

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

	)	
In the Matter of	)	
	)	WC Docket No. 03-133
AT&T Corp. Petition for Declaratory	)	
Ruling Regarding Enhanced Prepaid	)	
Calling Card Services	)	
	)	

**GENERAL COMMUNICATION, INC.  
OPPOSITION TO AT&T CORP. PETITION FOR DECLARATORY RULING**

General Communication, Inc. (“GCI”), by its attorneys, hereby opposes AT&T Corp.’s (“AT&T”) Petition for Declaratory Ruling Regarding Enhanced Prepaid Calling Card Services (“Petition”), filed in the above-captioned proceeding on May 15, 2003.

**I. Introduction**

According to its Petition, AT&T provides prepaid calling card services through centralized switching platforms.<sup>1</sup> When a call is made using a prepaid calling card, AT&T uses the switching platform to automatically deliver a brief commercial message from a retailer immediately before routing the call to its end point.<sup>2</sup> The switching platform also rates the call, debits the calling card, and provides messages to the calling party if the time allotted on the calling card has been exhausted.<sup>3</sup> The Petition inaccurately describes these practices as

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<sup>1</sup> AT&T Corp. Petition for Declaratory Ruling Regarding Enhanced Prepaid Calling Card Service, WC Docket No. 03-133, filed May 15, 2003 (“Petition”) at 5. AT&T’s petition was prompted by an apparent desire to thwart an inquiry by the Regulatory Commission of Alaska (“RCA”) into the jurisdictional nature of its prepaid calling card traffic. In a proceeding before the RCA, AT&T maintains that this traffic is one hundred percent interstate. See Attachment A.

<sup>2</sup> Petition at 6.

<sup>3</sup> Id.

constituting an “enhanced” service.<sup>4</sup> According to AT&T, the completion of a prepaid calling card call consists of two separate calls – one from the cardholder to the switching platform, and one from the platform to the third party.<sup>5</sup> AT&T asserts that the cardholder and the switching platform are usually in different states and that the called party and switching platform are in different states as well.<sup>6</sup> Therefore, AT&T argues, “enhanced prepaid calling card calls” consist of two interstate communications that should be subject to interstate, rather than intrastate, access charges. According to AT&T, intrastate access charges are not appropriate even if the prepaid calling cardholder and the called party are located in the same state.<sup>7</sup>

AT&T’s position conflicts directly with well-established Commission precedent holding that, for jurisdictional purposes, a call must be analyzed on an “end-to-end” basis. The Commission has already held that calling card calls must be treated as a single call for jurisdictional purposes regardless of the location of the switching platform.<sup>8</sup> Thus, a calling card call between two points in the same state is an intrastate call. This is true even where the switching platform used to make the call is located in a different state. Simply put, the routing of a call through a switching platform does not result in two calls, but a single end-to-end call for jurisdictional purposes. The delivery of a brief commercial message from a retailer before routing a call to its end point does not transform the service into an “enhanced service,” nor does it break a single end-to-end call into two separate calls. Rather, the call is a single call, not an

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<sup>4</sup> Id. at 3.

<sup>5</sup> Id. at 2.

<sup>6</sup> Id. at 6.

<sup>7</sup> Id. at 7.

<sup>8</sup> Time Machine, 11 FCC Rcd 1186, 1190 (¶ 30) (Com. Car. Bur. 1995) (citing Southwestern Bell Telephone Co. Transmittal Nos. 1537 and 1560, Revisions to Tariff No. 68, 3 FCC Rcd 2339, 2341 (¶ 28) (1988)).

information service. Intrastate access charges apply to calls between two points in the same state, even if they flow through an out-of-state switch with an appended commercial message.

If the Commission were to grant the Petition, beyond breaking with well-established precedent, such an action would detrimentally affect the access charge system established in the state of Alaska. In Alaska, non-traffic sensitive costs are pooled and charged via a “bulk bill” paid by all interexchange carriers in the state. Payments vary according to market share and market share is determined by the amount of intrastate access minutes reported by a carrier. If a carrier reports fewer intrastate access minutes, it pays a lower percentage of the bulk bill. Thus, if the Petition were granted, AT&T would pay a lower share of the bulk bill and other carriers, like GCI, would be forced to pay a greater share. This inequitable result would encourage long distance carriers like AT&T to recharacterize traffic by routing it through an out-of-state switch or by including an advertising message. Indeed, in a proceeding currently pending before the Regulatory Commission of Alaska (“RCA”)<sup>9</sup> it appears that AT&T already has undertaken to characterize all minutes derived from prepaid calling card calls as “interstate.”<sup>10</sup> Thus, AT&T has “self-granted” the relief it now seeks, at least with respect to its operations in Alaska. The Petition, then, is an *ex post facto* argument seeking regulatory cover for an action already taken.

## **II. Intrastate Access Charges Necessarily Apply to Calls Between a Calling Cardholder and a Called Party Located in a Different Calling Area Within the Same State**

Under Section 2(a) of the Communications Act of 1934, as amended, (“the Act”), the Commission’s jurisdiction extends “to all interstate and foreign communication by wire or radio .

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<sup>9</sup> See, Investigation into Unauthorized Telecommunication Intrastate Debit Card Marketing by AT&T apart from AT&T Alascom, U-97-120, Order Reopening Docket, Vacating Waiver and Registration Requirement, and Requiring Filing (Reg. Comm’n of Alaska, Mar. 18, 2003).

<sup>10</sup> Importantly, both Sprint and MCI report intrastate Alaska debit card minutes and pay intrastate access charges thereon. AT&T seeks to achieve an unfair advantage over GCI, MCI, and Sprint by shifting its intrastate access burden to them.

. . . and to all persons engaged within the United States in such communication . . . and to the licensing and regulating of all radio stations . . . .”<sup>11</sup> On the other hand, Section 2(b) of the Act reserves to the states jurisdiction over “charges, classifications, practices, services, facilities, or regulations for or in connection with intrastate communication service by wire or radio or any carrier . . . .”<sup>12</sup> As interpreted by the Supreme Court, Section 2(b) expressly denies the Commission jurisdiction with respect to intrastate communications service.<sup>13</sup> Rather, jurisdiction over intrastate common carriage is reserved to the states. In Louisiana PSC, the Supreme Court stated that intrastate jurisdiction can only be preempted when “it is not possible to separate the interstate and the intrastate components of the asserted FCC regulation.”<sup>14</sup> Thus, so long as intrastate traffic can be identified, the Commission may not grant the AT&T petition as to that traffic.

In this proceeding, AT&T describes a scenario in which it uses an out-of-state switching platform to route a calling card call made from within a state to an end point within the same state, adding a brief commercial message from a retailer immediately before connecting the call.<sup>15</sup> Despite AT&T protestations to the contrary, this is an intrastate call over which jurisdiction is reserved to the states under Section 2(b) of the Act.<sup>16</sup> Over the years, the courts and the Commission have repeatedly confirmed that, for jurisdictional purposes, a call must be

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<sup>11</sup> 47 U.S.C. § 152(a).

<sup>12</sup> 47 U.S.C. § 152(b).

<sup>13</sup> Louisiana PUC, 476 U.S. 355, 370 (1986). See also, California v. FCC, 95 F.2d 1217, 1240 (9th Cir. 1990); National Association of Regulatory Commissioners v. FCC, 880 F.2d 422, 428 (D.C. Cir. 1989) (“NARUC”).

<sup>14</sup> Louisiana PSC at 375, n. 4.

<sup>15</sup> Petition at 6.

<sup>16</sup> 47 U.S.C. § 152(b).

analyzed on an “end-to-end” basis and that the fact that a carrier may perform intermediate switching functions for a call does not, in turn, create “multiple” calls.<sup>17</sup> Moreover, the Commission already has determined that calls involving 800 switching should be treated for jurisdictional purposes as single, end-to-end communications.<sup>18</sup> Furthermore, in the Time Machine proceeding, the Commission determined that “a debit card call that originates and ends in the same state is an intrastate call, even if it is processed through an 800 switch located in another state.”<sup>19</sup> The Commission also expressly rejected an AT&T argument that its “Teleticket” service -- a prepaid card service deemed an “enhanced service” by AT&T that allowed purchasers to access news programs, as well as make outbound phone calls – was purely interstate in nature.<sup>20</sup> This precedent is directly at odds with AT&T’s instant request for a declaratory ruling from the Commission.

In the Petition, AT&T argues that “the Commission has *never* held, however, that an end-to-end communication is a single call where (as here) there is a separate ‘communication’ emanating from an intermediate platform . . . .”<sup>21</sup> The converse is true: the Commission has

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<sup>17</sup> See NARUC, 746 F.2d 1492, 1498 (D.C. Cir. 1984); Petition for Emergency Relief and Declaratory Ruling filed by BellSouth Corporation, 7 FCC Rcd 1619, 1621 (¶ 12) (1992) (“Memory Call Order”); Time Machine, Inc. Request for a Declaratory Ruling Concerning Preemption of State Regulation of Interstate 800-Access Debit Card Telecommunications Services, 11 FCC Rcd 1186, 1190 (¶ 30) (1995) (“Time Machine”); Long Distance USA, Inc. et al. v. Bell Tel. Co. of Pa., 10 FCC Rcd 1634, 1637-38 (¶ 13) (1995). In the ISP-context, the Commission proposed that ISP-bound traffic was substantially interstate because it did not terminate at an ISP’s local modem, but passed through to any number of destinations and thereby constituted “one call.” See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Declaratory Ruling, 14 FCC Rcd 3689, 3698, 3701-02 (1999), vacated and remanded, Bell Atlantic Tel. Cos. v. FCC, 206 F.3d 1 (D.C. Cir. 2000). Regardless, calling card traffic is distinguishable from ISP-bound traffic inasmuch as, unlike the situation that exists with respect to ISP-bound traffic, the end point of calling card traffic is readily discernible.

<sup>18</sup> Time Machine, 11 FCC Rcd 1186, 1190 (¶ 30) (Com. Car. Bur. 1995) (citing Southwestern Bell Telephone Co. Transmittal Nos. 1537 and 1560, Revisions to Tariff No. 68, 3 FCC Rcd 2339, 2341 (¶ 28) (1988) (“Switching at the credit card switch is an intermediate step in a single end-to-end communication.”)).

<sup>19</sup> Time Machine at 1190 (¶ 30).

<sup>20</sup> Id.

<sup>21</sup> Petition at 10.

never indicated that a single end-to-end communication converts into “multiple communications” because an advertisement or other announcement emanates from the switching platform. AT&T would have the Commission believe that the calling card scenario described in the Petition is analogous to a “three-way call.”<sup>22</sup> To the contrary, the calling card scenario is wholly distinguishable. The Commission has described three-way calling as enabling “the subscriber to participate in two wholly separate calls at any given time and subsequently join or link them for conferencing purposes.”<sup>23</sup> True to its name, at some point in time, there are at least “two wholly separate calls” during a “three-way call.” By contrast, there is only one calling party and one called party for a calling card call. Thus, there can be but one completed end-to-end call at any one time. There are not “multiple communications.” Accordingly, the Commission’s end-to-end analysis would mandate the application of intrastate access charges if the call originates and terminates within the same state. The location of the switching platform is irrelevant.<sup>24</sup>

AT&T argues that “[t]he fact that the enhanced prepaid service platform engages in its own separate communication during the course of the call distinguishes this type of prepaid card service from other types of arrangements that the Commission has deemed to be a single call.”<sup>25</sup> However, the delivery of a brief commercial message from a retailer before routing a call to its end point does not serve to break a single end-to-end call into two separate calls. The

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<sup>22</sup> Id. at 11.

<sup>23</sup> AT&T Corp. et al. v. Bell Atlantic-Pennsylvania, 14 FCC Rcd 556, 587 (¶ 69) (1998).

<sup>24</sup> AT&T argues that “[i]f these enhanced prepaid card calls are considered to be one call, however, intrastate access charges would apply only when *all three* parties – the cardholder, the AT&T platform, and the called party – are in the same state.” Petition at 17. This is an erroneous interpretation. The location of the switch is irrelevant under an end-to-end analysis. If the calling party and the called party are located in different calling areas in the same state, then intrastate access charges apply.

Commission already has determined that calls made using 800 number calling cards constitute a single call.<sup>26</sup> Here, beyond performing the routing functions necessary to complete the end-to-end call, AT&T's switch issues a brief announcement of some sort. According to AT&T, this message constitutes a "separate and distinct third party communication."<sup>27</sup> This is an unreasonable description of the advertisement issued by AT&T inasmuch as it is a not separate or distinct call, but rather an "add-on" imposed on the caller. The addition of a brief message or advertisement by AT&T cannot reasonably be understood to "establish end points at the platform and two separate calls for the purposes of jurisdictional determinations."<sup>28</sup>

AT&T also argues that its prepaid card calls are "enhanced (or 'information') services that make use of underlying telecommunications that are jurisdictionally interstate regardless of the jurisdictional classification of the overall enhanced service."<sup>29</sup> AT&T makes the claim that it is an enhanced service provider on the basis that its switching platform "engages in its own communication with the cardholder."<sup>30</sup> However, the only communication described by AT&T herein which is different from that already addressed Time Machine is a brief commercial message. Indeed, the brief commercial message offered as an example by AT&T ["Remember to shop at the ABC Club"]<sup>31</sup> is no different from the phrase, "Thank you for using AT&T," which has been included after the entry of a credit card number for many years. Thus, under

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<sup>25</sup> Petition at 12.

<sup>26</sup> See Time Machine, 11 FCC Rcd 1186, 1190 (¶ 30) (citing Southwestern Bell Telephone Co. Transmittal Nos. 1537 and 1560, Revisions to Tariff No. 68, 3 FCC Rcd 2339, 2341 (¶ 28) (1988).

<sup>27</sup> Petition at 13.

<sup>28</sup> Id.

<sup>29</sup> Id. at 18.

<sup>30</sup> Id.

<sup>31</sup> Id. at 6.

AT&T's theory, all calling card calls made for at least the last decade were actually interstate calls and, importantly, all would be in the future – merely by the imposition of an unsolicited message on a captive caller waiting for the called party to answer.

AT&T essentially claims that it is an enhanced service provider taking service from itself in its role as a long distance carrier – and that it should not have to pay intrastate access charges when it purchases 800 number service from itself given that other carriers offering 800 service to enhanced service providers would pay interstate access.<sup>32</sup> AT&T is wrong, however. It is not an enhanced service provider under the circumstances described in its Petition.

Enhanced services are referred to as “information services” in the Act. The Act defines “information services” as “the offering of a capability for generating, acquiring, storing transforming, processing, retrieving, utilizing, or making available information via telecommunications. . . .”<sup>33</sup> The term does not include “any use of use such a capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.”<sup>34</sup> The Commission has determined that enhanced services “comprise services such as voice mail, e-mail, and other Internet services, interactive voice response, audiotext information services, and protocol processing, among others.”<sup>35</sup>

Here, AT&T does not provide an enhanced service. Enhanced services involve interaction with information. Here there is no interaction and no storage, transformation,

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<sup>32</sup> Apparently AT&T would not pay terminating access charges on these services at all because they would be subject, under AT&T's theory, to the enhanced service provider exemption from access charges.

<sup>33</sup> 47 U.S.C. § 153(20).

<sup>34</sup> Id.

<sup>35</sup> Policy and Rules Concerning Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended, 1998 Biennial Regulatory Review – Review of Customer Premises

utilization, or processing of subscriber information. Unlike the “electronic Yellow Pages” or other interactive offerings, the subscriber to AT&T’s service does not solicit information, there is no information transmitted by the subscriber, and, thus, there is no change in the content of subscriber information. The mere involuntary imposition of a tag line – no different from “Thank you for using AT&T” – does not meet the statutory definition of an information service. If it did, AT&T could recharacterize all intrastate calling overnight into interstate calling by play its standard line, “Thank you for using AT&T” during the call set-up process of every intrastate call.

### **III. AT&T’s Scheme Has a Detrimental Effect on the Access Charge System in Alaska**

If the Commission were to grant the Petition, beyond breaking with well-established precedent, such an action would wreak havoc on the access charge system established in the State of Alaska. In Alaska, non-traffic sensitive costs are pooled and recovered through a “bulk bill” paid by all carriers in the state. Payments vary according to market share. Market share is determined by the amount of intrastate access minutes reported by a carrier. If a carrier reports fewer intrastate access minutes, it pays less of the bulk bill. Thus, if the Petition were granted, AT&T would pay less of the bulk bill and other carriers, like GCI, would be forced to pay a greater share. In fact, according to AT&T’s own state pleading and GCI’s records, this is already happening. As a result, carriers competing with AT&T in Alaska has seen their access costs rise, as AT&T’s undoubtedly have declined. This eventually could result in the exit of the disadvantaged carriers from the intrastate market or, more likely, the adoption of the same practices used by AT&T.

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Equipment and Enhanced Services Unbundling Rules in the Interexchange, Exchange Access and Local Exchange Markets, Report and Order, 16 FCC Rcd 7418, 7420 (¶ 2) (2001).

#### **IV. Conclusion**

GCI, like AT&T, would like to reduce its access costs. However, the method chosen by AT&T to accomplish this end relies upon a misapplication of Commission precedent and a violation of Section 2(b) of the Act,<sup>36</sup> as interpreted and applied by the Supreme Court. It is clearly possible to identify the intrastate communication of interest here and, because it is possible to do so, the Commission is not allowed to preempt state authority. At bottom, AT&T would treat as interstate every call where the calling party is subjected to AT&T's new form of audio spam. If AT&T's Petition were granted, it stands to reason that in a fairly short order, the intrastate access market would disappear, resulting in a massive loss of intrastate access revenues and a consequent increase in intrastate rates – all effected through the simple device of playing a ten-second tag line on every long distance call. Accordingly, the Commission should deny AT&T's Petition.

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<sup>36</sup> 47 U.S.C. § 152(b).

Respectfully submitted,

GENERAL COMMUNICATION, INC.

A handwritten signature in black ink, appearing to read "Timothy R. Hughes", is written over a horizontal line.

Joe D. Edge

Timothy R. Hughes

DRINKER BIDDLE & REATH LLP

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Washington, D.C. 20005

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Tina M. Pidgeon

Vice President, Federal Regulatory Affairs

June 26, 2003

# **Attachment A**

P.C.A. 15  
OCT 15 15 PII 3:36

STATE OF ALASKA

REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Dave Harbour, Chair  
Will Abbott  
Mark K. Johnson  
James S. Strandberg  
G. Nanette Thompson

In the Matter of the Investigation into )  
Unauthorized Telecommunication Intrastate )  
Debit Card Marketing by AT&T Corp. )  
apart from AT&T ALASCOM )  
\_\_\_\_\_ )

Docket No. U-97-120

AT&T ALASCOM'S INFORMATION FILING  
IN RESPONSE TO ORDER NO. 2

In Order No. U-97-120(2), dated March 18, 2003, the Commission reopened Docket U-97-120 and rescinded the requirement established in Order No. 1 that AT&T Corp. register by July 1, 2003 as an intrastate interexchange carrier under the Commission's new registration rules applicable to prepaid card providers. Order No. 2 directed AT&T Alascom to provide further information on prepaid card issues by April 17, 2003. AT&T Alascom's request to extend the response time to May 16, 2003 was granted by Order No. 3. The Commission's five specific information requests and AT&T Alascom's responses are as follows:

SHBURN AND MASON  
LAWYERS  
PROFESSIONAL CORPORATION  
SUITE 100  
130 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA  
99501-5914  
(907) 276-4331

(a) Confirmation that Alascom is responsible for end-user intrastate services associated with the AT&T prepaid cards.

**Response:** As explained in AT&T's FCC Petition for Declaratory Ruling (attached as Exhibit A), filed May 15, 2003, AT&T Enhanced Prepaid Card service is an "enhanced service" that is jurisdictionally interstate. There are no intrastate Alaska calls associated with AT&T Enhanced Prepaid Card service.<sup>1</sup>

AT&T Alascom is a wholly-owned subsidiary of AT&T Corp. Although the companies conform to established separations requirements, the operations of the two companies are substantially integrated where possible. See AT&T Alascom's Petition for Reconsideration of Order No. 2. When AT&T acquired Alascom, it was recognized that economies of scale could be achieved through AT&T support of Alaska operations.

Customers may well benefit from having AT&T, one of the world's largest, most experienced, and financially capable telecommunications companies, controlling Alascom's services, planning, operations, and construction practices. AT&T's economies of scale and telecommunications expertise may create increased efficiencies in Alascom's operations that could in turn lead to reduced rates for the consumer. [RCA Order U-94-113(3)/U-95-26(1), p. 25, June 13, 1995.]

<sup>1</sup> As shown in Exhibit B attached, there was a *de minimis* amount of intrastate regulated revenues for basic prepaid card services booked to Alascom in 2002. Because these revenues constitute less than 1% of total Alascom prepaid card revenues, they are not addressed elsewhere in this response.

As a result, in support of virtually all of the products and services AT&T Alascom presently offers, it relies on business units of its parent to perform much of the work that is required to develop and provision them. Alaskan consumers benefit from the fact that Alascom is supported by AT&T in many areas (in much the same way PTI supported Alascom prior to the AT&T purchase), including, but not limited to, billing, product development, legal, accounting, business sales, carrier sales, engineering, network planning and support, and access charge recording and payment.

Similarly, it was also recognized that one of the main benefits of the AT&T purchase was that Alaskan customers would begin to receive AT&T products and services. Now, eight years after the purchase, virtually all retail consumer and business plans offered by AT&T Alascom are AT&T products, including CustomNet, AT&T One Rate, AT&T Easy Reach 800, AT&T Reach Out, 1-800-CALL-ATT and AT&T Enhanced Prepaid Card.

**(b) Confirmation that the intrastate share of the revenues from the AT&T cards is included in Alascom revenues.**

**Response:** As stated previously, there are no intrastate Alaska calls associated with AT&T Enhanced Prepaid Card traffic. AT&T Alascom prepaid card revenues are displayed in attached Exhibit B. As shown in Exhibit B, although there were enhanced prepaid card revenues booked as intrastate non-regulated, this

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booking was in error because the revenues should have been booked as *interstate* non-regulated.

AT&T Alascom recorded prepaid card revenues as *non-regulated* because AT&T Enhanced Prepaid Card services are *enhanced* services that provide the caller with a third-party advertisement or other informational messages unrelated to call routing. AT&T's FCC Petition for Declaratory Ruling provides further information about the enhanced nature of these services.

**(c) Affirmation and verification with sufficient information that Alascom has appropriately paid regulatory cost charges for the intrastate share of revenues associated with the prepaid cards.**

**Response:** AT&T Alascom has not recorded AT&T Enhanced Prepaid Card revenues as intrastate regulated revenues, nor has it paid Regulatory Cost Charges on those revenues because these services are *interstate enhanced services*, to which Regulatory Cost Charges do not apply.

**(d) Identification of the intrastate tariff provision governing the AT&T prepaid cards.**

**Response:** Because AT&T's prepaid card services are offered as enhanced services, they are not subject to tariffing requirements that apply to basic telecommunications services. Although AT&T Alascom has prepaid card tariff provisions in its intrastate Tariff 98, section 4.2.19, attached hereto as Exhibit C, the tariff section was designed for prepaid cards that were not enhanced. Over time,

however, AT&T introduced enhanced prepaid card services and the tariff provisions are no longer applicable.

(e) **Affirmation and verification with sufficient information that Alascom has paid intrastate access charges on the intrastate calls associated with the prepaid cards and an explanation of how Alascom has verified that such is the case.**

**Response:** For the reasons explained in AT&T's FCC Petition, there are no intrastate Alaska calls associated with the AT&T Enhanced Prepaid Card service. Nevertheless, as shown in attached Exhibit D, AT&T Alascom has been paying intrastate terminating access charges on AT&T Enhanced Prepaid Card calls that originate and terminate in Alaska because of how local exchange carriers have implemented AT&T's access billing factors.

**Terminating Access:** AT&T utilizes actual recording data to develop and provision access billing factors and provides those factors to all local exchange carriers in Alaska to jurisdictionalize calls for access billing purposes. In most cases, AT&T updates the factors on a quarterly basis. The PIUs<sup>2</sup> for services and how the local exchange carriers apply them varies. Even though they record their own traffic, ACS of Anchorage, Alaska, and Fairbanks apply an AT&T terminating non-800 traffic factor to the total universe of AT&T traffic, which includes terminating prepaid card volumes. ACS of Anchorage has applied a PIU

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<sup>2</sup> PIU means Percentage of Interstate Use.

terminating factor of 69.1% since April 4, 2001, despite AT&T quarterly updates of the factor. Since January 1, 2001, ACS of Alaska and ACS of Fairbanks have applied a PIU terminating factor of 53.7%, despite AT&T quarterly updates of the factor. GCI Communication and Matanuska Telephone record usage and jurisdictionalize calls based on the recorded call detail and apply the AT&T-provided terminating factor to call volumes whose jurisdiction is "unknown." Based on the foregoing, AT&T Alascom has paid intrastate terminating access to the ACS LECs, GCI and Matanuska, as reflected on Exhibit D. AECA and its members rely on AT&T to provide them with monthly detail summary reports and quarterly PIU factors to jurisdictionalize calls. Based on our investigation and AECA's acceptance of AT&T's PIU factors, AT&T has paid terminating interstate access for prepaid volumes billed by AECA companies.

**Originating Access:** AT&T Alascom has not paid originating intrastate access on AT&T Enhanced Prepaid Card calls.

**Nontraffic Sensitive Access:** All Alaska local exchange carriers impose nontraffic sensitive Bulk Bill charges on each interexchange carrier in proportion to its total intrastate traffic volumes. AT&T Alascom has paid nontraffic sensitive access charges to the extent that Enhanced Prepaid Card minutes were assigned to the intrastate jurisdiction, as discussed above.

In conclusion, having responded to the Commission's information requests, AT&T Alascom requests that the Commission hold this proceeding in abeyance

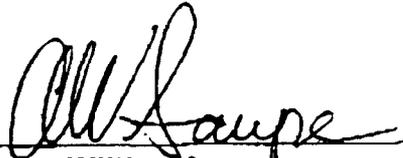
pending a ruling by the FCC on AT&T's Petition for Declaratory Ruling, filed  
May 15, 2003.

Respectfully submitted.

ASHBURN & MASON  
Attorneys for AT&T Alascom

Dated: May 16, 2003

By

  
A. William Saupe

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I, Kristi L. Catlin, say on oath or affirm that I have read the foregoing document and believe all statements made in the document are true and correct, to the best of my knowledge, information and belief.



Kristi L. Catlin  
Director, Government Relations  
AT&T Alascom

May 16, 2003

AT&T ALASCOM'S INFORMATION FILING IN RESPONSE TO ORDER NO. 2  
Docket No. U-97-120  
May 16, 2003  
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EXHIBIT B

ALASCOM PREPAID CARD REVENUES - 2002					
	Jurisdictional	Non- Jurisdictional	Intrastate	Interstate	International
Enhanced	\$	51	\$ 2,412,325	\$ 3,507,602	\$ 1,083,152
Regulated	\$	-	\$ 6,719	\$ 51,413	\$ 237,680
Total Prepaid Card	\$	51	\$ 2,419,044	\$ 3,559,015	\$ 1,320,832

ALASCOM, INC.  
 Manager, Tariffs  
 210 East Bluff Road, Anchorage, AK 99501  
 Issued: March 10, 1999

TARIFF ALASKA P.U.C. No. 98  
 6th Revised Page 93  
 Cancels 5th Revised Page 93  
 Effective: April 11, 1999

### TELECOMMUNICATIONS SERVICES

#### 4. MESSAGE TELEPHONE SERVICE (Cont'd)

- 4.2.19 Alascom Prepaid Card Service - Alascom Prepaid Card Service is an outbound voice grade communications service for calls charged to an Alascom Prepaid Card.

The following types of calls may not be completed with the Alascom Prepaid Card Service:

- Calls to 500, 700, 800, 900 numbers
- Directory Assistance calls
- All Operator Services calls
- Alascom Conference calls
- Alascom Busy Line Verification/Interrupt Service
- Calls requiring the quotation of time and charges
- High Seas Service

The terms, conditions and prices at the time of issuance apply to all prepaid cards issued under SmartTalk brand prior to April 1, 1999.

Except as may be specifically referenced therein, calls made utilizing Alascom Prepaid Card Service are not included in any Alascom Custom Network Services or Optional Calling Plans.

Alascom Prepaid Card Service is available as the Alascom Prepaid Card Service-Unit Option as described below.

- A. Availability - Alascom Prepaid Card Service is available twenty-four hours a day seven days a week from Dual Tone Multi Frequency phones. The number of available Cards is subject to technical limitations and will be offered to Customers on a first come, first served basis.
- B. Regulations - In addition to the regulations in 3, preceding, the following regulations apply:
1. Alascom Prepaid Card Service is accessed using the Alascom 800 number printed on the card.
  2. All calls must be charged against an Alascom Prepaid Card that has a sufficient available balance.
  3. A Customer's call in progress will be interrupted with an announcement when the balance is about to be depleted. Such announcement will occur one minute before the balance will be depleted, based on the terminating location of the call. The Customer will be requested to enter another valid Alascom Prepaid Card number in order to continue the call.
  4. Calls in progress will be terminated by the Company if the balance on the Alascom Prepaid Card is insufficient to continue the call and the Customer fails to enter the number of another valid Alascom Prepaid Card prior to termination.

ALASCOM, INC.  
Manager, Tariffs  
210 East Bluff Road, Anchorage, AK 99501  
Issued: May 4, 1998

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### TELECOMMUNICATIONS SERVICES

#### 4. MESSAGE TELEPHONE SERVICE (Cont'd) 4.2.19 ALASCOM PREPAID CARD SERVICE (Cont'd)

C. Rate and Charge Application - Alascom Prepaid Card Service-Unit Option Prepaid Cards are available in various unit denominations. These prices include taxes that are calculated based on usage. They do not include sales or excise taxes due at the point of purchase. Alascom Prepaid Card Service-Unit Option Cards will be sold at prices rounded to the nearest cent. Alascom Prepaid Card Service rates apply twenty-four hours per day, seven days per week.

1. Alascom Prepaid Card Service-Unit Option Cards - The unit denominations may range from 15 units to 300 units, or as otherwise specified by the Company. Unit Option Prepaid Cards will be decremented at 1 unit for each minute or fractional part of a minute that a call continues.

D. Credit Allowances for Interruptions - A credit allowance for Alascom Prepaid Card Service is applicable to that portion of a call that is interrupted due to poor transmission, one-way transmission, or involuntary disconnection of the call. A Customer may also be granted credit for reaching a wrong number. To receive the proper credit, the Customer must notify the Company at the designated Customer Service Number printed on the Alascom Prepaid Card and furnish the called number, the trouble experienced (e.g., cut-off, noisy circuit, reached wrong number, etc.), and the approximate time the call was placed.

1. Interruptions to Established Calls - When a call is charged to an Alascom Prepaid Card that is interrupted due to cut-off, one-way transmission, or poor transmission conditions the Customer will receive credit equivalent to one unit for each minute to the terminating location of the interrupted call if the card was established using an ALASCOM Prepaid Card Service-Unit Option Card.

2. Wrong Numbers - When a wrong number is reached, the Customer will receive credit if the Customer reports the situation promptly to the Company at the designated Customer Service number. If the wrong number is reached using an Alascom Prepaid Card Service-Unit Option Card the Customer will receive credit equivalent to the number of one calling unit for each minute to the terminating location of the call.

3. When Credit Allowances Do Not Apply - Credit allowances for calls pursuant to Alascom Prepaid Card Service do not apply for:

- Interruptions not reported to the Company,
- Interruptions that are due to the failure of power, equipment or systems not provided by the Company, or
- Interruptions caused by the failure of other services provided by this Company which are connected to Alascom Prepaid Card Service.

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TELECOMMUNICATIONS SERVICES

4. MESSAGE TELEPHONE SERVICE (Cont'd)  
 4.2.19 ALASCOM PREPAID CARD SERVICE (Cont'd)

E. Rates - Alascom Prepaid Card Service-Unit Option Card Rates. One unit equals one minute of Intrastate calling. Cards may be ordered according to the Standard Plan or the Volume Discount Plan as described below. These prices include taxes that are calculated based on usage. They do not include sales or excise taxes due at the point of purchase.

1. Standard Plan Rate Schedule (Purchase of less than 1,260 Units in a single purchase)

<u>Card Denominations</u>	<u>Price Per Unit</u>
15 Units	\$0.33
25 Units	\$0.33
30 Units	\$0.33
50 Units	\$0.33
60 Units	\$0.33
100 Units	\$0.30
200 Units	\$0.28
300 Units	\$0.25

2. Volume Discount Plan (Purchase of 1,260 Units or more in a single purchase)

<u>Annual Purchase in Units</u>	<u>Level</u>	<u>Card Unit Denominations</u>	<u>Price/Unit</u>
1,260 - 41,000	A	15, 30, 60 100, 200, 300	\$0.25 \$0.24
41,001 - 206,000	B	15, 30, 60 100, 200, 300	\$0.24 \$0.23
206,001 - 1,100,000	C	15, 30, 60 100, 200, 300	\$0.23 \$0.22
1,100,001 - 4,700,000	D	15, 30, 60 100, 200, 300	\$0.22 \$0.21
4,700,001 - 25,000,000	E	15, 30, 60 100, 200, 300	\$0.21 \$0.20
25,000,001 - 50,000,000	F	15, 30, 60 100, 200, 300	\$0.20 \$0.19
Above 50,000,000	G	15, 30, 60 100, 200, 300	\$0.19 \$0.18

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210 East Bluff Road, Anchorage, AK 99501  
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#### TELECOMMUNICATIONS SERVICES

- 4. MESSAGE TELEPHONE SERVICE (Cont'd)
- 4.2.19 ALASCOM PREPAID CARD SERVICE (Cont'd)
  - (E) Rates (Cont'd)
  - (2) Volume Discount Plan Cont'd)

Alascom reserves the right to increase the above rates for the Volume Discount Plan, regardless of any provisions in this tariff that would otherwise stabilize rates or limit rate increases, as a result of charges imposed upon Alascom stemming from any law or an order, rule, or regulation of the Federal Communications Commission or a court having competent jurisdiction relating to compensation of payphone service providers. If necessary, revisions will be filed to reflect the actual rates.

(b). Annual True Up - For those Customers who have committed to a specified purchase level for 12, 24, or 36-month, Alascom will track the Customer's total purchases and, at end of each 12-month period, true up the Customer's account as follows:

I. If the Customer's total purchases during each 12-month period exceed the original commitment/purchase level and place the Customer in a higher purchase level, Alascom will use the Rate Schedule in effect on the date of the initial order to recalculate the total amount the Customer would have been charged for all of the units purchased during that 12-month period. Alascom shall then provide a refund equal to the difference between the amount actually paid by the Customer, excluding any amounts paid pursuant to the last paragraph of Section 4.2.19.E.1. and the amount recalculated pursuant to the preceding sentence.

II. If the Customer's total purchases during each 12-month period fall short of the original commitment/purchase level and place the Customer in a lower purchase level, Alascom will use the Rate Schedule in effect on the date of the initial order to recalculate the total amount the Customer would have been charged for all the units purchased during that 12-month period. The Customer shall then be billed by Alascom for an amount equal to the difference between the amount recalculated pursuant to the preceding sentence and the amount actually paid by the Customer, excluding any amounts paid pursuant to the last paragraph of Section 4.2.19.E.1. Customer shall pay such bill within thirty (30) days of receipt.

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### TELECOMMUNICATIONS SERVICES

#### 4. MESSAGE TELEPHONE SERVICE (Cont'd) 4.2.19 ALASCOM PREPAID CARD SERVICE (Cont'd)

F. Collectible Cards - Alascom Prepaid Cards bearing special logos considered to be of a collectible nature may be offered to Customers at a price higher than the rates set forth in Section 4.2.19.E.1 preceding due to a premium value attached to the card which is independent of its value/rate as a mechanism for completing long distance calls. The tariff usage value of the card will be shown on one side of the card and applies to all calls made using the card. The independent or Collectible value may be displayed on the opposite side of the card.

G. Rechargeable Cards - Some Alascom Prepaid Cards (Unit Option Cards) have a feature whereby the Customer may purchase or "recharge" additional units of Alascom Prepaid Card Service to an existing prepaid card in increments of 60, 100, 200, and 300 units. In addition to the regulations set forth above, rechargeable cards are also subject to the following conditions and limitations:

- (1) Customers may purchase additional units using the recharge feature no more than twice in a 48-hour period.
- (2) Customers may purchase any combination of the unit increments shown in G. above but no more than 900 units or \$225 of Alascom Prepaid Card Service per recharge.
- (3) The Customer's Alascom account is in good standing.
- (4) The rates for a rechargeable card are the same as a non rechargeable card for the initial purchase. When the card is recharged, the recharge rates as shown in the rate table in Section 4.2.19.E.1 preceding apply.
- (5) All units added through the recharge feature must be paid for by credit/charge card and will be added to the Customer's prepaid card within one day after the credit/charge card used by the Customer has been verified.

H. Conference Calling - Beginning April 1, 1999 on cards so equipped, Customers may arrange a three way (caller plus two other participants) conference. Cards will be decremented one unit for each minute of set up time plus three additional units for each minute of call duration. Set up time and call duration time which involve a fractional part of a minute will be rounded up to the next higher full minute.

I. "555" Directory - Beginning April 1, 1999 on cards so equipped, Customers may access NPA-555-1212 to obtain telephone listings. Cards will be decremented five (5) units per call.

Exhibit D

2002 ALASKA ENHANCED PREPAID CARD ESTIMATED ACCESS BILLING SUMMARY				
	INTERSTATE	INTRASTATE	TOTAL	
ACS EXCEPT ACS OF THE NORTHLAND	\$ 3,339,499	\$ 1,709,843	\$ 5,049,342	
ACS OF THE NORTHLAND	\$ 964,256	\$ -	\$ 964,256	
GCI	\$ 1,955,119	\$ -	\$ 1,955,119	
MATANUSKA TELEPHONE	\$ 969,949	\$ -	\$ 969,949	
ALASKA EXCHANGE CARRIER ASSOCIATION	\$ -	\$ -	\$ -	
DIRECT BILLING - AECA MEMBER COMPANIES	\$ 440,659	\$ -	\$ 440,659	
<b>GRAND TOTAL PPC BILLING</b>	<b>\$ 7,669,483</b>	<b>\$ 1,709,843</b>	<b>\$ 9,379,326</b>	

**ALASKA ESTIMATED ENHANCED PREPAID CARD ACCESS BILLING ASSUMPTIONS**

- 1 ACCESS BILLING BY LECs IS NOT PROVIDED AT A PRODUCT LEVEL (e.g. PREPAID CARD). THEREFORE, ESTIMATES HAVE BEEN PROVIDED USING JANUARY 2003 EPPC TRAFFIC BY CARRIER TO ESTIMATE PPC SHARE OF ACTUAL LEC ACCESS BILLS.
- 2 BILLING ESTIMATES BASED ON 2002 EPPC ALASKA MOUs OF 169,372,080 BASED ON REVENUE MOU VOLUMES.
- 3 15% ADJUSTMENT FOR NON-CONVERSATION TIME ADDED TO DETERMINE ORIGINATING ACCESS MINUTES OF USE. ORIGINATING AMOU = 194,777,892.
- 4 ESTIMATE ASSUMES SYMMETRY TO DETERMINE TERMINATING MINUTES OF USE. TERMINATING ACCESS MOU = 169,372,080.
- 5 2002 ALASKA LEC BILLS DO NOT INCLUDE UNDERBILLING ASSOCIATED WITH THE VOLUME RECORDING ISSUE DUE TO AN AMA MODE CHANGE.