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EX PARTE OR LATE FILED

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USWEST

BB Nugent
Executive Director
Federal Regulatory

EX PARTE

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February 26, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222, SC-1170
Washington, DC 20554

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

Dear Ms. Salas:

Today, I met with Judy Nitsche and Al Barna of the Competitive Pricing
Division to discuss the above-referenced proceeding. A copy of the material
distributed at the meeting is attached.

In accordance with Section 1.206(a)(2) of the Commission's rules, an original
and one copy of this letter and the attachment are being filed with your office
for inclusion in the record in this proceeding.

Acknowledgment and date of receipt of this submission are requested. A
duplicate letter is attached for this purpose.

Please call if you have any questions.

Sincerely,

BB Nugent

Attachment

cc: Ms. Judy Nitsche
Mr. Al Barna

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U S WEST, Inc.
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Denver, Colorado 80202
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James T. Hannon
Senior Attorney

USWEST

EX PARTE

February 25, 1998

Mr. Robert W. Spangler, Esquire
Chief, Enforcement Division
Common Carrier Bureau
Federal Communications Commission
Room 6008-A
2025 M Street, N.W.
Washington, D.C. 20554

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

Dear Mr. Spangler,

On January 16, 1998, I wrote to John Muleta, Deputy Chief, Common Carrier Bureau, to apprise the Commission of U S WEST's plans to implement Flex ANI for purposes of satisfying the requirement to transmit payphone-specific digits for per-call compensation purposes. In addition to delineating U S WEST's Flex ANI implementation schedule, I requested that U S WEST be granted an extension of the existing industry waiver of the payphone-specific digit requirement. Both U S WEST's Flex ANI implementation schedule and waiver extension request were predicated on the belief that the requirement to transmit payphone-specific digits was limited to specifically-identified payphone lines (*i.e.*, in U S WEST's case -- Public Access Lines ("PAL")).

U S WEST has never interpreted the coding digit requirement to apply to all types of telecommunications lines that might possibly be connected to a payphone or a bank of payphones.¹ The fact that certain parties may have had a different interpretation of this

¹ While U S WEST acknowledges that it has an obligation to make payphone-specific coding digits available to Payphone Service Providers ("PSP") on a tariffed basis, U S WEST does not read this obligation as extending to any line that may be connected to a payphone. See In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Order on Reconsideration, 11 FCC Rcd. 21233 (1996). The fact that the Commission "decline[d] to require PSPs to use COCOT lines . . . because we [they] have previously found that COCOT service is not available in all jurisdictions" (*Id.* at 21265-66

requirement first came to U S WEST's attention in reviewing comments on BellSouth Telecommunications, Inc.'s ("BellSouth") Petition to establish new switched access rate elements to recover the costs of providing payphone lines with unique coding digits. CCB/CPD 98-4. In that proceeding, the American Public Communications Council ("APCC") urged the Commission to require BellSouth to transmit payphone-specific coding digits on all lines connected to payphones, not just on traditional payphone lines (i.e., in BellSouth's case "PTAS" lines).² BellSouth responded to APCC's comments by stating that "BellSouth will make the coding digits available on all lines that are connected to payphones."³ U S WEST can only assume either that BellSouth was not aware of the magnitude of the commitment that it was making or that the only lines that may be lawfully connected to payphones in BellSouth's states are PTAS lines (i.e., the equivalent of U S WEST's PALs). Otherwise, BellSouth would not have been so quick to agree to what could be a very onerous and costly obligation.

Currently, state regulatory agencies in two U S WEST states allow PSPs to purchase lines other than PALs to provide payphone service. In Minnesota, PSPs can employ Business lines in lieu of PALs to provide payphone service while PSPs can use Business, Centrex or PBX lines in Iowa. An expansion in the Commission's coding digit requirement to include "all lines connected to payphones" would significantly increase the cost and time to implement Flex ANI. U S WEST estimates that its overall cost of implementing Flex ANI would increase by approximately 25 percent if it is required to transmit coding digits (i.e., 70 and 29) on non-PALs that are connected to payphone lines in Iowa and Minnesota. Needless to say, if additional states allow PSPs to use lines other than PALs to provide payphone service, Flex ANI implementation costs could "sky rocket."

These increases in Flex ANI implementation costs are almost solely due to increased translations costs. Translations work must be performed in each end-office switch prior to activating Flex ANI. For example, in Minnesota U S WEST has 23 line class codes associated with "dumb" PAL service.⁴ With the implementation of Flex ANI each of these line class codes must be changed in each switch to reflect the transmission of the 70 and 29 digits. If Business lines are included in the Flex ANI requirement, 39 additional line class codes must be created in the 78 end-office switches in Minnesota. U S WEST estimates that it takes approximately one hour of translations time per line class code per switch per coding digit (i.e., 70 or 29). Thus, in Minnesota alone an additional 6,084 hours of translations work would be required to expand the

¶ 64) does not necessarily lead to the conclusion that local exchange carriers ("LEC") are required to transmit payphone-specific coding digits on any line that may be connected to a payphone. In fact, U S WEST believes that a more logical reading of the requirement contained in paragraph 64 of the Order on Reconsideration is that LECs are only required to make the coding digits available to PSPs, not that LECs are required to make these digits available on all lines that might possibly be connected to a payphone. Neither the Commission's Order on Reconsideration nor the record in the Payphone proceeding support such a broad interpretation of the coding digit requirement which ignores both implementation and administrative burdens imposed on LECs.

² APCC Comments, CCB/CPD 98-4, filed Feb. 4, 1998 at 9.

³ BellSouth Reply, CCB/CPD 98-4, filed Feb. 11, 1998 at 6.

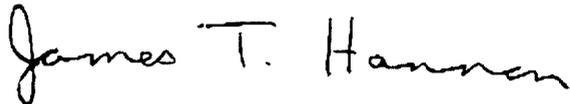
⁴ Line class codes reside in each switch and identify the restrictions that are placed on calls made from a particular line (e.g., 976 calls are blocked).

coding digit transmission requirement to include Business lines. In Iowa where PSPs can use Business, Centrex or PBX lines, Flex ANI implementation costs would expand exponentially if these types of lines were included in the coding digit transmission requirement.⁵

If U S WEST is required to expand the coverage of Flex ANI for per-call compensation purposes to include "all lines that could be connected" to a payphone, Flex ANI implementation will be delayed significantly from the schedule laid out in U S WEST's previous Jan. 16, 1998 Ex Parte to John Muleta. Furthermore, Flex ANI tariffs assessed on PSPs will be significantly higher than anticipated. It is unlikely that this situation is unique to U S WEST. Undoubtedly, other LECs will find themselves in a similar predicament if the Commission broadens its payphone-specific coding digit requirement as APCC has requested.⁶

Clearly, the Commission cannot adopt such a broad-based interpretation in response to a petition to create additional Part 69 switched access rate elements. As such, the Commission should decline to address this issue in any Order responding to BellSouth's Petition.

Respectfully,



James T. Hannan

cc: Mary Beth Richards, FCC
Rose M. Crellin, FCC
Jane E. Jackson, FCC
Craig Stroup, FCC
Michael Kellogg, Kellogg, Huber, et al.

⁵ As of 1996, there were 22 PBX, 39 Business and 162 Centrex line class codes in use in U S WEST's 48 end-office switches in Iowa. If U S WEST were required to transmit payphone-specific coding digits on all lines that could be connected to payphones in Iowa, 21,408 additional hours of translations time would need to be expended.

⁶ At a minimum, other LECs providing service in Minnesota and Iowa will find themselves in exactly the same situation as U S WEST if the coding digit requirement is expanded to include all lines. While U S WEST is not aware of the types of lines available to PSPs in states outside of its service area, this problem could still arise as a result of the resale of other Business services to PSPs even in those states that require the use of PALs.

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James T. Hannon
Senior Attorney

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February 25, 1998

By Hand

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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

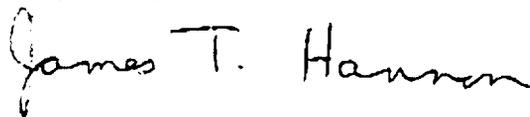
Dear Ms. Roman Salas:

Pursuant to Section 1.1206(b)(1) of the Rules of the Federal Communications Commission, 47 C.F.R. Section 1.1206(b)(1), enclosed for filing are two copies of an Ex Parte letter and attachments that are being transmitted today to Mr. Robert W. Spangler, Chief of the Enforcement Division of the Common Carrier Bureau.

Please see that these materials are associated with the appropriate docket and become part of the record for this proceeding. Thank you in advance for your assistance with this matter.

Finally, please also note that a third copy of this correspondence has been included with this package so that it can be stamped as received and returned to the messenger who has been instructed to wait for it.

Respectfully,



James T. Hannon

Attachments

c: R. Spangler