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Federal Communications Commission DA 98-1046

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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| In the Matter of | ) | |
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| MCI Emergency Petition | ) | CC Docket No. 97-250 |
| For Prescription | ) | CCB/CPD No. 98-12 |
| | ) | |

# MEMORANDUM OPINION AND ORDER

Adopted: June 3, 1998 Released: June 3, 1998

By the Chief, Common Carrier Bureau:

## I. INTRODUCTION

1. On February 24, 1998, MCI Telecommunications Corporation (MCI) filed an Emergency Petition for Prescription, requesting, *inter alia*, that the Commission require price cap local exchange carriers (LECs) to include a "class of customer" indicator on Customer Account Record Exchange (CARE) transactions for new customer notifications.[1] For the reasons set forth in this Memorandum Opinion and Order, we grant this portion of MCI's petition.[2] The "class of customer" indicator should help enable all interexchange carriers (IXCs) to verify their PICC bills more quickly, and those IXCs wishing to pass through PICCs directly to their customers on a per-line basis to do so accurately.

[1] MCI Petition at 19.

[2] MCI requests that the Commission interpret how price cap LECs should provide the information required by paragraph 16 of the *Access Charge Reform Second Reconsideration Order*. *Access Charge Reform*, CC Docket No. 96-262, Second Order on Reconsideration, 12 FCC Rcd 16606, 16610 (1997) (*Access Charge Reform Second Reconsideration Order*). We find that MCI's request that price cap LECs provide a "class of customer" indicator on CARE transactions constitutes a petition for declaratory ruling under Section 1.2 of the Commission's rules. 47 C.F.R. § 1.2. Other issues raised in MCI's petition will be addressed in forthcoming orders.

## II. BACKGROUND

2. In the *Access Charge Reform Order*,[3] the Commission adopted common line rate structure modifications that permit price cap LECs to shift from a rate structure that recovers a significant portion of non-traffic sensitive common line costs through per-minute carrier common line charges to one that recovers these costs through flat-rated charges. The rate structure the Commission adopted retained the existing $3.50 ceiling on the subscriber line charge (SLC) for primary residential and single-line business lines and increased the SLC ceilings on other lines to permit LECs to recover a greater amount of the common line costs through flat-rated charges assessed on end users. To the extent that SLC ceilings prevent price cap LECs from recovering their allowed common line revenues from end users, price cap LECs may recover the shortfall, subject to a maximum charge, through a presubscribed interexchange carrier charge (PICC). The PICC is a flat, per-line charge assessed on the end-user's presubscribed interexchange carrier.[4]

3. In order to provide price cap LECs, IXCs, and end users with adequate time to adjust to the new rate structure, the Commission adopted an approach that phases in the PICC. The Commission also established several different categories of PICCs, setting an initial cap for primary residential and single-line business lines at $0.53 per month for the first year, equal to the amount assessed IXCs in the past for those lines for purposes of the former High Cost Fund.[5] The Commission set initial ceilings on the PICC for non-primary residential lines at $1.50 per month and for multi-line business lines at $2.75 per month.[6] Price cap LECs may charge one non-primary residential PICC for Basic Rate Interface integrated services digital network (ISDN) service and up to five multi-line business PICCs for Primary Rate Interface ISDN service.[7]

4. In the *Access Charge Reform Second Reconsideration Order*, the Commission required price cap LECs to provide IXCs with customer-specific information about the number and type(s) of PICCs each LEC is assessing for each of the IXC's presubscribed

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[3] *Access Charge Reform*, CC Docket No. 96-262, First Report and Order, 12 FCC Rcd 15982 (1997) (*Access Charge Reform Order*).

[4] PICCs also may recover some transport interconnection charges and marketing expenses. 47 C.F.R. § 69.153(a), (d).

[5] *Access Charge Reform Order*, 12 FCC Rcd at 16020.

[6] *Id.* The rates must be even lower than these ceilings if the revenues a carrier is permitted to recover under our price cap rules are lower.

[7] 47 C.F.R. § 69.153(f).

customers.[8] The Commission required this disclosure to provide IXCs the opportunity to develop rate structures that recover these costs in a cost-causative manner.[9] Having this information enables IXCs that wish to pass the PICC on to their customers to know how much the LECs are charging them for each customer. The Commission also established a new category of PICC for Centrex users. The Commission set the maximum monthly PICC for a Centrex line, for customers that have nine or more Centrex lines, at one-ninth of the multi-line-business PICC.[10]

## III. DISCUSSION

5. MCI asks the Commission to interpret the general requirement that price cap LECs provide customer specific PICC information as including a requirement that price cap LECs include a "class of customer" indicator on CARE transactions for new customer notifications.[11] CARE records are transmitted routinely between the incumbent LEC and the IXC to notify the IXC when an end user customer becomes presubscribed to that IXC and to provide the IXC with customer name, address, and other account information. MCI argues that requiring LECs to provide the additional information would allow the IXC to know how much it is being charged for each customer, and would also provide a source for verifying that incumbent LEC charges are correct in the aggregate.[12] MCI contends that the "class of customer" indicator would provide necessary information on a going-forward basis.[13]

6. In the *Access Charge Reform Second Reconsideration Order*, the Commission required price cap LECs to provide IXCs with customer-specific information about the number and type(s) of PICCs they are assessing the IXCs for each of the IXCs' presubscribed customers. The Commission established this requirement so that IXCs could recover their costs in a cost-based manner, *i.e.*, in a manner that reflects the way in which their costs are incurred. As the Commission observed:

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[8] *Access Charge Reform Second Reconsideration Order*, 12 FCC Rcd at 16610.

[9] *Id.*

[10] 47 C.F.R. § 69.153(g). For a Centrex customer with fewer than nine lines, a price cap LEC may recover one multi-line business PICC from the customer's IXC.

[11] MCI Petition at 19.

[12] *Id.*

[13] *Id.*

If an IXC were to receive a bill for the aggregate amount of the PICCs assessed on its presubscribed lines and did not have access to information that indicates for which lines the LEC is assessing a primary or non-primary residential PICC, the IXC would be unable to develop residential rates that accurately reflect the underlying costs of providing service over those lines. Similarly, in a multi-line business configuration, without information about the number of local business lines that are presubscribed to a particular IXC and the amount of PICCs being charged for which lines, the IXC will not be able to recover the costs of serving its customers in an efficient manner.[14]

7. MCI, supported by other IXCs as well as Sprint and Frontier, claims that IXCs are unable to acquire information necessary to verify the PICCs attributable to each IXC customer line in a timely fashion.[15] While price cap LECs generally recognize their obligation to provide IXCs with information regarding each customer's PICC classification,[16] they assert that they already provide sufficient information for IXCs to determine each customer's PICC classification.[17] GTE states that it has not received complaints from MCI about how this information has been provided, but believes that any problems are probably no more than the difficulties one would expect in the initial implementation of the process.[18] GTE suggests that, after a few iterations, most LECs will be able to provide detailed billing records within 30 days,[19] as requested by MCI.[20] Some incumbent LECs state that they already provide this information within 30 days.[21]

8. As noted above, IXCs are assessed different PICCs depending upon the type of customer. There are separate PICCs for primary residential/single-line business lines, multi-line business lines, non-primary residential lines, ISDN lines, and Centrex lines. It is difficult for the IXC to determine which particular type of PICC is being assessed for a particular

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[14] *Access Charge Reform Second Reconsideration Order*, 12 FCC Rcd at 16610.

[15] Sprint Comments at 5-6; Frontier Comments at 4-5; WorldCom Comments at 10; Cable & Wireless Comments at 5; AT&T Reply at 5.

[16] *See* SBC Opposition at 5; U S West Comments at 8; GTE Opposition at 8.

[17] *See, e.g.*, GTE Opposition at 8-9; Bell Atlantic Opposition at 9; Ameritech Opposition at 18; U S West Comments at 8.

[18] GTE Opposition at 8-9.

[19] GTE Opposition at 9; *see also* Ameritech Reply at 2.

[20] MCI Petition at 20.

[21] *See* Bell Atlantic Opposition at 9-10 (five to seven business days); BellSouth Opposition at 18 (two to two-and-one-half weeks).

customer until it receives verification from the LEC as to how the LEC is charging the PICC to the IXC. Without this information, an IXC that wishes to pass the PICC on to its customers may decide that it must pass through to a customer a charge that is less than or greater than the PICC that the IXC is paying with respect to that customer. When IXCs do not pass through the PICC to end user customers in the amounts the IXCs are actually assessed, this unnecessarily adds to customer frustration and confusion.

9. We agree with MCI that with respect to new customer accounts, including in CARE transactions a field containing PICC billing information provides information necessary to satisfy the requirement the Commission has imposed on incumbent price cap LECs to provide IXCs with customer-specific information about the number and type(s) of PICCs they are assessing for each of the IXCs' presubscribed customers. Based on the pleadings, price cap LECs apparently do not presently provide PICC billing details in a manner that fully satisfies this requirement. By providing a "class of customer" category for CARE transactions, incumbent LECs eliminate any information lag for new customers, giving IXCs the option of passing through the PICC in a timely and cost-based manner. Without the "class of customer" field in CARE, there could be a significant delay before the IXC receives information identifying what type of PICC it is being charged for a particular customer. Then, when the IXC ultimately receives this information, the information, unlike the CARE data, may not identify the individual as a new customer. It could then take the IXC even more time to match the new information with the appropriate customer. At that point, the IXC may have to change the customer's PICC designation, causing confusion. By using CARE, an IXC that chooses to do so should be able to include on the customer's first bill a PICC that matches the PICC the IXC paid to the LEC. Also, the "class of customer" field in CARE enables IXCs to match the PICC bill to the CARE information to ensure that the price cap LEC has categorized the customer in the same manner for both purposes.[22]

10. Price cap LECs, while opposing the creation of a "class of customer" field,[23] have not demonstrated that it would be particularly onerous to implement. Ameritech contends that changing CARE would be costly,[24] but has provided no evidence to support such an assertion. Because the price cap LEC is the party that determines customer class for PICC purposes, this information should be readily available to the price cap LEC at the time of the CARE transaction. Also, the CARE record needs minimal modification to include a category of customer field. As noted in Sprint's *ex parte*, CARE has unallocated space that could be used

[22] WorldCom Comments at 10.

[23] *See, e.g.*, USTA Comments at 15; BellSouth Opposition at 16.

[24] Ameritech Opposition at 17.

for the one-byte field required to identify each customer's PICC category.[25] BellSouth is concerned that including class of customer information in CARE would result in more disputes because, while the PICC classification is only relevant on one particular day each month,[26] information on a CARE record can change from day to day.[27] We do not share BellSouth's concern. So long as the IXC is aware of the date on which the LEC's billing cycle begins, the IXC should be able to recognize that the status of the PICC category on other days is not relevant for assessing the PICC.

11. We decline to require price cap LECs to permit IXCs to download incumbent LECs' CARE databases containing this information for their entire customer bases at no extra charge once LECs have updated the databases with the necessary class of customer information.[28] We do not believe such a measure is necessary at this time, as IXCs should be able to determine the status of existing customers from the supporting documentation they have already received, or will receive, from price cap LECs.

## IV. CONCLUSION AND ORDERING CLAUSE

12. This "class of customer" indicator in CARE transactions should help enable all IXCs to verify their PICC bills more quickly, and those IXCs wishing to pass through PICCs directly to their customers on a per-line basis to do so accurately. For the reasons stated above, we conclude that refusal by price cap LECs to provide this data would violate the requirements of the *Access Charge Reform Second Reconsideration Order*.

13. Accordingly, IT IS ORDERED that, pursuant to Sections 4(i), and 201-205 of the Communications Act, 47 U.S.C. §§ 154(i), and 201-205, Section 1.2 of the Commission's rules, 47 C.F.R. § 1.2, and the authority delegated pursuant to sections 0.91 and 0.291,

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[25] Letter from Richard Juhnke, General Attorney, Sprint, to Magalie Roman Salas, Secretary, Federal Communications Commission, Apr. 28, 1998 at 1.

[26] Rather than require prorating the PICC, the Commission determined that LECs may assess the full PICC for each line that is presubscribed to an IXC at the beginning of each billing cycle. *Access Charge Reform Order*, 12 FCC Rcd at 16019-20. Thus, if the billing cycle begins on the 5th day of each month, the IXC for a customer added on the first of the month would be assessed a PICC for that customer for that month, while the IXC for a customer added on the seventh of the month would not be assessed a PICC for that customer until the following month.

[27] BellSouth Opposition at 16-17.

[28] WorldCom Comments at 11 n.15.

47 C.F.R. §§ 0.91, 0.291, MCI's request for a ruling on provision of PICC information via CARE transactions IS GRANTED to the extent stated above.

FEDERAL COMMUNICATIONS COMMISSION

A. Richard Metzger, Jr.
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