

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
The Pay Telephone Reclassification and Compensation Provisions of The Telecommunications Act of 1996)	CC Docket No. 96-128
)	
RBOC/GTE/SNET Payphone Coalition Petition for Clarification)	NSD File No. L-99-34
)	

**WORLDCOM, INC.
PETITION FOR DECLARATORY RULING AND
PETITION FOR RECONSIDERATION**

Summary

In this filing, WorldCom, Inc., (“WorldCom”) petitions the Commission to declare that a completed dial-around payphone call is defined as one that is completed on the underlying carrier’s network, or one that is handed off to switch-based reseller (SBR) customers that do not have prior agreements with all payphone service providers (PSPs) to pay dial around compensation. The Commission’s requirement to track and compensate on behalf of SBR customers was arrived at without opportunity for parties to comment on how the requirement

might affect them. The Commission has chosen a compensation regime that is prohibitively costly. A more efficient and workable system would result if the Commission were to declare that a completed dial-around payphone call is defined as one that is either completed on the underlying carrier's network, or one that is handed off to its switch-based reseller (SBR) customers that do not have prior agreements with all payphone service providers (PSPs) to pay dial around compensation.

WorldCom also petitions the Commission to retain existing reporting requirements, or in the alternative, clarify that underlying carriers must report completed call data. The level of detail required under the Commission's new reporting requirements would increase storage requirements by as much as 15 fold. The level of detail the Commission has proposed may have been needed when SBRs were responsible for payphone compensation and when FLEX ANI was not fully available. If the Commission adopts WorldCom's proposed definition of a completed call, and recognizes that FLEX ANI is largely implemented, current levels of reporting detail would be sufficient to permit payphone service providers to verify the accuracy of compensation payments.

WorldCom Petitions The Commission To Declare That A Completed Dial-Around Payphone Call Is Defined As One That Is Completed On The Underlying Carrier's Network Or One That Is Handed Off To SBR Customers Without Prior Agreements With PSPs

In this Order the Commission failed to provide parties potentially affected by this decision the opportunity to comment on the specific details of its new tracking and compensation regime. If the Commission had solicited comment, it would have learned that its proposed tracking regime would increase industry tracking costs many-fold, and is impossible to accomplish in the current

quarterly compensation regime. Since its First Recon Order, the Commission has been aware that underlying carriers do not have the ability to determine whether a call they hand off to their SBRs is completed. Underlying carriers have hundreds of SBR customers. Underlying carriers would have to incorporate data feeds from each of their SBRs in order to compensate on their behalf.

There are a number of major problems with this process. First, underlying carriers will be unable to obtain accurate completed call data. Once the call is handed off to one SBR, the underlying carrier does not know if the call is subsequently handed off to other SBRs. Even when a call is not handed off to subsequent SBRs, underlying carriers have no way to verify the accuracy of the completed call data they receive, because once they hand a call off to an SBR, it may no longer be visible to their answer supervision systems. If the underlying carrier compensates on the basis of inaccurate or unverifiable data, and PSPs question the accuracy of their compensation, underlying carriers would have no choice but to point the PSP to downstream SBRs to settle the dispute. This is no different than the current regime.

Second, and most important, underlying carriers will not have control over the formatting and security of the data feeds they receive from SBRs. They will be receiving data from hundreds of customers in formats that are potentially incompatible and unusable by underlying carriers. Significant systems development would be required to standardize third party data feeds. The data may have viruses and other programming errors that will undoubtedly cause breakdowns in the elaborate tracking and compensation systems underlying carriers have already developed. The costs imposed on underlying carriers in the attempt to protect against these hazards, and the cost of repairing their systems after the inevitable security breaches, will increase the cost of tracking and compensating many-fold. Underlying carriers would have no choice but to pass these costs

along to their resellers.

Third, even if the security and formatting problem could be overcome, the need for each underlying carrier to incorporate data from hundreds of SBRs could possibly delay the payment to PSPs by at least a quarter.

Given that the new tracking and compensation regime developed by the Commission is not administratively efficient, is incompatible with quarterly compensation, and was imposed without consideration or knowledge of its impact, the Commission must take steps to simplify the tracking and compensation regime, in order to truly bring administrative efficiency and certainty to all parties. Therefore, pursuant to 47 C.F.R. § 1.2. WorldCom petitions the Commission to declare that a completed dial-around payphone call is defined as one that is either completed on the underlying carrier's network, or one that is handed off to its SBR customers that do not have prior agreements with all payphone service providers (PSPs) to pay dial around compensation. Declaring calls that are handed off to SBR customers as being completed will reduce uncertainty and costs for all parties involved. PSPs will be compensated for all calls passed to SBRs as well as calls completed on underlying carrier networks. Underlying carriers will be able to accurately track every completed call under this definition, and compensate accordingly. There should be no basis for disagreement between underlying carriers and PSPs under this definition. SBRs will not be burdened with significantly higher surcharges that will inevitably be required under the existing definition of a completed call. Moreover, these surcharges would have to cover not only the higher cost of tracking, but include compensation for additional risk underlying carriers would bear for possible data security breaches, and uncertainties associated with the reliability of SBR completed call data.

WorldCom Petitions The Commission To Reconsider And Retain Existing Reporting Requirements, Or In The Alternative, Clarify That Underlying Carriers Must Report Data On Toll Free and Access Number Calls

In this Second Recon Order the Commission has proposed reporting requirements that are not necessary and would increase reporting storage requirements by 15 fold. Currently, carriers report the number of completed calls by payphone for each month in a compensation quarter. The requirement to further break out completed calls by each dial-around number called will increase storage costs associated with tracking and reporting by a factor potentially equal to the number of dial-around calls from each payphone, a factor that could increase costs by as much 15 fold.

It is not necessary for the Commission to impose these additional costs on underlying carriers, which in turn would be passed along to their reseller customers. The reasons for prior disputes between PSPs and carriers regarding the number of completed calls are primarily attributable to: 1) uncertainty surrounding the number of calls completed by SBRs, and 2) uncertainty surrounding the number of completed calls given the need to perform surrogate estimates due to the slow and irregular manner in which local exchange companies (LECs) implemented FLEX ANI. By adopting the definition of completed calls recommended above, the Commission would eliminate uncertainty surrounding the number of calls by SBR customers, and thereby also reduce the need for detailed reports concerning SBRs. And now that FLEX ANI is complete for all intents and purposes, there is no longer a need to perform uncertain surrogate estimates of calls completed on the underlying carrier's network. Consequently, the Commission should simply retain existing reporting requirements.

In the event the Commission chooses to retain the new reporting requirements, it should

clarify that carriers are required to report toll free and access number calls, rather than all calls routed to carriers. As the Commission notes, the purpose of reporting is to “...enable the PSP to verify the accuracy of compensation it receives...”¹ There are countless calls routed to underlying carriers that are not compensable. Incomplete calls routed to the underlying carrier, and not handed off to an SBR are not potentially compensable, and should not be included in reporting requirements, since data on the number of incomplete calls is only useful to verify the accuracy of surrogate estimates, which are no longer necessary given the implementation of FLEX ANI.

While the language in paragraph 11 of the Second Recon Order states that reporting by underlying carriers should be limited to toll free and access number calls, the new rule language suggests that underlying carriers are required to report all calls delivered by the LEC, including non-compensable calls.² System development costs to include incomplete calls and the tracking and storage costs associated with non-compensable calls could easily result in costs twice what would otherwise be incurred, and amount to an unnecessary and unreasonable burden.

WorldCom hereby requests the Commission to clarify that underlying carriers are required to report compensable toll free and access number calls.

¹In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Second Order on Reconsideration (“Second Recon Order”), CC Docket No. 96-128, Released April 5, 2001 at ¶ 11.

²*See*, new 47 C.F.R. § 64.1310(a).

WorldCom also petitions the Commission to reconsider the deadline for tracking obligations to become effective. The date by which requirements involving rule changes begin tolling starts 30 days after publication in the Federal Register. This would make November 27, 2001 the date by which underlying carriers would be required to have tracking capabilities in place. However, the effective date in the Federal Register is listed as the date of publication. This would make October 27, 2001 the date by which underlying carriers would be required to have tracking capabilities in place. Either way, since payments are currently due at the beginning of calendar quarters, it would be administratively efficient for the Commission to require tracking capabilities to be in place by the beginning of the calendar quarter following the six month tracking development period. WorldCom petitions the Commission to place the deadline by which underlying carrier tracking capabilities are in place to be January 1, 2002.

Finally, since reports regarding completed calls cannot be delivered until tracking capabilities are developed, and then used to determine a compensation amount for a subsequent compensation quarter, WorldCom concludes that the first report to PSPs would be due at the same time as the first payment calculated using the new tracking system obligation, viz., July 1, 2002. WorldCom requests the Commission clarify the date by which the first PSP report is due.

Conclusion

For the reasons stated herein, WorldCom urges the Commission to grant its petition for declaratory ruling and reconsideration.

Sincerely,

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Statement of Verification

I have read the foregoing and, to the best of my knowledge, information and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct.

Executed on May 29, 2001

Fenster

Larry

Larry Fenster