Billing Issues for Dial-Around Carriers

CG Docket No. 02-386

Americatel Corporation

February 23, 2004

Americatel's Petition

- Americatel filed its petition for declaratory ruling on Sept. 5, 2002, more than two months before the AT&T-MCI-Sprint joint petition
  - Americatel requested that the FCC issue a declaratory ruling stating that all LECs have an obligation to provide all carriers with mandatory access to Billing Name and Address ("BNA") information and imposing a requirement that all carriers exchange customer billing information under specific parameters developed by the industry through the Ordering and Billing Forum ("OBF")

Joint Petitioners' Request

- In late November 2002, AT&T, MCI & Sprint ("Joint Petitioners") filed their request for a new rule that would oblige all carriers to meet mandatory minimum Customer Account Record Exchange ("CARE") requirements
- The two requests were combined into a single docket and placed on public notice for comment in December 2002 in CG Docket No. 02-386

Areas of Agreement & Disagreement

- Americatel and the Joint Petitioners are in basic agreement that both petitions should be granted
- The area of dispute is whether the Joint Petitioners' request should be addressed before Americatel's even though Americatel's was filed two months earlier and public notice deferred in order to wait for the filing of the Joint Petition
- Both petitions should be decided at the same time

The Nature of the Billing Problem for Dial-Around Carriers

- Local competition has resulted in situations where Dial-Around Carriers cannot bill their customers
  - Dial-Around Carriers do not know the identity of their customer; only have ANI information & must rely on LEC for other billing information
  - With local competition, a Dial-Around Carrier does not know which LEC serves a customer
  - Some CLECs refuse to provide BNA information
  - Significant financial losses for Dial-Around Carriers
  - Threat to viability of Dial-Around service at affordable prices & impact on lower-income consumers who use Dial-Around service

Americatel's Financial Problem

- Unbillable calls due to a lack of billing information increased by 300% from 1999-2001
- Unbillable calls constituted a full six percent of Americatel's long distance revenues for 2001 and amounted to $6.4 million in 2002
- Aggressive management of Americatel's accounts in 2003 reduced its volume of unbillable calls to $4.7 million, but only because of affirmative actions that resulted in the loss of actual customers who, with access to accurate and current billing information, Americatel would have been able to retain and continue to serve
- Unbillable calls still accounted for approximately 3.5% of Americatel's 2003 revenues

Dial-Around Competition Is Important

- The FCC has long recognized the importance of dial-around calling as a protection against high long distance prices
  - For example, during the November 1999 Joint FCC-FTC Forum on Long Distance Advertising, former FCC Chairman William Kennard estimated that in 1999, dial-around calling amounted to approximately $3 billion or 7.5% of the long distance calling market
  - This recognition of the importance of dial-around services to competition has continued under current FCC Chairman Michael Powell. For example, in October 2001, the Commission issued a consumer brochure in thirteen languages that informed consumers of the wide variety in prices for international long distance calls and urged them to investigate calling alternatives such as dial-around plans and prepaid cards

FCC Action Needed

- OBF has developed a data base solution for carriers to share customer billing information
- Privately negotiated information exchanges are not working despite good faith efforts
  - Americatel's agreement with AT&T has produced BNA information for only 2.82% of the ANI listings sent by Americatel to AT&T even though Americatel pays per ANI searched
  - MCI has been able to provide Americatel with BNA information for 16% of the ANI listings submitted to MCI by Americatel
  - Solving 16% of a problem cannot be regarded as an acceptable result & data is not received for months

FCC Action Needed (cont'd)

- FCC should direct the Industry to implement this data base solution, under OBF direction, just as the Industry implemented the 888 Service Access Code under OBF direction & FCC supervision
- FCC should also direct all CLECs to offer BNA service since all ILECs already provide BNA service under FCC direction
- Action is needed now; Americatel's petition has been on file with the FCC for almost 19 months