fraud because they alert overseas operators to refrain from completing calls to such numbers. Id. at 20.

²⁰² BellSouth Reply at 25.

possible,' *i.e.*, if the number is available."²⁰³ Moreover, BellSouth states that it is not required to reallocate numbers lawfully assigned under prior regulation.²⁰⁴

64. The Payphone Order requires LECs to provide numbering assignments on a nondiscriminatory basis; it did not, however, require LECs to reallocate existing number assignments.²⁰⁵ BellSouth represents that it will assign payphone numbers on a nondiscriminatory basis. We conclude that no further showing is required by BellSouth in the context of this CEI plan.

5. Uncollectibles

65. AT&T asserts that BellSouth must explain its treatment of uncollectibles due to fraud.²⁰⁶ AT&T contends that to the extent BellSouth establishes a policy of foregoing uncollectibles due to fraud for its payphone service affiliates, the same treatment must be accorded to non-affiliates, regardless of whether such practice appears in BellSouth's tariffs.²⁰⁷ We find that, while the Payphone Order generally requires that fraud protection must be available on a nondiscriminatory basis, it does not establish any specific requirements for uncollectibles. Because the issue of the treatment of uncollectibles appears to raise principally accounting matters, that issue will be addressed in the review of BellSouth's CAM.

6. Operator Services

66. APCC contends that BellSouth's CEI plan fails to address whether BellSouth's intraLATA operator services are part of its deregulated payphone services, or whether BellSouth considers such services to be severable services that are not "ancillary" to its payphone service.²⁰⁸ APCC argues that if operator services are part of BSPC's deregulated payphone service, BellSouth should explain whether BSPC is providing such services in the payphone by reselling network-based operator functions.²⁰⁹ In addition, APCC states that BellSouth should be required to identify the network functions supporting such services and to

²⁰³ Id.

²⁰⁴ Id. at 26.

²⁰⁵ Payphone Order at para. 149.

²⁰⁶ AT&T Comments at 4.

²⁰⁷ Id.

²⁰⁸ APCC Comments at 25.

²⁰⁹ Id. at 25-26.

indicate how those same functions will be offered to PSPs on a nondiscriminatory basis.²¹⁰ APCC argues that if operator services are separable regulated services that are not "ancillary" to BSPC's deregulated payphone service, BellSouth must ensure that it does not discriminate between BSPC and other PSPs in the provision of such services.²¹¹ For example, APCC states that if BellSouth is offering a commission to BSPC for presubscribing its payphones to BellSouth's operator service, such commissions must also be available to independent PSPs on the same terms and conditions.²¹²

67. Operator services are regulated services. Because BellSouth must offer such services to affiliated and unaffiliated PSPs on a nondiscriminatory, tariffed basis, BellSouth's CEI plan is not deficient because it does not address whether BellSouth considers operator services to be part of its deregulated payphone service. We note that in the Reconsideration Order, the Commission declined to require LECs to make available on a nondiscriminatory basis, any commission payments provided to their own payphone divisions in return for presubscription of operator service traffic to the LEC, because the Commission concluded that the level of 0+ commissions paid pursuant to contract on operator service calls was beyond the scope of section 276 and the Payphone proceeding.²¹³

7. Inmate Calling Services Issues

68. The Inmate Calling Service Provider Coalition (ICSPC) and AT&T raise a number of issues related to the provision of inmate calling services (ICS). Both ICSPC and AT&T contend that BellSouth should be required to identify the network support services its regulated operations will provide to its ICS operations.²¹⁴ ICSPC also argues that BellSouth must disclose whether its regulated operations will provide its ICS operations with inmate call processing and call control functions and information for fraud protection, the validation of called numbers.²¹⁵ ICSPC contends that such services or information must be provided to other carriers on a nondiscriminatory basis. In addition, ICSPC asserts that BellSouth should be required to disclose whether its payphone operations will be responsible for the cost of ICS calls for which they are unable to collect.²¹⁶

²¹⁰ Id. at 26.

²¹¹ Id.

²¹² Id.

²¹³ Reconsideration Order at para. 52.

²¹⁴ ICSPC Comments at 5-7; AT&T Comments at 2-3; AT&T Reply at 2-3.

²¹⁵ Id. at 7-12, 13-15, 15-17.

²¹⁶ Id. at 9-10.

69. ICSPC also asserts that BellSouth must show that any call processing and call control system used for its ICS is being provided on a deregulated basis, regardless of whether that system is located at a central office or at a customer premises.²¹⁷ According to ICSPC, to the extent BellSouth's call processing and call control systems dedicated to ICS are located in BellSouth's central offices, BellSouth must provide physical or virtual collocation to other providers.²¹⁸ ICSPC also contends that BellSouth must disclose information on interfaces between BellSouth's equipment dedicated to ICS and its regulated network support services, so that other providers can utilize the same interface if they wish.²¹⁹

70. In response to ICSPC's arguments, BellSouth notes that in its general description of the services covered by its CEI plan, BellSouth stated that "payphone service" as used in [the] Plan means . . . the provision of inmate service in correctional institutions."²²⁰ Thus, BellSouth asserts that since "[t]he entire Plan speaks to inmate service," ICSPC's arguments about the unique characteristics of payphone services, such as call control and call processing, become immaterial.²²¹

71. In a subsequent ex parte filing,²²² ICSPC argues that section 276 requires the BOCs to treat collect call processing for ICS as part of their nonregulated ICS operations because collect calling is fundamental to ICS.²²³ According to ICSPC, if a BOC's ICS operation "hands off" collect calls to its network-based operator services division for processing and that division assumes the responsibility and risk associated with billing and collecting for those calls, the BOC is essentially providing ICS as a regulated service and is still subsidizing that service contrary to the prohibition in section 276.²²⁴

72. In a subsequent ex parte, BellSouth provided additional information about how BSPC will conduct its payphone operations after April 1, 1997.²²⁵ According to BellSouth, BSPC will purchase the same network services that are available to any other PSP from

²¹⁷ Id. at 8-9.

²¹⁸ Id. at 13.

²¹⁹ Id. at 19.

²²⁰ BellSouth Reply at 21.

²²¹ Id.

²²² See Letter from Albert H. Kramer to William F. Caton (Mar. 19, 1997).

²²³ Id. at 1-2.

²²⁴ Id. at 2.

²²⁵ BellSouth March 21 Ex Parte at 3.

BellSouth's General Subscriber Services Tariff.²²⁶ BellSouth represents that the CPE located at the location provider's premises will be used to perform operator functions, call control, validation, call rating and recording.²²⁷ BellSouth states that billing and collection functions will be performed through an industry clearinghouse.²²⁸ In addition, BellSouth represents that BSPC will be at risk for fraud and uncollectibles as any other independent inmate service provider.²²⁹

73. Section 276 specifically defines payphone service to include the provision of inmate telephone service in correctional institutions.²³⁰ In the Reconsideration Order, we clarified that the requirements of the Payphone Order apply to inmate payphones that were deregulated in an earlier order.²³¹ Thus, BellSouth is required to reclassify all of its payphone assets related to its provision of ICS, with the exception of the loops connecting the inmate telephones to the network, the central office "coin service" used to provide the ICS, and the operator service facilities used to support the ICS.²³² In addition, BellSouth is required to offer on a tariffed basis any basic payphone service or network feature used by its payphone operations to provide ICS.²³³

74. We conclude that BellSouth's CEI plan comports with our CEI requirements with respect to its provision of ICS. BellSouth represents that BSPC will purchase the same network elements that are available to any independent payphone service provider pursuant to tariff.²³⁴ Although we agree with ICSPC that any call processing and call control equipment related to BellSouth provision of ICS must be reclassified as nonregulated, regardless of whether that equipment is located in a customer premises or a BellSouth central office.²³⁵

²²⁶ Id.

²²⁷ Id.

²²⁸ Id.

²²⁹ Id.

²³⁰ 47 U.S.C. § 276(d).

²³¹ Reconsideration Order at para. 131 (citing Petition for Declaratory Ruling by the Inmate Calling Services Providers Task Force, Declaratory Ruling, 11 FCC Rcd 7362, 7373 (rel. Feb. 20, 1996) (Inmate Service Order); Petitions for Waiver and Partial Reconsideration or Stav. of Inmate-Only Payphones Declaratory Ruling, Order, 11 FCC Rcd 8013 (Common Carrier Bur. 1996)).

²³² See Payphone Order at paras. 157 and 159.

²³³ See Payphone Order at paras. 146-49; Reconsideration Order at paras. 162-63.

²³⁴ BellSouth March 21 Ex Parte at 3.

²³⁵ Payphone Order at paras. 157 and 159. See also Inmate Service Order, 11 FCC Rcd at 7373.

BellSouth represents that it has done so.²³⁶ We find no support in the Payphone Order or Reconsideration Order for ICSPC's contention that BellSouth must provide collect calling as a nonregulated service when used with inmate payphones.

75. We conclude that the other issues raised by ICSPC related to the provision of ICS either have already been addressed in this Order, or are beyond the scope of this proceeding. We find that there is no requirement in the Commission's rules, and ICSPC has cited no authority, that obligates BellSouth to allow for the collocation of nonaffiliated providers' call processing and call control equipment in a central office. As previously noted, the issue of the treatment of uncollectibles will be addressed in the review of BellSouth's CAM. Finally, with regard to the disclosure of interface information, we have already concluded that BellSouth's CEI plan comports with the Commission's network information disclosure requirements.

8. Primary Interexchange Carrier Selection

76. Oncor asserts that in order for BellSouth's CEI plan to comply with the "spirit" of the Commission's CEI requirements, the plan must address various issues concerning the payphone PIC selection process.²³⁷ AT&T also asserts that BellSouth's CEI plan should describe how BellSouth will ensure that the PIC selection process for payphones will be performed on a nondiscriminatory basis.²³⁸ In addition, Oncor also alleges that BellSouth "has been actively engaged in efforts" to contract with payphone location providers regarding the selection of interexchange carriers from BellSouth payphones in violation of the Payphone Order, which only allows a BOC to engage in such negotiations after receiving approval for its CEI plan.²³⁹

77. In its reply comments, BellSouth states that its CEI plan addresses how it will provide interconnection to other payphone providers because that is to whom BellSouth's CEI

²³⁶ Letter from Ben G. Almond, Executive Director-Federal Regulatory, BellSouth, to William Caton, Secretary, FCC, filed April 7, 1997 (BellSouth April 7 Ex Parte).

²³⁷ Oncor Comments at 5. According to Oncor, BellSouth should have described: (1) how it will manage the payphone PIC selection and order implementation process; (2) how it will ensure that all PIC orders obtained pursuant to BellSouth agreements with location owners will be handled on a nondiscriminatory basis, and that all valid PIC orders and location provider agreements will be honored and will not be subject to interference by BellSouth or anyone else; (3) how its marketing personnel will be trained and supervised to ensure that they do not misrepresent BellSouth's role in the payphone PIC selection process; and (4) how its personnel involved in the PIC ordering and implementation processes will be trained and supervised to ensure that they do not "interfere" with the sales and marketing of interexchange services from payphones. Id.

²³⁸ AT&T Reply at 6.

²³⁹ Oncor Comments at 6 and Appendix B at 8-9.

obligations run, pursuant to the Commission's orders.²⁴⁰ According to BellSouth, "Oncor's concerns and allegations regarding the 'integrity of the payphone PIC selection and ordering process' are out of place in this proceeding and are not relevant to BellSouth's satisfaction of its CEI obligations toward payphone providers."²⁴¹

78. We conclude that BellSouth is not required as part of the CEI process to demonstrate how it will administer the PIC selection process for payphones. In the Payphone Order, the Commission specified that a BOC's CEI plan must describe how it will conform to the CEI parameters with respect to the specific payphone services it intends to offer and how it will unbundle those basic payphone services.²⁴² The payphone rulemaking proceeding, however, did not require the BOCs to describe how they will administer the PIC selection process in their CEI plans, as argued by AT&T and Oncor. Therefore, arguments raised by parties regarding BellSouth's role as PIC administrator are beyond the scope of this proceeding.

79. With respect to the issue of whether BellSouth has been engaging in negotiations with location providers regarding the selection of interexchange carriers prior to receiving CEI approvals, we note that this appears to be the same issue that was addressed in the Reconsideration Order regarding BellSouth's activities.²⁴³ In responding to comments about BellSouth's activities, the Commission concluded in the Reconsideration Order that "contracts entered into pursuant to the grant of authority in section 276(b)(1)(D) and prior to a BOC receiving approval of a CEI plan required by the Report and Order are in violation of the Commission's rules adopted in this proceeding."²⁴⁴ The Commission noted, however, that it could not ascertain whether the agreements entered into prior to the completion of these requirements were negotiated in a manner consistent with these policies.²⁴⁵ Consequently, the Commission stated that "[w]hile we are not in a position to declare null and void specific contracts that we have not determined to be unlawful, we will review any complaints concerning such contracts in light of this policy."²⁴⁶ Based on the Commission's determination in the Reconsideration Order, we conclude that concerns about BellSouth's engaging in improper negotiations are beyond the scope of this CEI proceeding.

²⁴⁰ BellSouth Reply at 26.

²⁴¹ Id.

²⁴² Payphone Order at paras. 203-04.

²⁴³ Reconsideration Order at paras. 228 and 236-37.

²⁴⁴ Id. at para. 237.

²⁴⁵ Id.

²⁴⁶ Id.

9. Call Rating

80. APCC contends that BellSouth must provide a coin line service that allows independent PSPs to set their own end user rates for intraLATA calls.²⁴⁷ APCC asks the Commission to require BellSouth to refile its CEI plan with a more flexible rating feature for its coin line service.²⁴⁸

81. The Payphone Order did not require the BOCs to provide to independent PSPs an unbundled call rating feature for coin line services.²⁴⁹ In addition, on reconsideration of the Payphone Order, in response to a request that the Commission require access to, inter alia, call rating capabilities,²⁵⁰ the Commission specifically declined to require further unbundling of payphone services beyond those established in the Payphone Order.²⁵¹ As previously noted, independent PSPs may seek additional unbundling through the 120-day ONA process. The appropriate state regulatory authorities may also impose further unbundling requirements.

10. Selection of Operator Services Provider

82. APCC asserts that BellSouth's CEI plan is inconsistent with section 276, because BellSouth's illustrative tariff states that BellSouth's operator system will handle 0-intraLATA toll calls and 0+ local calls for its coin line services.²⁵² APCC requests the Commission to require BellSouth to refile its CEI plan in conformance with the Commission's requirements on operator service providers. We conclude that APCC's request goes beyond the scope of this proceeding, which is limited to determining whether BellSouth's CEI plan complies with the Commission's Computer III CEI requirements.²⁵³

²⁴⁷ APCC Comments at 14.

²⁴⁸ Id. at 15.

²⁴⁹ Payphone Order at paras. 146-48. See also Reconsideration Order at para. 165.

²⁵⁰ On reconsideration, the New Jersey Payphone Association requested that the Commission require access to call rating capabilities, answer supervision, call tracking, joint marketing, installation and maintenance, and billing and collection. See Reconsideration Order at para. 155.

²⁵¹ Reconsideration Order at para. 165.

²⁵² APCC Comments at 16.

²⁵³ BellSouth represents that its payphone operations will be provided the same coin line service, including the same operator service, as is available to other PSPs. See BellSouth Reply at 6-7. If independent PSPs seek a different arrangement, they may request it through the 120 day ONA process.

11. Valuation

83. Both APCC and ICSPC assert that BellSouth has not provided any information about how it will perform the fair market valuation of its payphone assets as required by the Commission's affiliate transactions rules.²⁵⁴ According to APCC and ICSPC, "[t]he Commission has ruled that if a LEC chooses to provide its deregulated payphone services through a separate affiliate, then when the LEC transfers its ICS assets, the transfer must be recorded on the books at the higher of fair market value or net book cost, under Section 32.27 of the Commission's Rules."²⁵⁵ APCC and ICSPC contend that BellSouth's CEI plan, tariff filing, and CAM omit any discussion of asset valuation.²⁵⁶

84. In reply, BellSouth states that the claims of APCC and others are "irrelevant to this CEI plan compliance review."²⁵⁷ BellSouth represents that it will comply with the requirements for the valuation of transferred assets established by the Commission in the payphone orders.²⁵⁸ In the Payphone Order, the Commission established the accounting requirements that the LECs must follow in transferring or reclassifying payphone assets from regulated to nonregulated status.²⁵⁹ We agree with BellSouth that a determination of whether such transfers adhere to the proper accounting requirements is beyond the scope of the CEI plan review. Such matters are better addressed in the context of reviewing BellSouth's CAM filings.

12. Separate Affiliate

85. SPCC contends that BellSouth's CEI plan fails to provide sufficient information about the "exact nature of [BellSouth's] proposed relationship with its new subsidiary, BSPC."²⁶⁰ SPCC raises questions about the corporate structures of BellSouth and BSPC and the type of joint activities that the two will be engaged in.²⁶¹ In reply, BellSouth states that under the Commission's nonstructural safeguards, BellSouth is not obligated to operate its

²⁵⁴ APCC Comments at 5-6; ICSPC Comments at 3-4.

²⁵⁵ APCC Comments at 5; ICSPC Comments at 3 (citing Payphone Order at para. 164).

²⁵⁶ APCC Comments at 6; ICSPC Comments at 4.

²⁵⁷ BellSouth Reply at 22.

²⁵⁸ Id.

²⁵⁹ Payphone Order, at para.161-171.

²⁶⁰ SPCC Comments at 14.

²⁶¹ Id.

payphone business through a separate entity.²⁶² According to BellSouth, the nonstructural safeguards presume that there may be extensive integration of operations between the regulated and nonregulated components of a company, as long as the nondiscrimination and accounting safeguards are met.²⁶³ BellSouth represents that transactions between itself and BSPC will be subject to the affiliate transaction rules and subject to audit.²⁶⁴

86. We conclude that for purposes of the CEI review process, BellSouth is not required to provide further information about its dealings with BSPC. BellSouth is not relying on the existence of a separate affiliate as a means of showing compliance with any of the CEI requirements discussed above. As BellSouth has indicated, the nonstructural safeguards discussed in this order envision a certain amount of integration between the regulated and nonregulated arms of the same company. Thus, for CEI purposes we do not require further information about BSPC. We note, however, that in its dealings with BSPC, BellSouth must follow the necessary accounting requirements.

13. Benchmarking

87. APCC asserts that because Ameritech offers an anticrime service -- Restricted Coin Access -- BellSouth should offer this unbundled service also.²⁶⁵ According to APCC, the "Commission should 'benchmark' the unbundled services offered by one LEC against those offered by another."²⁶⁶ In response, BellSouth states that APCC's claim "is not supported by the Commission's CEI requirements."²⁶⁷ According to BellSouth, the Commission's CEI requirements "establish only that the tariffed services provided by [BellSouth] to its own payphone operation or affiliates be available to other payphone providers."²⁶⁸

88. We conclude that APCC's claims are not relevant to our determination of whether BellSouth's CEI plan for payphone services meets our CEI requirements. The payphone rulemaking proceeding required the BOCs to provide basic payphone services to support smart, dumb, and inmate payphone operations, including unbundled network features

²⁶² BellSouth Reply at 23.

²⁶³ Id.

²⁶⁴ Id.

²⁶⁵ APCC Comments at 13.

²⁶⁶ Id.

²⁶⁷ BellSouth Reply at 24.

²⁶⁸ Id.

they provide to others and that are taken by their payphone operations.²⁶⁹ Neither the payphone rulemaking proceeding nor our CEI requirements mandate that one BOC provide certain unbundled services solely because they are offered by another LEC.

V. CONCLUSION

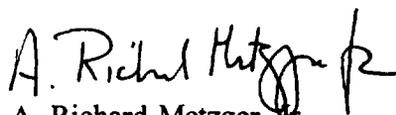
89. We conclude that BellSouth's CEI plan complies with the Computer III requirements. We also grant BellSouth a waiver of the testing requirement for the provision of its PTAS and SmartLine services as described above. Accordingly, in this Order, we approve BellSouth's CEI plan to offer payphone service, as described herein.

²⁶⁹ Payphone Order at 146-148; Reconsideration Order at paras. 162-163; Clarification Order at 8.

VI. ORDERING CLAUSE

90. IT IS HEREBY ORDERED that, pursuant to Sections 1, 4(i) and (j), 201, 202, 203, 205, 218, 222, and 276 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i) and (j), 201, 202, 203, 205, 218, 222, and 276 and authority delegated thereunder pursuant to Sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3 BellSouth's Comparably Efficient Interconnection Plan for Payphone Service IS APPROVED, subject to the requirements and conditions discussed herein.

Federal Communications Commission



A. Richard Metzger, Sr.
Deputy Chief, Common Carrier Bureau