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November 15, 2000

Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Re: CC Docket No. 96-128, NSD File No. L-99-34

Dear Ms. Salas:

On November 13, 2000, Albert H. Kramer and Robert F. Aldrich on behalf of the American Public Communications Council ("APCC"), had a meeting with Yog Varma, Deputy Chief of the Common Carrier Bureau, Charles Keller, Chief of the Network Services Division, Staci Pies, and Martin Schwimmer. We discussed APCC's positions of record in this proceeding and urged the Commission to promptly issue a declaratory ruling and notice of proposed rulemaking in this proceeding. We discussed in detail APCC's understanding of how dial-around calls are routed and processed and the flow of payments among various parties to a dial-around call. APCC's understanding is reflected in the attached chart, "Call and Dollar Flow in Dial Around Calls from Payphones," and attached narrative, which were handed out at the meeting. These materials are intended to describe current practices, and are not intended to address to what extent current practices do or do not conform to the Commission's rules and orders.

Sincerely,

Robert F. Aldrich

RFA/nw
Enclosures
cc: Yog Varma
Charles Keller
Staci Pies
Martin Schwimmer

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

Call and Dollar Flow in Dial Around Calls From Payphones

Albert H. Kramer
Robert F. Aldrich
2101 L Street, NW
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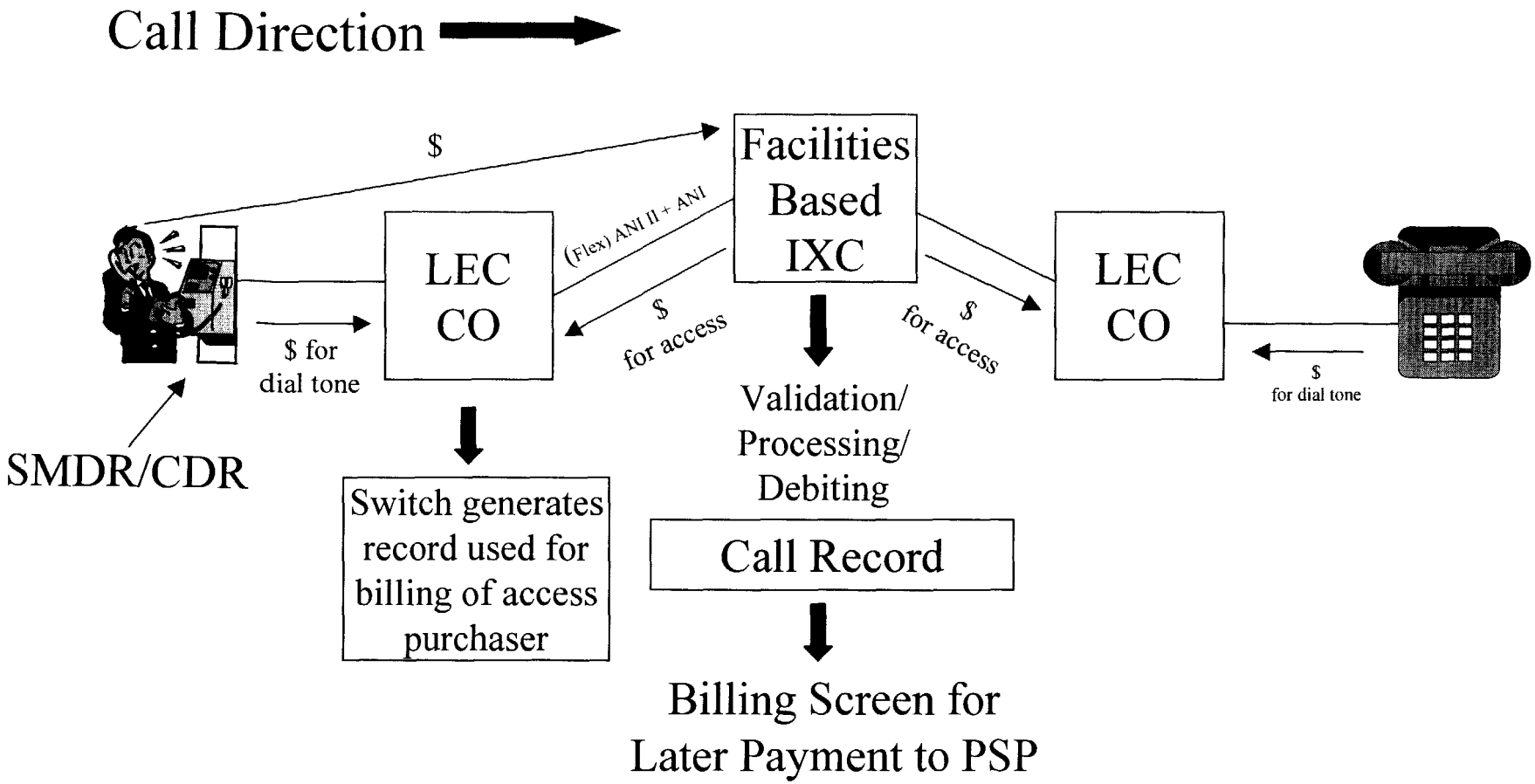
202-785-9700

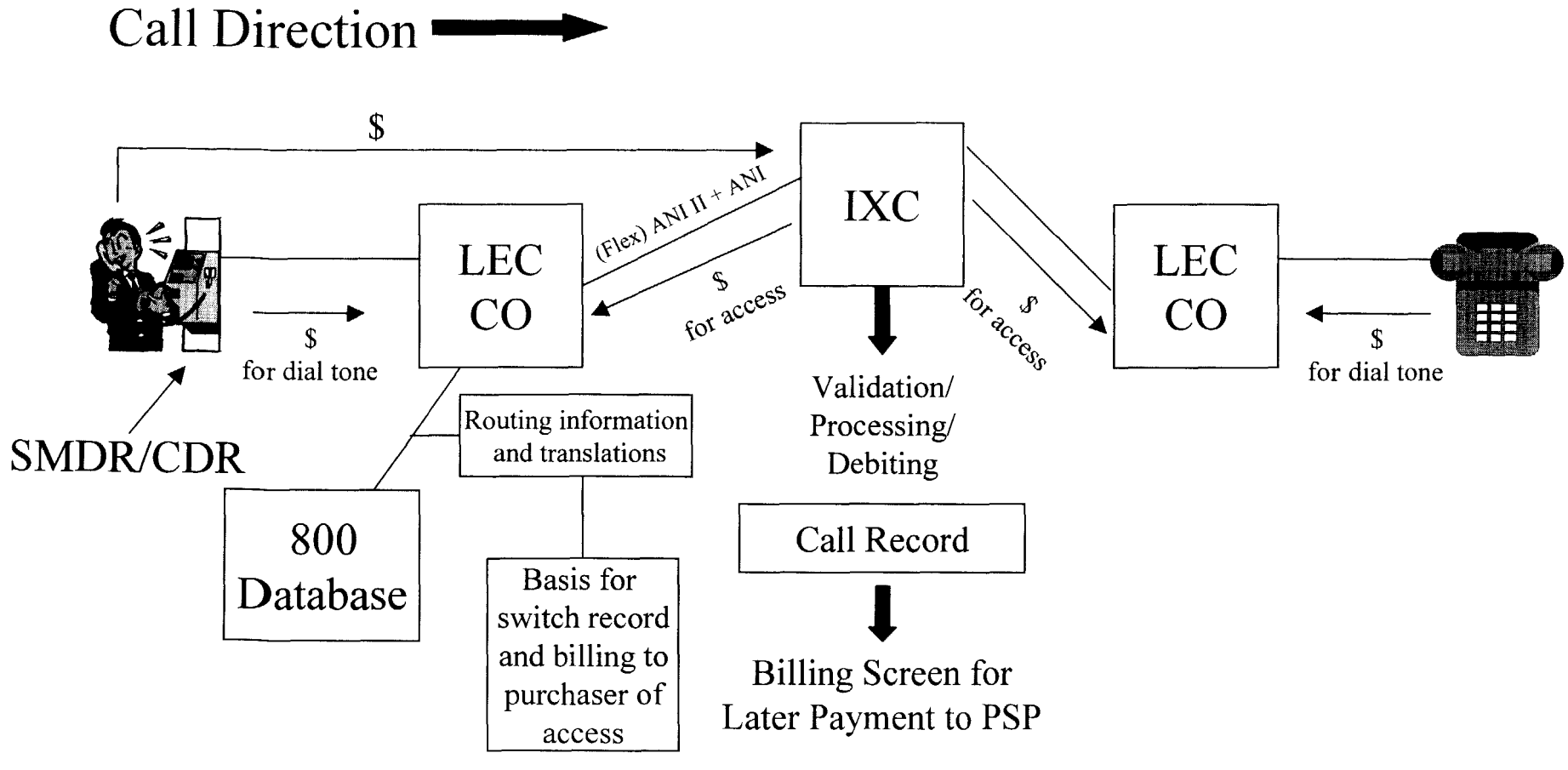
101XXXX (FGD) Calling Card (or Prepaid Card) to Facilities-Based IXC



- PSP gets no record of call by call compensation
- 4-6 month payment delay

Note: FGD carrier could be using another IXC's physical trunks for access

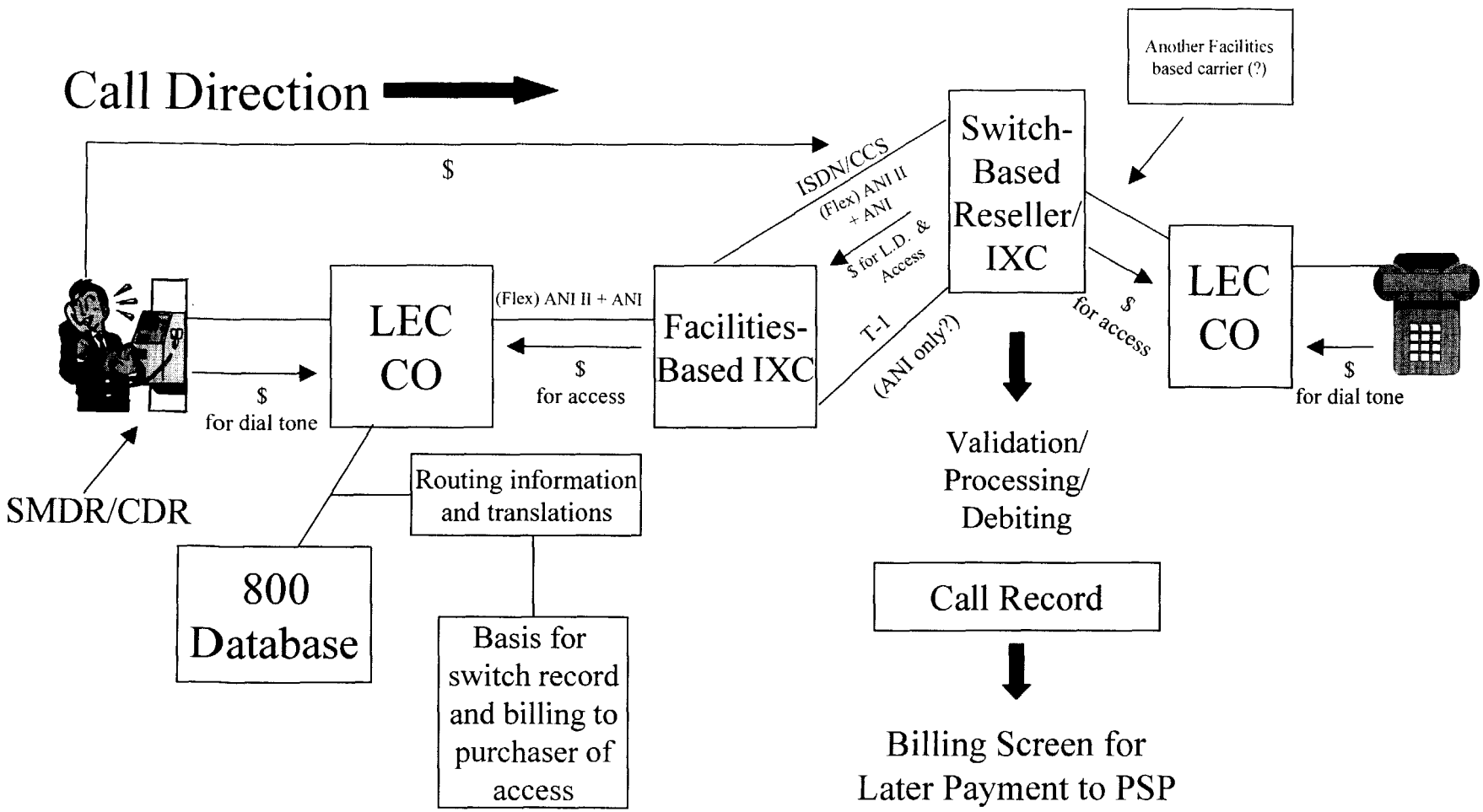
1-800 (888, etc.) Calling Card or Prepaid Card to Facilities Based IXC



- PSP gets no record of call by call compensation
- 4-6 month payment delay

1-800 (888, etc.)* Calling Card or Prepaid Card to Switch Based Reseller/IXC

(Switch based Reseller/IXC does not purchase access)

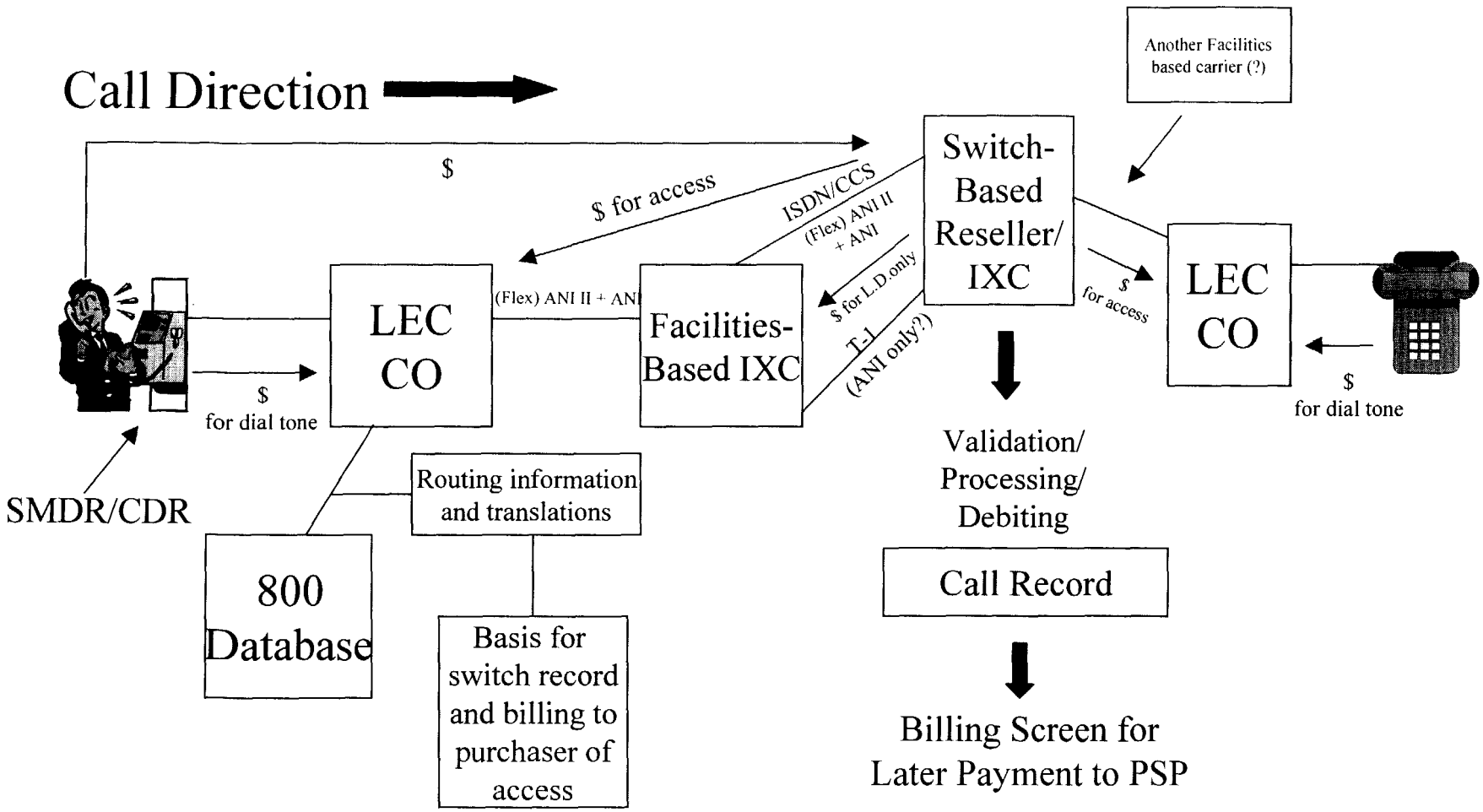


- PSP gets no record of call by call compensation
- 4-6 month payment delay

* Also applies to 101XXXX access but would have FGD routing instructions instead of 800 database routing instructions

1-800 (888, etc.)* Calling Card or Prepaid Card to Switch Based Reseller/IXC

(Switch based Reseller/IXC <u>does</u> purchase access)

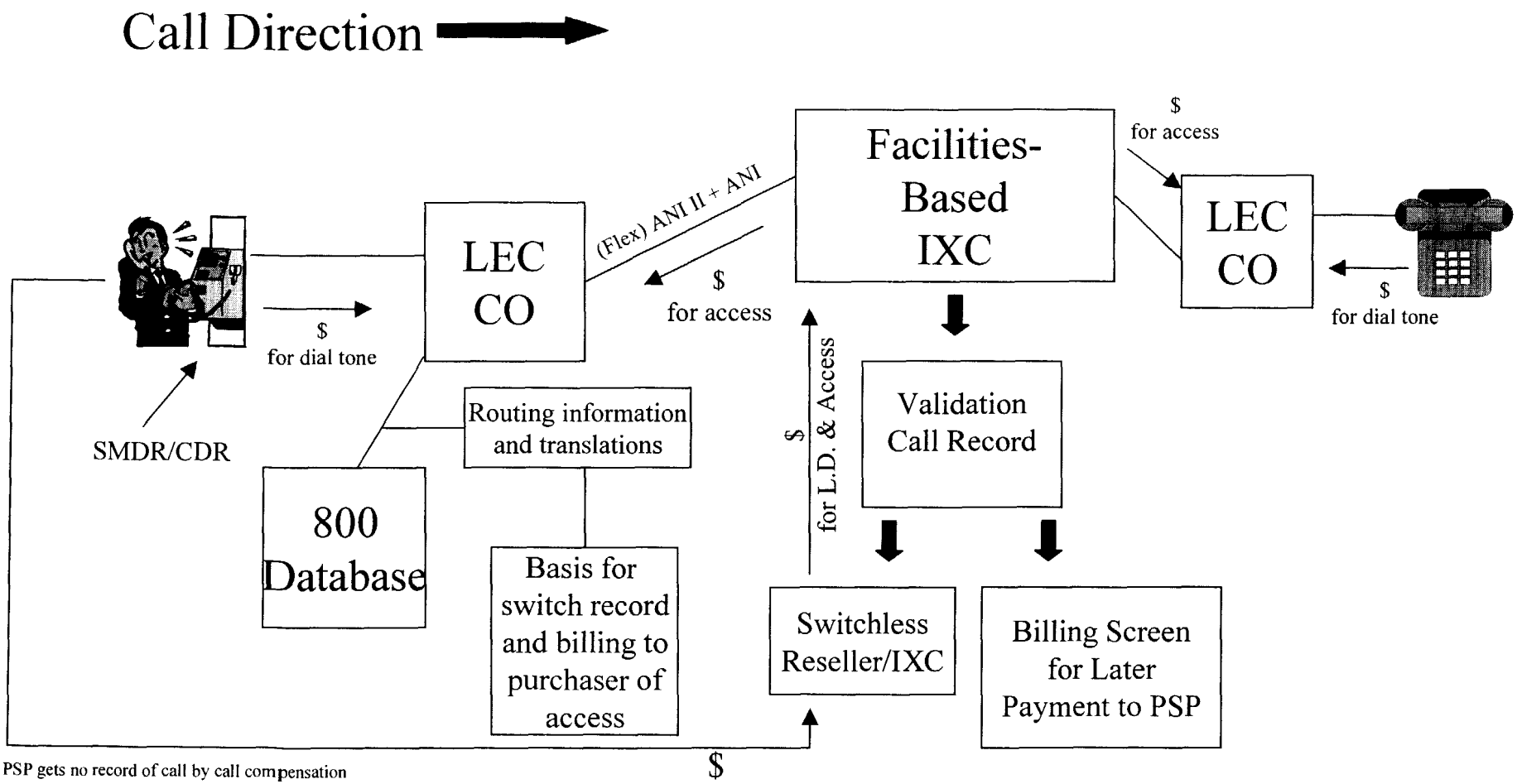


·PSP gets no record of call by call compensation
·4-6 month payment delay

* Also applies to 101XXXX access but would have FGD routing instructions instead of 800 database routing instructions

Note: Switch-based reseller/IXC uses another carrier's physical trunks to carry its calls

1-800 (888, etc.)* Calling Card
"Switchless" Reseller/IXC
(Switchless reseller/IXC does not purchase access)



·PSP gets no record of call by call compensation
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* Also applies to 101XXXX access but would have FGD routing instructions instead of 800 database routing instructions

1-800 (888, etc.)* Calling Card
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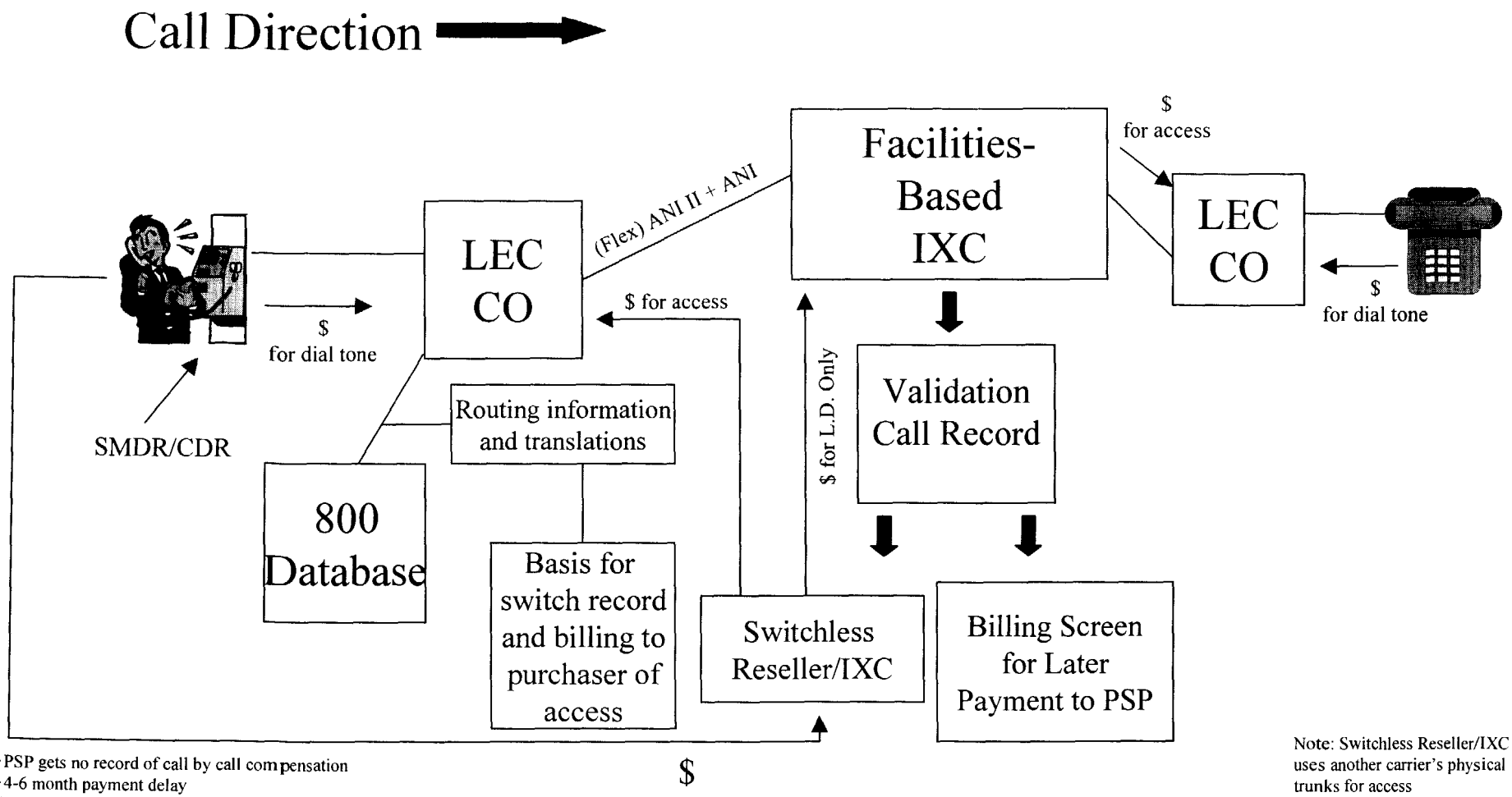
(Switchless reseller/IXC does purchase access)

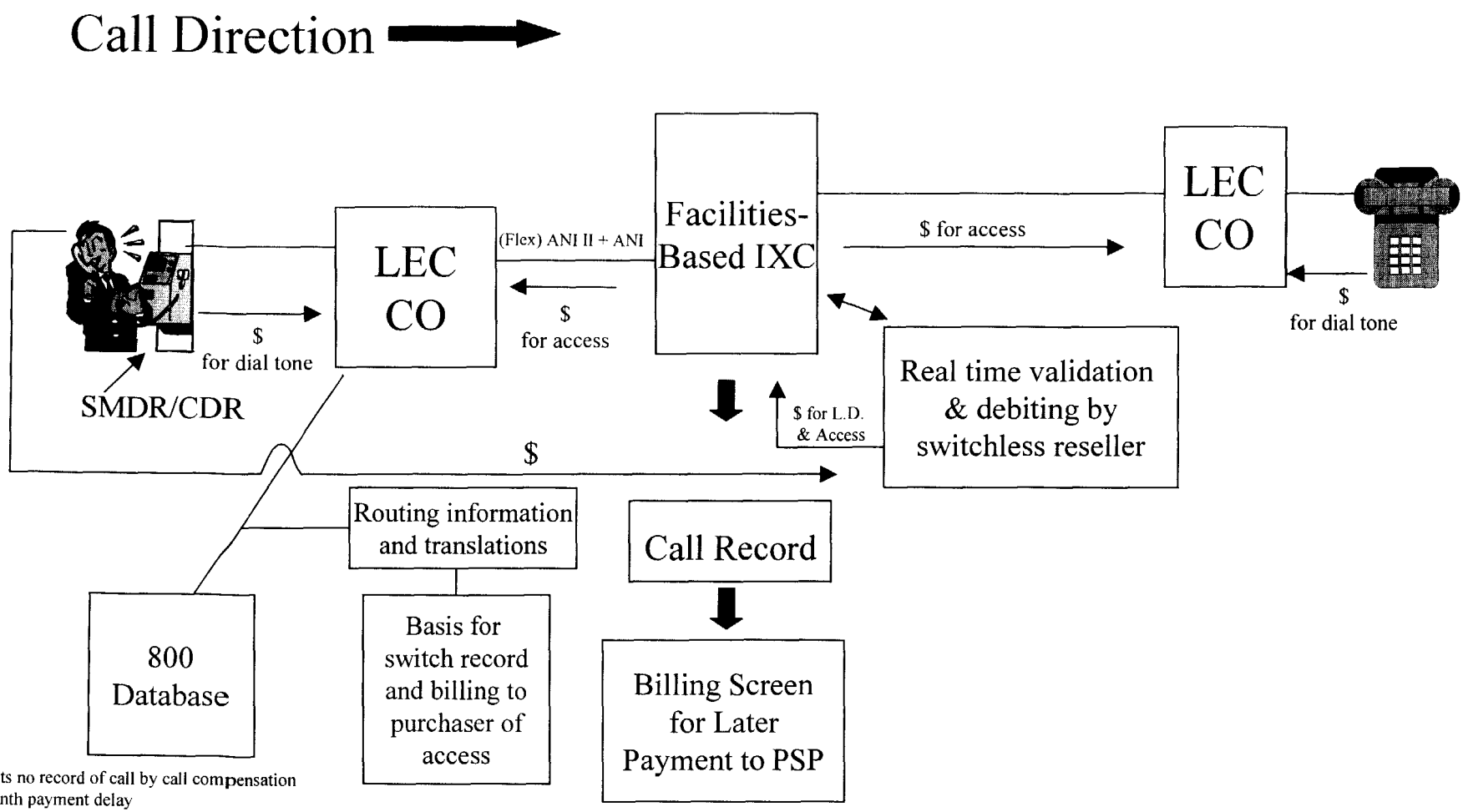


·PSP gets no record of call by call compensation
·4-6 month payment delay

* Also applies to 101XXXX access but would have FGD routing instructions instead of 800 database routing instructions

Note: Switchless Reseller/IXC uses another carrier's physical trunks for access

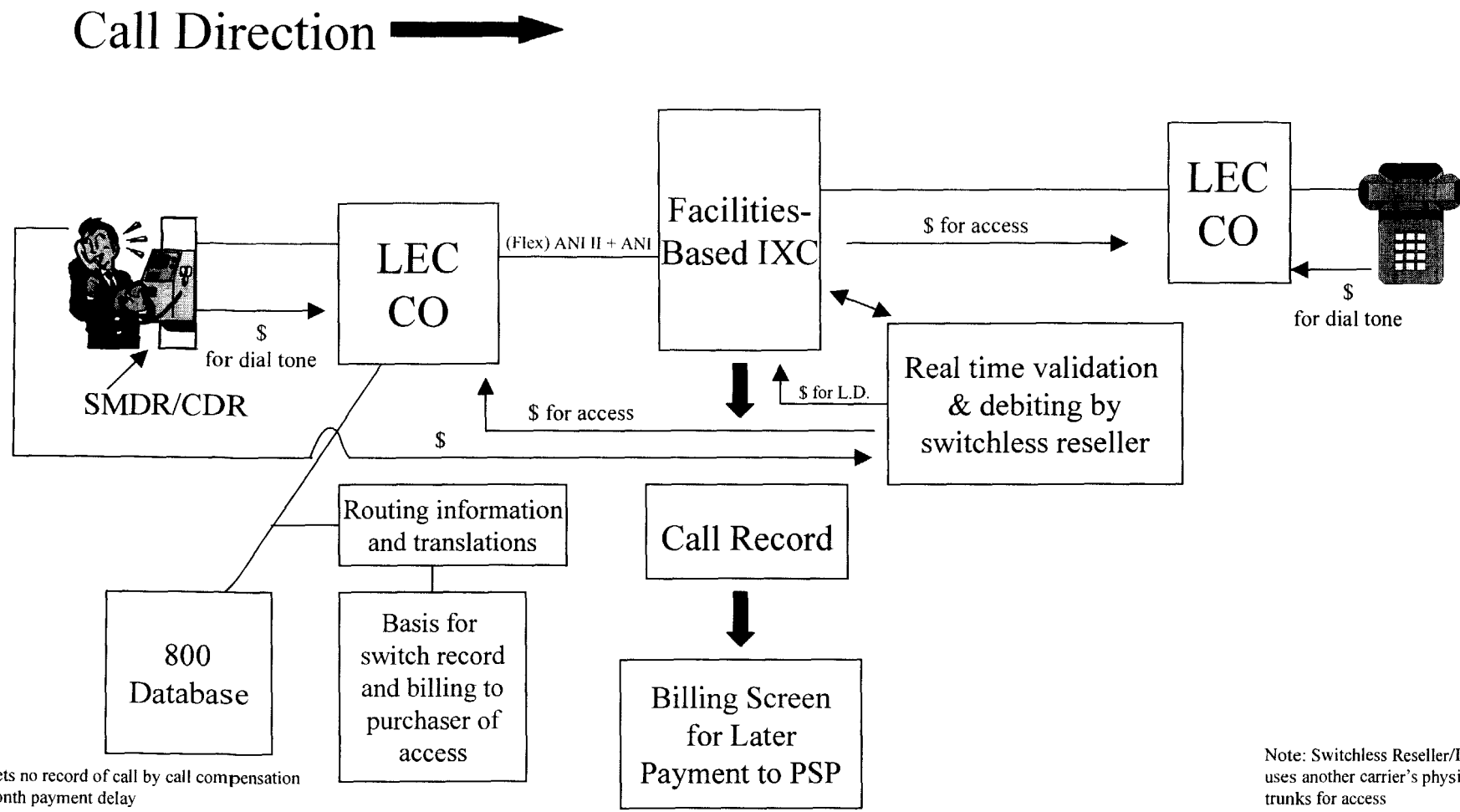
1-800 (888, etc.)*
Prepaid to "Switchless" Reseller/IXC
(Switchless reseller/IXC does not purchase access)



- PSP gets no record of call by call compensation
- 4-6 month payment delay

* Also applies to 101XXXX access but would have FGD routing instructions instead of 800 database routing instructions

1-800 (888, etc.)*
Prepaid to "Switchless" Reseller IXC
(Switchless reseller/IXC does purchase access)



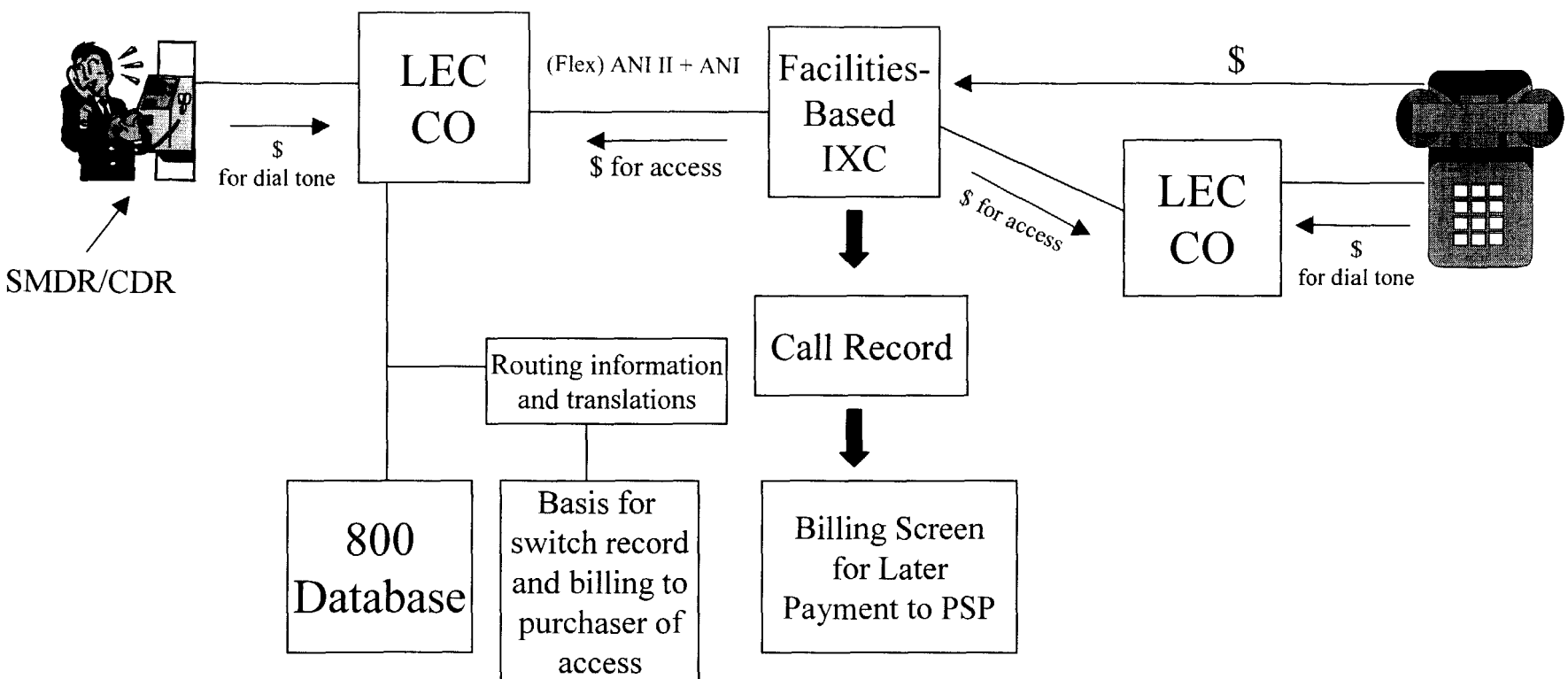
- PSP gets no record of call by call compensation
- 4-6 month payment delay

Note: Switchless Reseller/IXC uses another carrier's physical trunks for access

* Also applies to 101XXXX access but would have FGD routing instructions instead of 800 database routing instructions

1-800 (888, etc.) Subscriber to Facilities-Based IXC

Call Direction →

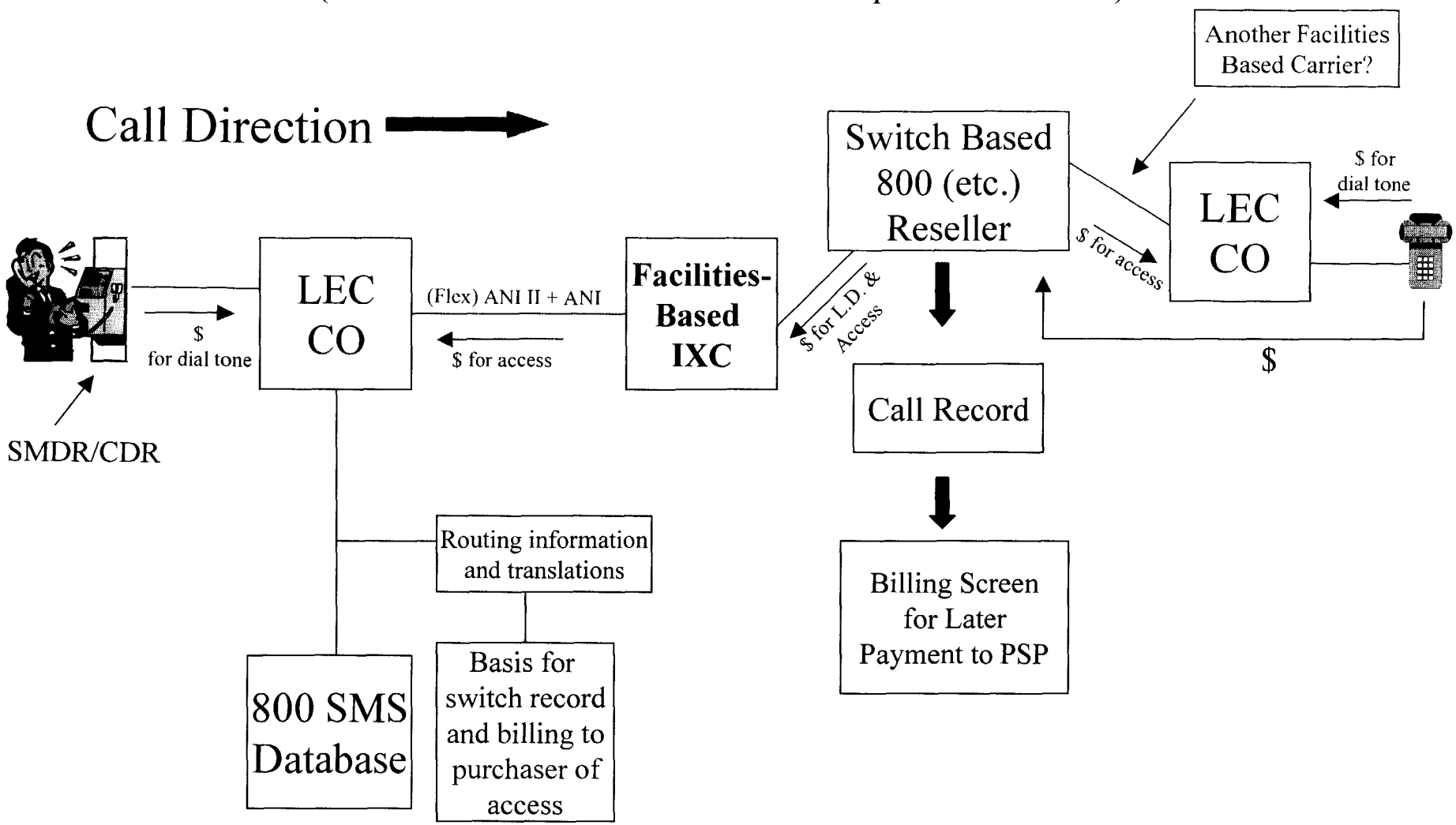


- PSP gets no record of call by call compensation
- 4-6 month payment delay

Note: Carrier could be using another IXC's physical trunks for access

1-800 (888, etc.) Subscriber to Switch Based Reseller/IXC

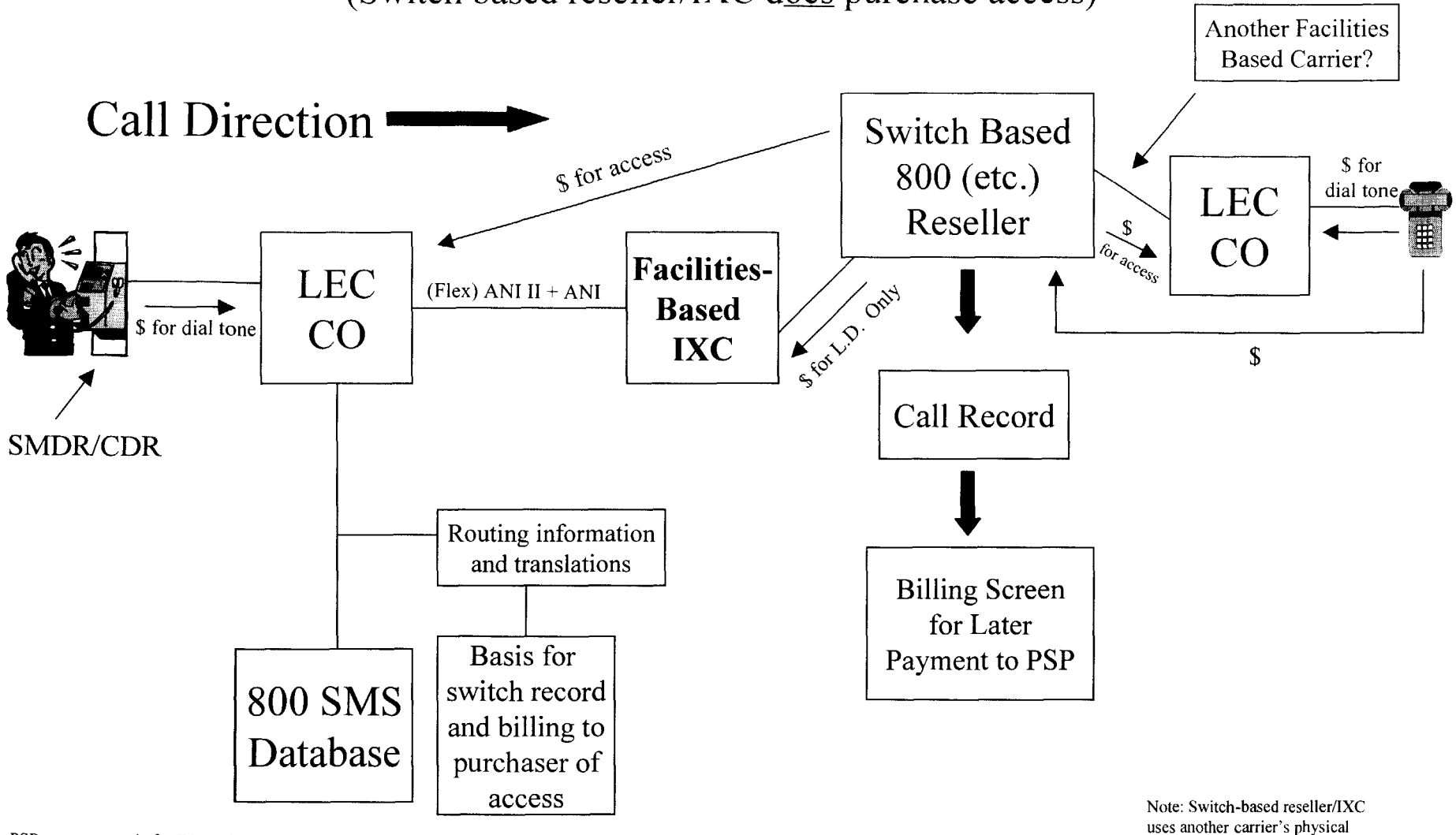
(Switch based reseller/IXC does not purchase access)



- PSP gets no record of call by call compensation
- 4-6 month payment delay

1-800 (888, etc.) Subscriber to Switch Based Reseller/IXC

(Switch based reseller/IXC does purchase access)

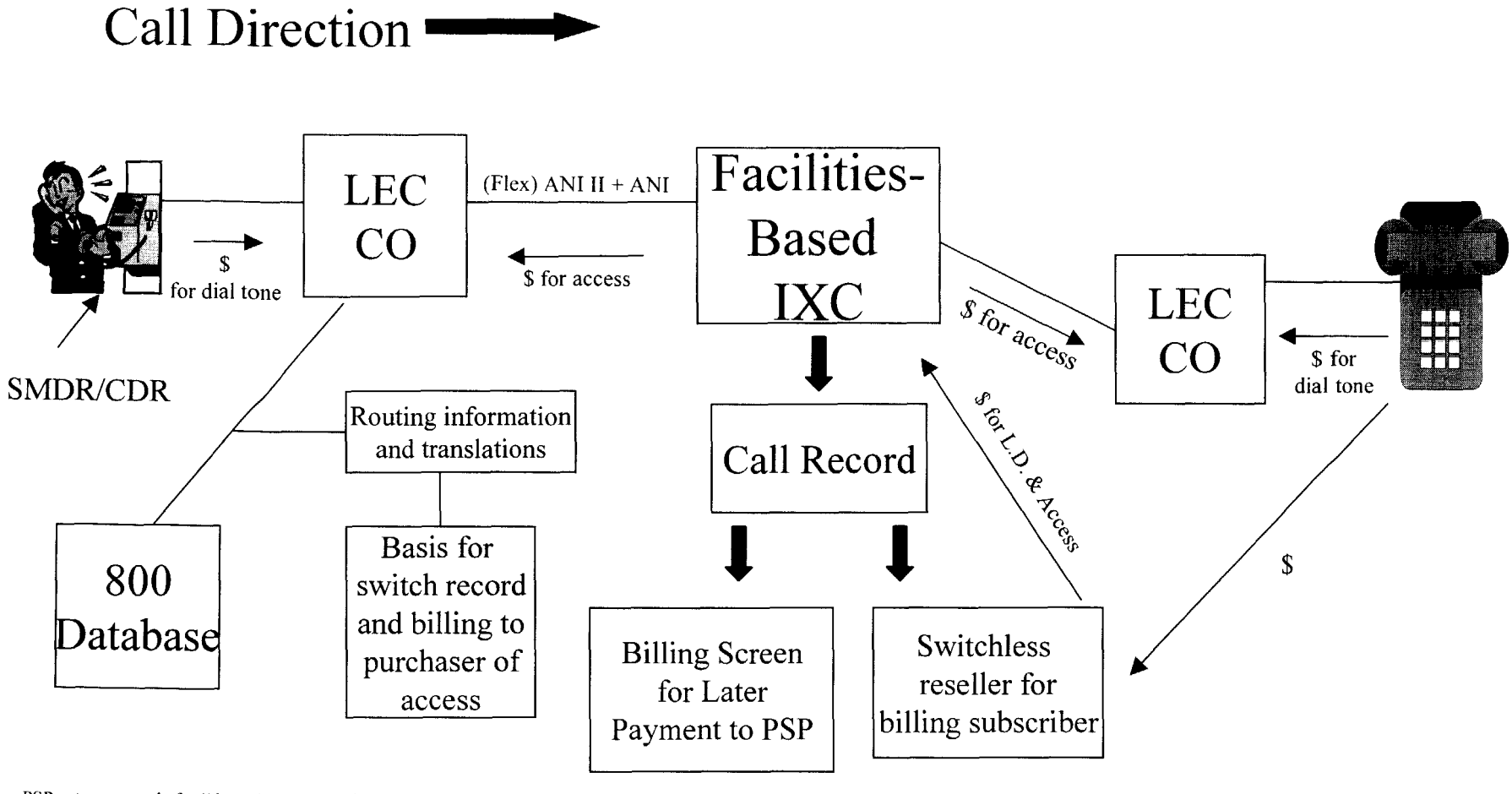


- PSP gets no record of call by call compensation
- 4-6 month payment delay

Note: Switch-based reseller/IXC uses another carrier's physical trunks to carry its calls

1-800 (888, etc.) Subscriber to Switchless Reseller/IXC

(Switchless reseller/IXC does not purchase access)



- PSP gets no record of call by call compensation
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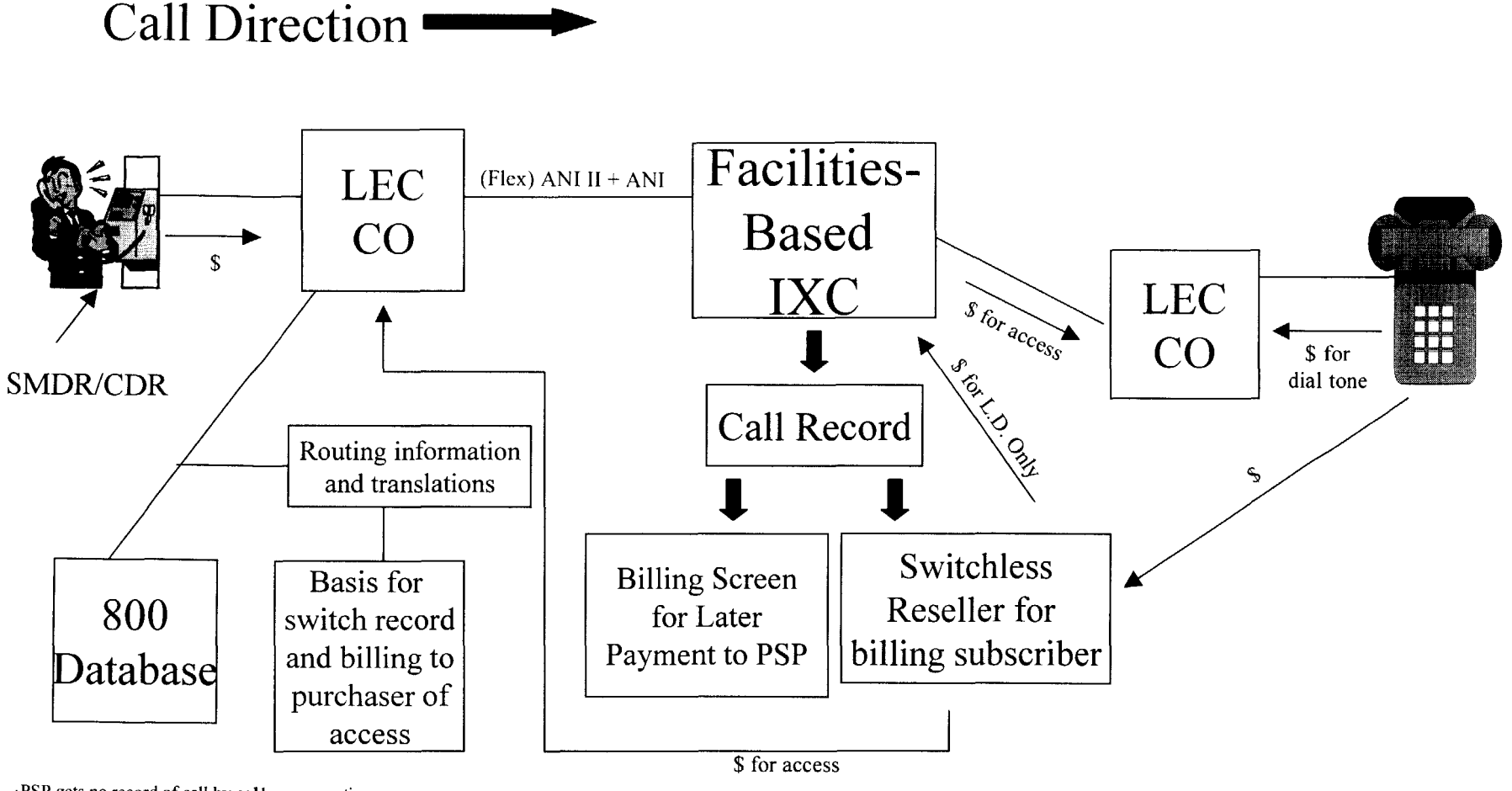
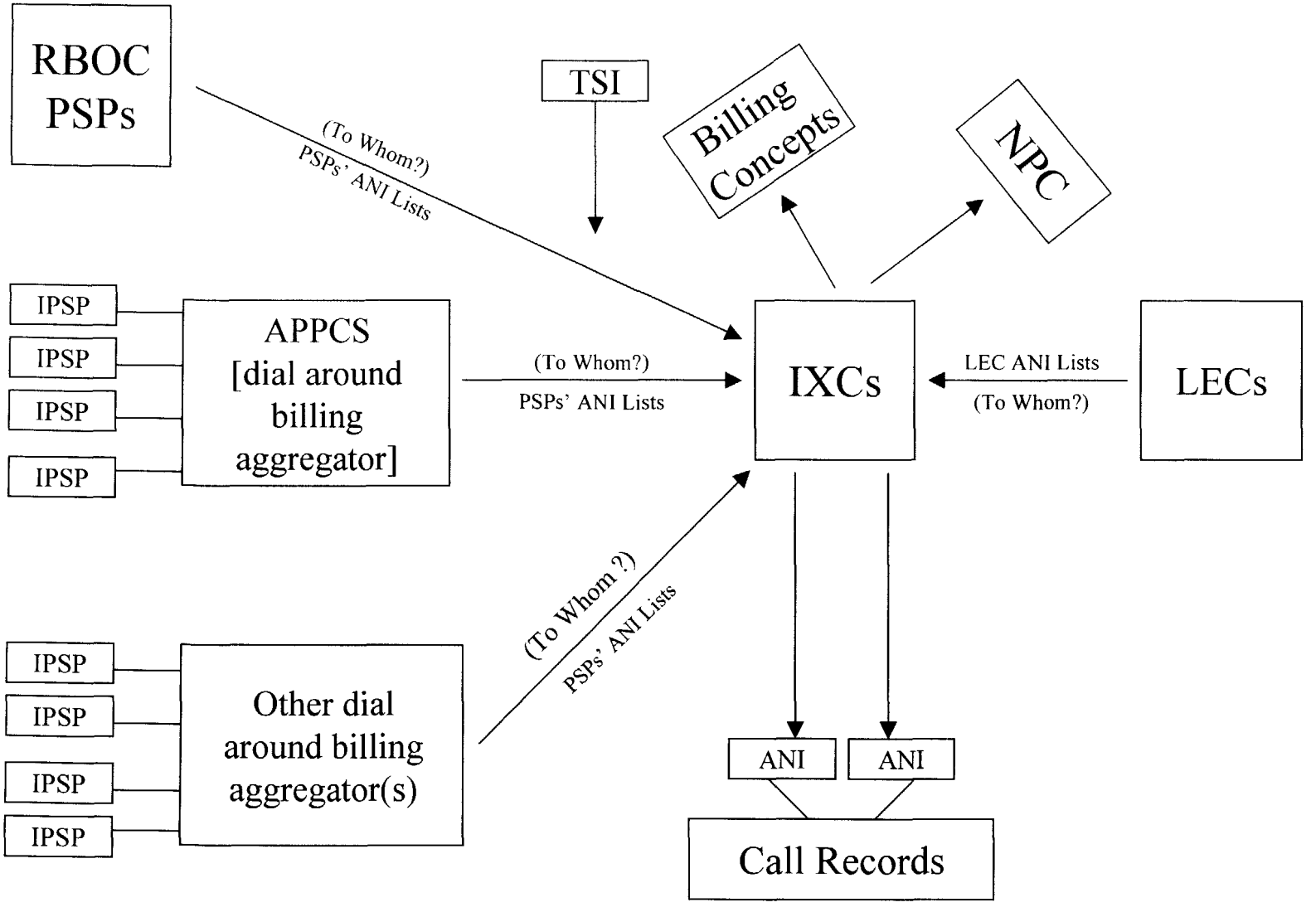
1-800 (888, etc.) Subscriber to Switchless Reseller/IXC

(Switchless reseller/IXC does purchase access)



- PSP gets no record of call by call compensation
- 4-6 month payment delay

Schematic ANI List Flow/Payment Process



- PSP gets no record of call by call compensation
- 4-6 month payment delay

ANI II Tracking
(27, 29, 70 (or 07) or all records)

Narrative to Accompany

"Call and Dollar Flow in Dial Around Calls from Payphones"

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(202) 785-9700

I. The Billing Process

It is useful to begin the review by referring to the last diagram, Schematic ANI List Flow/Payment Process (Diagram 14), first. This diagram is a highly simplified schematic of the billing process. Each payphone service provider (PSP), be it independent PSP (IPSP) or local exchange carrier PSP (LECPSP), on a quarterly basis, sends each IXC a list of ANIs for which the PSP is entitled to collect dial-around compensation. In point of fact, the IPSPs generally uses aggregators/clearinghouses that perform the collection function for them. These aggregators (e.g. APCCS) are shown on Diagram 14. Further, for purposes of dealing with the IXCs, most aggregators and major LECs use a vendor to further aggregate the ANI lists. This vendor, TSI, is indicated on the diagram, but not shown formally as part of the schematic ANI list flow process. Here the first problem is encountered, as illustrated by the notation "('To Whom.')" that accompanies the arrows indicating the flow of the PSP ANI lists. There is, as the remainder of the diagrams will show, no way for the PSPs to know, on any kind of timely basis – if at all – which IXCs to bill because that IXC carried calls and/or is responsible for paying for calls originating from each payphone.

In any event, the PSPs have compiled a list (although it is by no means complete) of some 1300 carriers that are sent PSP ANI lists on a regular basis. The 1300 counts as only a single carrier each of at least two clearinghouses that act as payment agent for a handful (no more than 20) IXCs (albeit many major carriers are covered by these clearinghouses). These two clearinghouses, Billing Concepts and the National Payphone Clearinghouse ("NPC"), are indicated on the diagram but not shown as part of the schematic payment process. These clearinghouses perform only functions associated with

payment and disbursement; as APCC is informed, they do not perform functions associated with actually determining which calls their IXC customers will pay for. The IXCs decide which calls to pay for.)

The IXCs also receive ANI lists from the LECs. The LEC ANI list show the ANIs that the LEC transmitting the list had in service on payphone lines. Presumably, the LECs send these lists to only the IXCs who request them. APCC does not have information indicating LEC practices in this area: whether each LEC waits for a request from an IXC before sending the list, whether the LECs each compile their own lists and send the LEC ANI list to all IXCs the LEC has located, whether LECs have uniform practices, etc. Except for sending the LEC ANI lists to requesting IXCs, the LECs face the flip side of the dilemma faced by PSPs: just as PSPs may not know which IXCs carried calls or which is responsible for payment for calls or if a particular call originated from the PSPs' payphones, the LECs do not necessarily know to which IXCs to send the ANI lists; thus the "To Whom?" indication on the diagram showing the flow of ANI lists from the LECs to the IXCs (and their clearinghouses).

In any event, once the IXCs have the PSP ANI list and the LEC ANI lists, the two can be matched. Only if there is a match will calls from an ANI be paid for.[1] Once there is a "matched ANI," an IXC can check that ANI against the IXCs' call billing records by screening completed calls originated from payphones and matching the call records with

[1] The IXCs have generally insisted on "exact" matches between an ANI shown on a PSP ANI list and the same ANI on the LEC list. Some IXCs do perform some "manual" functions to eliminate minor discrepancies in ANI matches, but ANI mismatches between the exact names, addresses, etc., on the LEC lists and the PSP ANI lists, or changed NPAs, etc., consistently account for between 10% and 15% of all ANIs submitted, resulting in further underpayment.

the appropriate ANI.[2] Presumably, these call records have been marked so they can be screened for payphone calls based on the ANI II digits or the IXC has another means of comparing matched ANIs against call records to identify calls for which the IXC owes dial-around compensation.[3] Presumably, once ANIs and call records have been appropriately matched, the IXC will render payment.

It is to be reiterated that this is a conceptual model of the way the system is supposed to work. While some problems have been briefly described, their scope has been only generally indicated. The disruption the problems have actually caused has not even been hinted at here. Further, additional problems exist which are too numerous to detail for purposes of this discussion.

II. The Call and Dollar Flow Diagrams

The central point to emerge from the diagrams showing call flow and revenue flow between entities is that, at every stage, as transactions occur between entities, there is billing information generated so that each and every party knows to whom it has rendered a service and/or who to bill for the service. Further, every party to every transaction has the legal and technical ability to cut off service to the other in the event of a disruption in payments. The one exception is the PSP, and IPSPs are particularly disadvantaged as compared to LECPSPs. Similarly, each party to each segment of the call flow knows quickly whether it is being paid by the other and has the ability to cut off service to non-payers – again with the exception of the PSP, who may know neither who to bill for sure

[2] The description in the text is conceptual rather than necessarily describing the sequence in which various steps occur, or the actual steps that a particular IXC performs. For example, some IXCs may screen their call records first and then match LEC and PSP ANI lists.

[3] For example, some smaller IXCs may actually compare the ANI on each of the IXC's call records against the matched ANI list.

nor that the PSP is not being paid, except the PSP may be able to find this information in a few isolated cases on a delayed basis of at least four to six months – generally too late to rectify the situation.

A. General Directions Regarding the Diagrams

1. In general, the solid lines between the various boxes indicate the flow of traffic between entities.

2. Sometimes, the notations along the solid line indicate the nature of the facility between the entities and/or the information flow that accompanies the call as it moves between the entities involved.

3. Thin lines with an arrow at the end indicate the direction of payment between the entities involved.

4. Solid thick arrows indicate information generation or functions performed at an entity or information generated by an entity to be sent (not as part of the information flow that accompanies the call; compare No. 2 above) from one entity to another.

5. NB: The focus of the diagrams, for the most part, is on the originating end of the call only. The terminating end is shown only for convenience and, in some cases, completeness to indicate the flow of payments.

B. Diagram 1: 101XXXX (FGD) Calling Card (or Prepaid Card) to Facilities-Based IXC

The caller places the call. Many "smart" payphones will generate a record of the call as part of a Station Message Detail Record ("SMDR"), as shown on Diagram 1. In every instance, a record of the call will be generated in the LEC central office, as part of the Call Detail Record ("CDR"). (The Diagrams all show the CDR at the payphone, even though it is generated at the LEC switch.) Thus, exact records of all originated calls can be available. Some, but not all, LECs make these CDRs available to IPSPs, although in formats of varying usefulness and at considerable costs. The line from the caller to the IXC with a $ above the line and with an arrow at the end shows the direction of payment (end

user pays IXC for the call). The line from the payphone to the LEC CO with an arrow at the end and the accompanying legend shows that the PSP pays the LEC "$ for dial tone."

Once at the LEC CO, the call will go through a routing algorithm to translate the access code to routing instructions. The switch at the LEC central office will generate a record that will show the trunk to which the call was routed, and that trunk will later be matched to the carrier who purchased it, which will be billed for access purposes. The LEC will know what carrier received the call from the LEC, but the LEC will not necessarily know how the call was routed thereafter or whether the call was completed. The IXC pays the LEC for access as indicated by the line with the arrow from the IXC to the LEC. If the LEC has done what the FCC requires, the LEC will be transmitting the appropriate ANI II digits and the IXC will be receiving the ANI II digits it needs (based on the access service and options the IXC has purchased and selected from the LEC), as shown by the line between the entities and the accompanying legend, to identify calls originating from payphones.[4] The IXC will perform the appropriate validation and/or processing and/or debiting, depending on the type of call the end user makes. The call will then be sent on for termination. A call record will be generated and held for later screening and comparison to matched ANIs, as discussed in Part I above. If all has gone correctly, the PSP will receive payment 4-6 months later after the call has been through the process described above. The PSP will have no way of knowing whether that particular call was paid for, nor if it was, by which IXC of the 1300 or so IXCs that are billed. The PSP is not provided by any IXC with a list of calls the IXC is paying for. Thus, the PSP cannot

[4] Since, however, the IXC could be using the physical access facilities of another IXC and the IXC who owns the physical facilities may have ordered the access, there is no way to know that the IXC responsible for payment even is receiving the information necessary to track the calls.

compare the SMDR/CDR to a list of calls for which the PSP has been paid to know either the short falls in payment or which calls need to be pursued for collection. Nor will the IXC provide a list of calls that traversed its network for which it did not pay.

In every illustration, in every diagram, a call record is shown as being sent to a billing screen for the PSP to receive later payment. It is critical to observe that *in many, as many as 40% - 50% of the calls in fact originated form IPSP payphones*, there is no payment for the call because the appropriate call record is *either not being generated* (because of , e.g., some failure in the network call tracking mechanism or a failure on the part of a LEC or IXC to provide an order, or implement the necessary functionality for call tracking to occur *or* the calls records are *not processed* at all *or improperly processed*, because of either error or the deliberate ignoring of the dial around payment obligation.

C. Diagram 2: 1-800 (888, etc.) Calling Card or Prepaid Card to Facilities-based IXC

Since this call is an 8XX call, once the call reaches the central office switch, it is held while there is a look up for routing information. There are several points to note. The information sent back from the 800 database will contain not just the identity of the Resp Org; it will contain routing information that tells the switch where to send the call. The switch will route the call in accordance with those instructions and generate a switch record that records the transaction. That record will later be used by the LEC to identify which IXC should be billed for calls sent to the trunk to which the call was sent. APCC does not have information as to whether that information will be in the form of the CIC code or some other identifier, but the critical point is that the LEC will know the carrier to bill for access purposes. Again the LEC will not necessarily know the routing of the call and which IXC carried it once the LEC hands the call to the IXC.

The remainder of the steps for billing and further routing of the call are as described in Diagram 1. Again, while a billing record is shown as being generated and processed, there is not assurance either is happening on any particular call.

Once the call has been validated and processed and leaves the IXC switch, it will be sent on for termination, generally and conceptually as shown in Diagram 1.

D. Diagram 3: 1-800 (888, etc.) Calling Card or Prepaid Card to Switched-based Reseller IXC (Switched-based Reseller/IXC does not purchase access)

This diagram introduces a reseller that has switching capability, and presumably is responsible for paying the dial-around compensation to the PSP. The first part of the call is as described in Diagram 2. But the facilities-based IXC merely passes the call on to the switched-based reseller. It is at the switch-based reseller that all the validation/processing/debiting functions occur.[5] Further, there is no way for even the LEC, much less the PSP, to know where or by which IXC these functions are performed. Further, depending on the nature of the facilities involved that interconnect the facilities-based IXC with the reseller, the reseller may not even be able to receive the ANI II information necessary to track the call as originating from a payphone. In this diagram, it is assumed that the facilities-based carrier orders the access facility (and charges the cost of the access plus relevant long distance, facilities, etc., charges to the switch-based reseller) and will therefore be able to ensure a facility capable of receiving the necessary information to track the call as coming from a payphone. While the LEC will at least know what facilities the facilities-based carrier ordered, and what information the LEC sent to the facilities-based IXC that is purchasing access, there is no way for the LEC, again much less the PSP,

[5] In fact, the switch-based reseller may lease all of its facilities from the IXC, and actually have its switch as a partitioned, or even unpartitioned, part of an IXC switch.

to know whether the information was passed on to the switch-based reseller. As Diagram 3 shows, if the facilities interconnecting the facilities-based IXC with the switch-based reseller are T-1 facilities, there is some question whether the relevant ANI II information, can be or is passed along from the facilities-based IXC to the switch-based reseller. While ISDN and other transmissions with common control signaling are capable of passing the relevant information, those facilities must be in place and the switch-based reseller must be configured to receive the information. Thus, although Diagram 3 shows a call record and subsequent bill screen, the switch-based reseller may or may not be in a position to generate the call record that can later be sent through a billing screen so that it can be linked to a matched ANI.

Once the call has left the switch-based reseller's facility, it is sent on for termination. The termination will presumably occur through the facilities of another facilities-based IXC, as indicated in the Diagram, but the precise termination is not relevant here and the possible configurations are so varied that the termination is shown only schematically.

Again, there is no assurance that the call record, if generated, will be sent on for later payment to the PSP. It is important to observe that, although shown as a 1-800 call, this same diagram could be used to illustrate a FGD access code calling card or prepaid card call. From the PSP perspective, there is little difference. There would be technical differences in the manner in which the call receives routing instructions, since the routing instructions would now come from FGD routing algorithms rather than the 800 database.

E. Diagram 4: 1-800 (888, etc.) Calling Card or Prepaid Card to Switch-Based Reseller/IXC (Switch-based Reseller/IXC does purchase access)

This Diagram is the same as Diagram 3 with one major exception. In this Diagram, the switch-based reseller purchases the access form the IXC. Presumably, because

the switch-based reseller is not facilities-based, the switched-based reseller will direct the LEC to route the call to physical facilities actually owned by a facilities-based carrier. The calls will be directed by the LEC to those facilities and by the IXC to the switched-based reseller. The access facilities purchased by the switched-based reseller as well as the nature of the transmission facilities between the switched-based reseller and the facilities-based IXC (e.g., T-1, or ISDN), (along of course with the capabilities of the switch-based reseller's switch to "read" transmitted information) will determine whether the switched-based reseller is capable even of receiving the information necessary to track calls from payphones.[6] Whether the switched-based reseller does in fact track is a different question, not addressed here.

Because the switch-based reseller purchases the access from the LEC, there will be some difference in payment flow between the carriers involved in Diagram 4 as compared to Diagram 3, although *payments, or the lack thereof, to PSPs are unaffected.* These differences are reflected in the legends and arrows indicating payment flow. (For example, in Diagram 4 the switched-based reseller directly pays the LEC for access and payments from the switched-based reseller to the facilities-based IXC reflect only the price of long distance service, as indicated by the arrows and accompanying legend. In Diagram 3, there is no payment for the switched-based reseller to the LEC and payments from the switched-based reseller to the facilities-based IXC reflect the fact that the latter has paid the LEC for access.) Under any arrangement, the IPSP remains dependent on the LEC competitor and an unwilling IXC for taking the steps necessary for the IPSP to get paid.

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[6] Again, the discussion is conceptual. The actual configuration of facilities and hardware is subject to endless variety, from being totally physically facilities-based IXC capability (provided to the switched-based reseller e.g., on a leased basis) to totally separate facilities supplied by a variety of carriers and vendors or facilities wholly or partially owned by the switched-based reseller.

As with Diagram 3, this Diagram could also be used to illustrate the same type of call originating as a FGD access code call rather than a 1-800 call.

And as with the other diagrams, there is no assurance the PSP is actually paid for the call.

F. Diagram 5: 1-800 (888, etc.) Calling Card " "Switchless" Reseller/IXC

G. Diagram 6: 1-800 (888, etc.) Calling Card "Switchless" Reseller/IXC

These two diagrams show a calling card call carried by a switchless reseller, in one instance with the facilities-based carrier purchasing the access and in the other with the switchless reseller doing so. Again, although the illustration is with a 1-800 call, the pattern, with the exception of how the routing instructions would be developed at the LEC CO, would apply also to a FGD access code call.

Although the functions necessary to process the call to completion occur in a different place (at the facilities-based carrier facilities, rather than the switched-based resellers switch and facilities)[7] than with the switched-based reseller call, from the perspective of the PSP the call is almost the same. There is only one carrier, the facilities-based carrier in the illustration, that has to receive the ANI tracking information, and thus there is some reduced possibility that the call tracking will not be done property. But even that small advantage from the PSP perspective would be eliminated if the facilities-based carrier were handing the call to a switched-based reseller that were performing the

[7] The illustration shows the validation of the calling card and the generation of the calling record (for transmission to the switchless reseller so the latter will be able to later bill the end user) as occurring at the facilities-based IXC switch. Again the model is conceptual, intending only to show that those functions have to occur at this point in the processing. In fact, some of the functions may be handled differently; for example, there could be a link with signaling capability between the facilities-based IXC platform and a switchless reseller data base so that the actual validation of the calling card is performed by the switchless reseller. See Diagram 7 and Diagram 8.

validation and routing functions for the switchless reseller – a not uncommon phenomenon. And because of the involvement of the switched-based reseller, the facilities-based IXC will now feel totally relieved of any obligation, for the integrity of the call tracking process, particularly where the switched-based reseller buys its own access using the facilities-based IXC's facilities.

Again, although a call record is shown as being properly generated for later processing through billing screens for payment to the PSP, there is no assurance either event is in fact occurring on any particular call.

H. Diagram 7: 1-800 (888, etc.) Prepaid to "Switchless" Reseller/IXC

I. Diagram 8: 1-800 (888, etc.) Prepaid to "Switchless" Reseller IXC

These diagrams are essentially the same as Diagram 5 and Diagram 6 with one major difference from the carrier's perspective. Because these Diagrams illustrate prepaid calls, the switchless reseller does not need the call record to bill the end user; the end user is "billed and pays" real time, i.e., the call is sent paid as far as the carrier billing the end user is concerned. As shown in the diagrams, there does have to be real time interaction with a switchless reseller database, which is shown as a separate box in the diagram.

The call record is again shown as being generated by the facilities-based IXC, and sent for processing by that IXC at a later date for payment to the PSP. As mentioned earlier, this not happening in many cases. While in theory there should, as with Diagram 5 and Diagram 6, be less possibility of lost call records due to the fact that only one carrier is involved, event that theoretical improvement disappears if the facilities-based IXC hands the call to a switch-based reseller who is the direct vendor to the switchless reseller, again a common phenomenon.

J. Diagram 9: 1-800 (888, etc.) Subscriber to Facilities-Based IXC

Thus far, the diagrams have all addressed access code calling to one form of platform or another. But all of the same issues exist with respect to subscriber 1-800 calls. Diagram 9 illustrates a 1-800 subscriber call to a facilities-based IXC. The Diagram, and all the remaining diagrams illustrating calls, show that in this instance it is the called party, rather than the calling party, that pays the long distance carrier.

The discussion accompanying the other diagrams applies equally to this diagram.

K. Diagram 10: 1-800 (888, etc.) Subscriber to Switched-based Reseller/IXC

See discussion of Diagram 3.

L. Diagram 11: 1-800 (888, etc.) Subscriber to Switched-based Reseller/IXC

See discussion of Diagram 4.

M. Diagram 12: 1-800 (888, etc.) Subscriber to Switchless Reseller/IXC

See discussion of Diagrams 5 and 7.

N. Diagram 13: 1-800 (888, etc.) Subscriber to Switchless Reseller/IXC

See discussion of Diagrams 6 and 8.