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Ex Parte

March 24, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Mail Stop Code 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: WT 97-207- Calling Party Pays

Yesterday, Jeff Thomas, Senior Attorney, Pacific Telesis, and Betsey Granger, Senior Attorney, Pacific Bell Mobile Services, and I met with Ari Fitzgerald, Legal Advisor, Chairman Kennard, John Cimko, Chief, and Nancy Boocker, Deputy Chief, Policy Division, Wireless Telecommunications Bureau, and Karen Gulick, Legal Advisor, Commissioner Tristani, to discuss issues summarized in the attached material. Jeff Thomas and I met with Paul Misener, Senior Legal Advisor, Commissioner Furchtgott-Roth , David Siddall, Legal Advisor, Commissioner Ness, and with Peter Tenhula, Legal Adviser, Comissioner Powell, to discuss these same issues. Please associate the attached material in the above referenced docket.

We are submitting two copies of this notice in accordance with the Commission's rules. Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions.

Sincerely,

Attachment

cc: N.Boocker
J. Cimko
A. Fitzgerald
K. Gulick
P. Misener
D. Siddall
P. Tenhula

No. of Copies rec'd 0+1
List A B C D E

Calling Party Pays (CPP)

- The marketplace should determine whether wider availability of calling party pays would stimulate local competition between wireless and wireline services.

Calling Party Pays (CPP)

- SBC's experience with CPP demonstrates numerous practical and technical problems and the need for negotiation, not regulation.
  - SBC's experience with CPP in Chicago has been fraught with problems related to "leakage", or the inability of the CMRS provider to be compensated for all calls.
  - Cellular One, the SBC cellular affiliate in Chicago, began offering CPP under a trial billing and collection agreement with Illinois Bell, but experienced "leakage" on which Cellular One could not collect usage in excess of 40% of the CPP minutes of use.
  - Cellular One entered into a new billing and collection agreement with Illinois Bell which attempted to allocate the risk of loss of the CMRS provider's "unbillables" due to leakage.

Calling Party Pays (CPP)

- SBC's experience with CPP demonstrates numerous practical and technical problems and the need for negotiation, not regulation. (cont..)
  - The Chicago experience shows that the best way to attempt to resolve issues and problems associated with CPP is through discussions between carriers.
  - Because of the continuing leakage losses even with such allocation, Cellular is no longer offering CPP to its new Chicago customers.
  - With the addition of more local exchange providers, there will be greater potential for leakage, and negotiations will be of even more critical importance.

Calling Party Pays (CPP)

- CPP will not stimulate, and may depress, the use of wireless services.
  - The largest influence over a customer's choice between wireless and wireline local services is the difference in price as compared to the value of mobility.
  - Paying an additional charge to complete a local call is a foreign experience to the majority of wireline service consumers in the United States that pay flat-rate local service rates.
  - Imposing a per-minute charge on calling parties for calls to wireless customers should reduce calls to wireless customers.
  - SBC's experience in Chicago does not support the possibility of CPP causing a wider acceptance of wireless service as a substitute for wireline service.

Calling Party Pays (CPP)

- The international experience with CPP is not indicative of demand for CPP in the United States.

Calling Party Pays (CPP)

- LECs should not be mandated to include charges for CPP in LEC monthly bills.
  - FCC detariffed billing and collection in 1986 -- the FCC should not now seek to re-regulate billing and collection services by requiring LECs to bill and collect for CPP.
  - It should be the LEC's choice whether to enter into a billing contract with CMRS providers to bill CPP charges. This can be a subject of negotiation.
  - LEC billing is experiencing problems nation-wide with charges being included in monthly bills which the end user customer doesn't recognize and/or understand (e.g., cramming). Requiring LECs to bill for landline, local calls to a cellular phone, which have been perceived as free calls, does not make sense and could increase this consumer confusion.
  - CMRS providers have alternatives. First and foremost is to bill the charges directly. The major carriers already direct bill the majority of their commercial customers. CMRS providers also can contract with third-party billing agents.
  - LECs should make Billing Name and Address (BNA) information required for billing available so CMRS providers using CPP can bill the charges themselves or contract with third-party billing agents.

Calling Party Pays (CPP)

- The Commission should not adopt a national notification policy to inform callers that they will be billed for completing a CPP call.
  - SBC agrees that notification for callers and creation of binding obligations are necessary wherever CPP is offered. However Commission regulations are not needed.
  - Notification procedures, like other terms and conditions related to CPP, should be developed in negotiations subject to state authority.
  - CMRS should be responsible for the notification announcement, which they could provide themselves or by contracting with an AIN provider or LEC.
  - Proper notification can create a binding obligation without Commission regulations.

Calling Party Pays (CPP)

- The FCC cannot preempt state authority over CPP.
  - The Telecommunications Act, Section 332, is clear that "other terms and conditions" of CMRS remain subject to state authority.

Calling Party Pays (CPP)

- The marketplace should determine the viability of calling party pays.