

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

In the Matter of)
)
Regulation of Prepaid Card Services) WC Docket No. 05-68
)
_____)

COMMENTS OF SPRINT

Michael B. Fingerhut
Richard Juhnke
401 9th Street NW, Suite 400
Washington, D.C. 20004
(202) 585-1909

Counsel to Sprint Corporation

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Sprint Corporation (“Sprint”) hereby respectfully submits its comments on issues raised by the Commission’s *Notice of Proposed Rulemaking (Prepaid Card NPRM)* in the above-captioned proceeding.¹

I. INTRODUCTION AND SUMMARY

A. Background

The genesis of this proceeding is a November 22, 2004 *ex parte* letter by AT&T in WC Docket No. 03-133.² In that docket, the Commission was considering the merits of AT&T’s petition for a declaratory ruling that, if granted, would have sanctioned (1) AT&T’s practice of not paying intrastate access charges on calls made using its so-called “enhanced” prepaid cards, even though some of those calls originated and terminated in the same state; and, (2) AT&T’s practice of not reporting the interstate portion of the revenues it received from its provision of

¹ The *NPRM* was issued as part of the Commission’s *Order* in WC Docket No. 03-133, *AT&T Corp. Petition for Declaratory Ruling Regarding Enhanced Prepaid Calling Card Services*, FCC 05-41 (released February 23, 2005) (*AT&T Prepaid Card Decision*), *petition for review filed sub nom., AT&T v. FCC*, Case No. 05-1076, filed March 28, 2005 (D.C. Cir.).

² Letter from Judy Sello, Senior Attorney, AT&T, to Marlene H. Dortch, Secretary, Federal Communications Commission (Nov. 22, 2004) (“November 22 Letter”).

prepaid card services to the Universal Service Administrative Company, thereby excluding such services from Universal Service Fund (“USF”) contributions. The Commission correctly rejected each of AT&T’s arguments in support of its petition as contrary to Commission precedent and otherwise without merit.

AT&T’s prepaid cards at issue in the declaratory ruling proceeding involved the furnishing of an advertising message stored in the platform to the caller either after the caller entered the PIN number printed on the card or the phone number of the person the caller is trying to reach. The version of the prepaid card described in AT&T’s November 22 Letter is merely a variation on this theme. The prepaid card user still dials the toll free number printed on the card and is connected to AT&T’s prepaid card platform. Upon entering the prepaid card PIN number, the user hears a message offering him the opportunity to listen to advertising messages from the card distributor or to obtain other information. To hear a particular message the user is instructed to press a particular number on the key pad which connects the user to a menu of options.³ If the user does not want to hear the messages and instead wants to call a family member or a friend -- and, of course this is how AT&T promotes its prepaid cards, *see e.g.*, www.consumer.att.com/prepaidcard/ -- he is instructed to enter the ten-digit phone number of the person or entity that he is trying to reach.⁴ Upon dialing such number and before the call is connected, the user will hear an advertising message in the same manner as the users of the “enhanced” prepaid card at issue in the declaratory ruling proceeding. AT&T requested that the

³ Based upon test calls using this variation of AT&T’s prepaid card obtained from Sam’s Club, the user, upon accessing this menu, is informed that he will be charged \$1.34 per use.

⁴ According to AT&T’s website, for calls to numbers within the North American Numbering Plan, users are also required to enter a “1.” A copy of the relevant pages from AT&T’s current prepaid card website is attached as Appendix A.

Commission classify this prepaid card variant as an interstate information service and thus not subject to intrastate access charges or universal service fund contributions.

In its November 22 Letter (at 3-4), AT&T also asked the Commission for a ruling on whether its “enhanced” prepaid cards would “be treated as an interstate information service not subject to universal service assessments or intrastate access charges, if transport were provided over AT&T’s Internet backbone network, using Internet Protocol (“IP”) technology.”

Apparently, AT&T had not, at the time it submitted the letter, made a decision as to whether to use VoIP for “transport of platform-based prepaid card services,” *id.* at 4, but pointed out that others were doing so and treating such traffic “as subject to the ESP [Enhanced Service Provider] exemption from access charges and paying, at most, interstate access charges.” *Id.* Thus, AT&T asked that if it began to transport prepaid calls using VoIP technology, it too be allowed to classify such calls as interstate information service calls.

The Commission decided not to address AT&T’s requests set forth in the November 22, Letter. It explained that attempting “to address the appropriate regulatory regime for variations of prepaid calling cards in a piecemeal manner” would not serve the public interest. Thus, it instituted the instant rulemaking so that it would be able to “consider[] this issue in a more comprehensive manner, [by] ... gather[ing] information about all types of current and planned calling card services.” *AT&T Prepaid Card Decision* at ¶38. And in order to gather such information, it has raised a number of questions for commenting parties to address.

B. Summary

Sprint sets forth its response to these questions below. But the one overarching principle that should inform the Commission’s decision in this rulemaking is that a prepaid card is, in reality, nothing more than a billing mechanism. It is not a wireless phone with which the user

can send messages to others or access the Internet; it is not a dial-up or cable modem connected to a computer enabling users to access an Internet Service Provider (“ISP”), or send emails or instant messages; it is not a PDA; and it is not a wireless card that enables a laptop computer user to access a Wi-Fi network. To the contrary, prepaid cards simply give users an alternative way to pay for telephone calls from home, office, college, payphones or semi-public phones in hotels and hospitals. The fact that a person may now be able to use his AT&T prepaid card and those of other carriers also to obtain, and through the card pay for information about the card distributor or about movies, restaurants, etc., does not transform telecommunications services paid for by the card into information services. Certainly a bill from a phone company that includes charges for Internet access services would not transform the local, interstate and international calls also included on the bill into information services. In short, the only “appropriate regulatory regime for variations of prepaid calling cards” is one in which carriers are required to separate the services paid for by the card into telecommunications and information services buckets and ensure that such carriers comply with the regulatory structures that govern the provision of those services.

II. ARGUMENT

A. **The Controversy At Issue In This Proceeding Demonstrates The Overwhelming Need To Reform The Intercarrier Compensation Scheme And The Universal Service Funding Mechanism.**

Sprint addresses the questions asked by the Commission in the *Prepaid Card NPRM* in the next section. In this section, Sprint observes that the issues in this proceeding would be moot if the intercarrier compensation scheme and the universal service funding mechanism were rational. For example, under an economically rational intercarrier compensation structure, access rates would be same for both interstate and intrastate calls and for both

telecommunications and information services, since the per-minute cost incurred by the LEC in the provision of access services is the same regardless of the jurisdiction or nature of the call. Moreover, there would no differential between the rates paid for using a carrier's network for telecommunications services or for information services. A unified access regime would eliminate any incentive that AT&T and other prepaid card providers would otherwise have to classify jurisdictionally intrastate calls as interstate since they would not be able to lower their access charge expense as a result. A unified compensation plan would not provide financial incentives to classify services as either information services or telecommunications services. And, of equal importance, a unified access rate structure and a rational carrier compensation scheme would produce the result that would likely exist in an unregulated market which is, or should be, the goal of regulation.

Similarly, the current revenue-based mechanism for assessing carrier contributions to the universal service fund can no longer be considered rational in today's telecommunications marketplace, and is, in fact, contrary to the Commission's §254(d) mandate to adopt a mechanism that is "specific, predictable and sufficient." And, to make matters worse, the numerous exemptions allowed by the current system produces inequitable and discriminatory results. As Sprint and others have repeatedly explained, a numbers/connections-based mechanism using working numbers would be more consistent with §254(d) than the current revenue-based system and would go a long way toward reducing, if not totally eliminating, the pressure on IXC's that now exists to attempt to classify -- or perhaps misclassify -- certain telecommunications services as information services so as to remove those services from the universal service regulatory regime and thereby gain a significant cost advantage in the provision of such services.

Sprint believes that the only way for the Commission to end this untoward gamesmanship, and to prevent a drain on its limited resources as it is called upon to resolve the jurisdiction of traffic or determine whether “bells and whistles” made available to end users making ordinary telephone calls are sufficient to convert those calls to an information service, is to promptly adopt (1) a unified access charge structure such as the one proposed by the Intercarrier Compensation Forum (“ICF”) of which Sprint, AT&T and MCI are all members;⁵ and (2) to reform the universal service fund contribution regulatory regime as has been proposed by ICF. Such actions would certainly eliminate the need to conduct proceedings such as this one.

Of course, the Commission must decide the instant rulemaking under current law, and in order to place all offerors of prepaid cards in an equal competitive position, the Commission must do so as soon as possible. That means finding that all telephone calls paid for by prepaid cards are telecommunications services, and that the jurisdiction of those calls is to be based on where the calls originate and terminate.

B. All Available Evidence Confirms That Consumers Purchase Prepaid Cards To Make Telephone Calls, Not to Access Advertising Messages From the Prepaid Card Vendor.

In the declaratory ruling proceeding in Docket 03-133, the Commission rejected AT&T’s claim that the automatic provision of an advertising message to a prepaid card user after the user accessed AT&T’s prepaid card platform transformed the telecommunications services provided into information services. The Commission explained that “[b]ecause the advertising message is

⁵ *Ex Parte* Brief of the Intercarrier Compensation Forum in Support of the Intercarrier Compensation and Universal Service Reform Plan, CC Docket 01-92, filed October 5, 2004.

provided automatically, without the advance knowledge or consent of the customer, there is no ‘offer’ to the customer of anything other than telephone service, nor is the customer provided with the ‘capability’ to do anything other than make a telephone call.” *AT&T Prepaid Card Decision* at ¶15. Although AT&T’s prepaid card platform continues to automatically insert an advertising message from the prepaid card vendor to users of the prepaid card at issue here, such users apparently are also presented with an opportunity to access a menu to hear other advertisements from the prepaid card vendor. However, just as the Commission found the insertion of an advertising message does not transform the telephone calls being made through the platform switch and being paid for by the card into information services, so too must the Commission find that offering prepaid card users the opportunity to pay for access to a menu to hear advertising messages or obtain other information once they dial into the switch does not transform the telephone calls being made through the switch into information services. In other words, the difference between the two cards is without distinction.

AT&T argues that providing access to a menu of advertisements “meet[s] customer needs,” November 22 Letter at 2. Such claim is without merit since, as set forth on AT&T’s prepaid card web site, *supra*, AT&T does not even suggest that the cards enable the users to spend their minutes listening to advertisements. Rather, AT&T explains that when a person buys an AT&T prepaid card, he is “purchas[ing] calling minutes in advance” to have at the person’s “disposal whenever [the purchaser] want[s] to make a call.” AT&T informs the purchaser that to use such minutes, he just has to “call the toll-free Dial Number on the back of the Card, enter [the] Personal Identification Number (PIN), also on the back of [the] Card, and dial the number [he] wants to call.” And AT&T goes on to tout its prepaid phone cards as a way to “keep [the purchaser] connected to the people that matter most in [the purchaser’s] life” when away from

home on travel or at school, as well as “a great way to budget [the purchaser’s] communication expenses.” Moreover, the packaging materials, in-store signage and point-of-purchase materials for AT&T’s prepaid cards all explain that the cards enable the user to make telephone calls. There is no mention that cards are a “device for listening to advertisements,” *AT&T Prepaid Card Decision* at ¶15. In fact, based on test calls made by Sprint, the first time a prepaid card user is informed of the ability to hear advertisements is after the caller dials the access number and enters the card’s PIN. At this point, the caller is informed that information about the prepaid card vendor is available by pressing the star (*) key and that to access this information the user will be charged a fee of \$1.34.⁶

The fact that AT&T markets its cards as an inexpensive way to keep in touch with friends and family and not to obtain information is hardly surprising. According to a recent study by IDC, the target markets for prepaid cards are “immigrant and ethnic populations in the United States with high demand for international calling services” and “the mainstream, credit-challenged, or budget conscious consumers with strong demand for simple, convenient and cheap domestic calling services.”⁷ Indeed, according to IDC’s survey results, the main reasons

⁶ Similarly, Sprint has not seen any materials from MCI promoting its prepaid card as a “database access device.” IDT’s prepaid card includes the language “New -- Speed Dial, News Alerts and Email.” However, IDT provides no further information with its card about the new feature. The Sprint employee who dialed the number on the card to reach IDT’s prepaid card platform was first told to enter the PIN and upon doing so was instructed to enter the number she wished to call. At that point she was informed about the ability to obtain stock quotes, sports scores, weather information, etc. by pressing the star (*) key. She was also informed that to obtain this information she would be charged the same minute rate as she is being charged to make telephone calls. There was no mention of the email access, and upon calling customer service, she was told that IDT does not offer that service.

⁷ Wu Zhou, U.S. Prepaid Phone Card 2005-2009 Forecast and Analysis: Risks and Opportunities Post-Acquisition of AT&T and MCI, March 2005, IDC #326989, Volume 1 at 3.

cited by individuals for purchasing prepaid cards included cost, convenience, as a means for a child to call home, and as a way to budget long distance calls better.⁸

Plainly, given how AT&T markets its prepaid card and the reasons why people purchase these cards, AT&T's argument that it is selling and people are buying prepaid cards because such cards provide them the ability to access advertising messages from the prepaid card vendor cannot be accepted. AT&T is offering prepaid cards as a means for consumers to pay low rates for interstate, international and intrastate long distance calls. And this is exactly what is being accepted by the purchasers of prepaid cards.⁹

At most, the "opportunity" to access a menu so as to obtain and listen to advertising messages from the prepaid card vendor and perhaps gather other information -- an "opportunity" that, if taken will require the expenditure of money that could otherwise be used to keep in touch with the people that matter most in the prepaid card user's life -- is incidental to the telecommunications services being provided through the platform and being paid for by the card. But the provision of a nonintegrated, incidental information service in conjunction with telecommunications services by carriers such as AT&T does not contaminate the telecommunications services so as to remove them from Title II regulation under the Act. The distinction between telecommunications and information services is not so easily

⁸ *Id.* at 4. Based on the survey, the author concludes that prepaid card cards are no longer "just for the credit challenged or minorities anymore." Rather, "users today include business travelers, students and consumers looking to better manage monthly expenses." *Id.* at 31.

⁹ *AT&T Prepaid Card Decision* at ¶15. The perspective of the customer "is often considered a significant factor" when evaluating the type of services being offered. *Ad Hoc Telecommunications Users Committee v. FCC*, 680 F.2d 790, 795 (D.C. Cir. 1982) citing *American Broadcasting Companies v. FCC*, 663 F.2d 133, 139 (D.C. Cir. 1980) which, in turn, cited *American Telephone & Telegraph Company (WATS)*, 70 FCC 2d 593, 609 & 614 (1978).

circumvented.¹⁰ If it were, carriers would be able to remove telecommunications services from the scope of Title II and exempt those services from USF contribution obligations simply by providing an information service which is completely severable from the telecommunications services being provided.¹¹

In short, there can be no justification for classifying the telecommunications services purchased by users of prepaid cards as information services simply because users can also elect to use the cards to pay for the opportunity to hear advertising messages from the prepaid card vendor or obtain other information that is apparently stored at the prepaid card platform. All available evidence confirms the common sense conclusion that people purchase prepaid cards in order to pay low rates for domestic long distance and international calls, not to pay for advertisements or other information that they are able to obtain through other sources such as the newspaper, the radio, television or even the prepaid card vendor's website. The information

¹⁰ See *IDCMA, Petition for Declaratory Ruling that AT&T's InterSpan Frame Relay Service Is a Basic Service*, 10 FCC Rcd 13717, 13722-723 (1995) (the offering of "enhanced protocol conversion capabilities" in connection with AT&T's frame relay service which were not utilized by the vast majority of AT&T's frame relay customers is insufficient to classify AT&T's frame relay service as an enhanced service).

¹¹ Sprint PCS customers are furnished day and time information on their handsets. Such information resides in the Sprint wireless network. Although this information is highly useful to Sprint PCS customers, it not needed to make a phone call. In addition, Sprint PCS customers can subscribe to a service that allows them to access the Internet, to purchase and download ring-tones and games, and to send emails and instant messages. And, of course, Sprint PCS customers can use their phones to make telephone calls. If the Commission were to rule that ability of prepaid card users to purchase access to advertisements and other information at the prepaid card platform is sufficient to classify the telecommunications services provided through the same platform as information services even though the access to advertisements have nothing to with the provision of telecommunications services, Sprint believes that it should be able use its provision of time and day information as well as its provision of Internet access and other information capabilities to claim that the telephone calls being made for from the phones have been "contaminated" by the provision of such information services and are therefore exempt from all Title II regulatory requirements including the USF funding requirements.

services being offered to prepaid card users are incidental to the telecommunications services being provided and being paid for by decrementing minutes or units from the prepaid card. Perhaps carriers offering prepaid cards that enable customers to use their cards to pay for information stored in the network might be allowed to remove the revenues generated thereby from the telecommunications services bucket as long as the methodology used to do so is reasonable and is subject to audit. However, these carriers should not be allowed to claim that the offering of an incidental information service to prepaid card users contaminates the telecommunications services that are indisputably being provided such that the telecommunications services and the revenues generated there from are classified as information services outside the scope of Title II regulation. There is absolutely no Commission precedent for allowing carriers to exempt the provision of telecommunications services from common carrier regulation in this manner, and in fact all available precedent holds otherwise.¹²

Even if the Commission were to allow prepaid card providers to separate the portion of card services used to access information through the menu system as an information service for

¹² In this regard, Sprint notes that in an *ex parte* presentation to the Commission on February 1, 2005, MCI furnished the Commission with details of what it is calling its “Golden Retriever” prepaid card offering. Like the AT&T offering described in its November 22 Letter, Golden Retriever apparently allows purchasers of MCI’s prepaid cards to use their minutes to obtain information such as movie and restaurant reviews. MCI told the Commission that in light of fact that individuals can use their cards to pay for information stored in the network and until the Commission rules otherwise, it is treating all of the telecommunications services also being paid for by the card as interstate information services exempt from USF funding requirements and from intrastate access charges. MCI approach is backwards. Until the Commission issues a decision in this docket, MCI should be required to treat the telecommunications being provided and being paid for by its Golden Retriever prepaid card as telecommunications subject to Title II of the Act and to the extent that such services originate and terminate in the same state, subject to the state’s jurisdiction. If MCI continues to exempt its provision of telecommunications services to users of its “Golden Retriever” prepaid cards from Title II regulation, it should be subject to sanctions.

universal service reporting purposes, the underlying intercarrier compensation on that call should be unaffected. The LEC network on which the toll-free call originates provides the same network function for AT&T and other prepaid card providers regardless of the customer's choice to occasionally retrieve stored information from their calling card platforms. The same switches and same transport provide the same service. To allow the provider of prepaid card services to avoid originating access charges on those calls would deny just compensation. Indeed, information service providers are required to use telecommunications services to access their customers. ISPs regularly purchase ISDN PRI (Primary Rate Interface) and other services to make their services available to their customers via a local number, allowing the customers to avoid toll charges in using their services. If calls to the calling card platform in which stored information is retrieved are classified as information services, the card providers' and the ISPs' positions will be equivalent. Access payments for those originating toll-free calls are as appropriate as the charges for the ISDN PRI services. Until intercarrier compensation reform is completed, access charges must be paid on all toll-free calls placed to access the information platforms.

C. Use of IP Transport To Deliver The Telephone Calls Being Paid For By Prepaid Cards To The Terminating LEC Does Not, Standing Alone, Convert Such Calls Into Information Services.

A prepaid card user is instructed that in order to make a telephone call to be paid for by the card, he must first enter a 1+ toll free number using the key pad of a touch tone phone. By doing so, he will be connected to a voice response unit which will instruct him to enter the PIN printed on the card, and then the area code and 7-digit telephone number of the person he is

calling.¹³ The prepaid card carrier then transports the call to the LEC serving the called party for termination. Thus, the prepaid card user is making a call from “ordinary customer premises equipment (CPE)”; the call itself “originates and terminates on the public switched telephone network (PSTN)”; and there is no net protocol conversion involved.¹⁴ Plainly, such calls are telecommunications within the meaning of the Act and are subject to either interstate or intrastate access charges depending upon the jurisdiction of the call.¹⁵ The technology used by the prepaid card provider to transport the call is thus irrelevant to this analysis.

Nevertheless, as explained above, in its November 22 Letter (at 4), AT&T asked the Commission to rule that the telecommunications services being provided to users of its prepaid cards “will be treated as an interstate information service not subject to universal service assessments or intrastate access charges” if AT&T transports the calls from its prepaid card platform to the terminating LEC over its Internet backbone network. Although the Commission would have been justified in rejecting AT&T’s request as inconsistent with the *AT&T IP Telephony Order* issued just 8 months earlier, the Commission decided to ask for comments on the issue. Specifically, the Commission has called for comments on whether the use of “IP-technology-in-the-middle” to transport prepaid card traffic to the terminating LEC “is a relevant factor in determining its classification under the Act.”¹⁶ The simple answer is no.

¹³ As noted above, according to instructions on AT&T’s website, the user making calls to points in the United States, Canada or the Caribbean must also key in a “1” before entering the 10-digit number

¹⁴ *Petition for Declaratory Ruling that AT&T’s Phone-to-Phone IP Telephony Services are Exempt from Access Charges*, 19 FCC Rcd 7457 ¶1 (2004) (*AT&T IP Telephony Order*).

¹⁵ *Id.* at 7465 ¶12.

¹⁶ *Prepaid Card NPRM* at ¶40.

AT&T's request appears to be based on the Commission's statement that the decision in the *AT&T IP Telephony Order* was "limited to the type of service described by AT&T in [the] proceeding."¹⁷ That service involved the provision of "voice service utilizing 1+ dialing from a regular telephone that is converted into IP format for transport over AT&T's network and converted back into analog format for delivery through local exchange carrier lines."¹⁸ The Commission concluded that such service is telecommunications. In its November 22 Letter, AT&T argued that since the prepaid card user does not have enter a "1" before dialing the ten-digit telephone number of the called party, the Commission findings in the *AT&T IP Telephony Order* are inapposite.¹⁹ However, AT&T's argument was made in a proceeding in which it maintained that the call from the prepaid card platform was independent from the "1+" toll-free call that the prepaid card user dialed to reach the prepaid card platform. The Commission has properly rejected AT&T's two-call theory and found that the call originates at the phone where the prepaid card user enters the 1+ toll free number. Thus, because AT&T's prepaid card service involves the provision of "voice service utilizing 1+ dialing from a regular phone," its attempt to distinguish the *AT&T IP Telephony Order* from the facts at issue here fails.²⁰

¹⁷ *AT&T IP Telephony Order* at 7467 ¶1.

¹⁸ *Prepaid Card NPRM* at ¶40.

¹⁹ AT&T's argument here appears to be somewhat inconsistent with the instructions on how to use its prepaid card posted on its prepaid card Internet site. As stated, the prepaid card user is instructed to enter the number 1 before dialing the ten-digit number on all calls in the United States, Canada and the Caribbean, all countries within the North American Numbering Plan.

²⁰ AT&T has informed the Commission "that other prepaid calling card providers are using IP to transport prepaid calling card services and are treating such calls as information services." *Prepaid Card NPRM* at ¶40 citing AT&T's November 22 Letter at 4. If AT&T's assertion is true -- and Sprint strongly suspects that it is -- the proper course for the Commission to take is to bring these other providers into compliance with the Commission's regulatory regime, not exempt AT&T from compliance.

D. There is No Basis For The Commission to Preempt State Regulation Of Intrastate Telephone Calls Made by Prepaid Card Users.

Given the inescapable conclusion that the services at issue here involve the provision of ordinary telecommunications, both interstate and intrastate, they are subject to the dual federal and state regulatory regime embodied in the Act. The interstate calls being made by prepaid card users are subject to the Commission's jurisdiction and the intrastate calls being made by prepaid card users are subject to the jurisdiction of the state in which the call originated and terminated. The Commission, however, seeks "comment on the circumstances, if any, under which [it] should assert exclusive federal jurisdiction, even if the calls originate and terminate in the same state." *Prepaid Card NPRM* at ¶42. Sprint believes that given the narrow nature of this proceeding, there is no reason for the Commission to preempt state jurisdiction over the intrastate telephone calls being made by prepaid card users, especially since the traffic in question can be readily assigned to the appropriate jurisdiction and since there does not appear to be any overriding federal interest at stake.²¹

E. There Is No Need To Carve Out A Prepaid Card Exception For The Military.

Sprint strongly agrees with the Commission's observation that "prepaid calling cards are a vital communications tool for members of the armed services and their families" and thus prepaid cards offering low per-minute rates for telephone calls should be made available to soldiers and their families. *Prepaid Card NPRM* at ¶43. However, Sprint does not believe that any Commission action is necessary "to ensure that prepaid calling cards continue to be available

²¹ Enabling prepaid card providers to avoid paying intrastate access charges on intrastate traffic and to avoid making USF contributions on interstate traffic does not rise to the level of needing to preserve a federal interest.

to soldiers and their families at reasonable rates.” *Id.* In particular, there is no need to exempt the telecommunications services being paid for by the prepaid cards from universal service and access charges in order to ensure that the prepaid cards used by soldiers and their families offer low rates. The competitive marketplace, as opposed to regulation, should ensure that prepaid card rates will remain low, even if all prepaid card providers are required to pay into the universal service fund on their prepaid card interstate revenues and are required to pay intrastate access on jurisdictionally intrastate prepaid card traffic. Purchasers of Sprint’s prepaid cards at, for example, Safeway or at Dollar Stores already enjoy very low rates for the telephone calls made using the prepaid cards. And as the Commission is well aware, Sprint has never sought to exempt the telecommunications services being paid for by its prepaid cards from Sprint’s USF obligations or access charges.

III. CONCLUSION

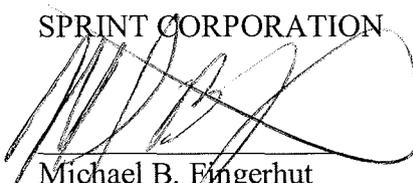
The Commission should reject the argument that offering the capability to prepaid card users to access a menu providing advertising messages from the prepaid card vendor and other information once they reach the prepaid card platform converts the plain old voice services being provided to these users from telecommunications to information services and thereby exempts those services from access charges and USF contributions. Indeed, Sprint believes that the Commission has no choice but to conclude that the telephone calls being made by prepaid card users are telecommunications services if it is to base its decision on its own long-established precedent, as well as the marketplace reality that prepaid card providers promote the cards as a way to make long distance and international calls and users purchase the cards for that purpose.

Sprint also requests that the Commission issue its decision expeditiously. Despite the Commission’s *AT&T Prepaid Card Decision*, some prepaid card providers may be relying on the

Commission's rulemaking to avoid paying access charges on the telephone calls made using their cards as well as excluding the revenues generated from the interstate calls paid for by the cards from their USF reports. Such avoidance and exclusion clearly distort the competitive marketplace and, therefore, any lack of Commission urgency in deciding this matter sends a signal, even if unintended, that the Commission is unconcerned that certain carriers may not be playing by the rules.

Respectfully submitted,

SPRINT CORPORATION

A handwritten signature in black ink, appearing to read "Michael B. Fingerhut", is written over a horizontal line. The signature is stylized and somewhat cursive.

Michael B. Fingerhut
Richard Juhnke
401 9th Street NW, Suite 400
Washington, D.C. 20004
(202) 585-1909

Its Attorneys

April 15, 2005

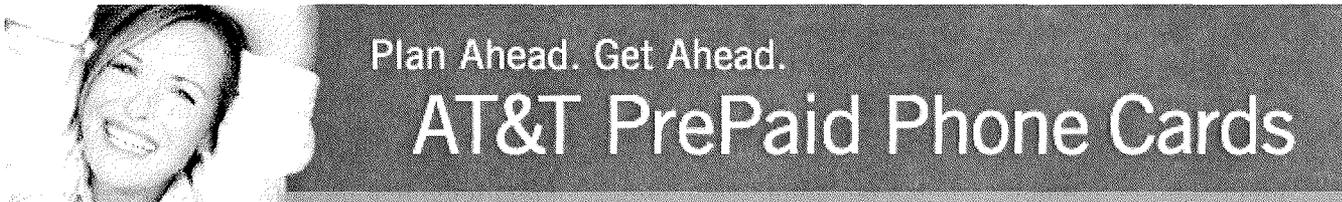
APPENDIX A



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*Applies to AT&T PrePaid Phone Cards purchased online, or in retail stores. Promotional AT&T Phone Cards carry an expiration date. Promotional cards are not for retail sale.

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The world's networking company™

RESIDENTIAL: PRODUCTS & SERVICES | CUSTOMER CENTER | ASSISTANCE

CALLING PLANS | INTERNET SERVICES | BUNDLED SERVICES | VOICE OVER IP | PHONES & ACCESSORIES



⊙ **AT&T PrePaid Home**

:: **AT&T PrePaid Phone Cards**

- **How They Work**
- **Rates and Pricing**
- **Place an Order**
- **Check Your Card Balance**
- **Find a Store**
- **Frequently Asked Questions**

⊙ **Promote Your Business**

⊙ **Contact AT&T PrePaid**

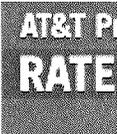
SMART AND SIMPLE CALLING

Whether you're away from home, looking for the right gift or sending kids off to school, AT&T PrePaid Phone Cards keep you connected to the people that matter in your life.

They're also a great way to budget your communication expenses. Simply [buy minutes in advance](#) and use them whenever you want! And when you run out, just [recharge your card!](#)

With AT&T PrePaid Phone Cards, you'll enjoy [flat rates*](#) and minutes that never expire! Make calls within the U.S. or from [over 200 countries worldwide!](#)

* A surcharge of up to 4 minutes applies to pay phone calls. International flat rates are higher than U.S. domestic flat rates, differ according to destination called and are subject to change. Rates may be higher for calls made to or from mobile phones. See complete [Terms and Conditions](#) for details.



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⦿ AT&T PrePaid Home

⦿ HOW THEY WORK

⦿ AT&T PrePaid Phone Cards

:: How They Work

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You can place a call using your AT&T PrePaid Phone Card from any touch-tone phone in most places across the globe. In either case, the detailed instructions below can guide you your call.

Learn how to place a call:

- [From within the U.S.](#)
- [From the U.S. to another country](#)
- [From an international country to the U.S.](#)
- [From one international country to another](#)

⦿ Promote Your Business

⦿ Contact AT&T PrePaid

TO PLACE A CALL FROM WITHIN THE U.S.:

1. From a touch-tone phone, enter the toll-free Dial Number printed on the back of your PrePaid Phone Card. ([View Card Back](#))
2. When prompted, press 1 to hear the instructions in English, 2 for Spanish.
3. When prompted, enter your PIN found on the back of your Card.
4. Upon entering your PIN, you will then hear how many domestic minutes you have on your Card.
5. Press 1 to place a call within the U.S., Canada or the Caribbean.
6. When prompted, enter the area code and number you wish to call.
7. When you have completed your call, you can hang up, or you can press # to place call.

TO PLACE A CALL FROM THE U.S. TO ANOTHER COUNTRY:

1. From a touch-tone phone, enter the toll-free Dial Number printed on the back of your PrePaid Phone Card. ([View Card Back](#))
2. When prompted, press 1 to hear the instructions in English, 2 for Spanish.
When prompted, enter your PIN found on the back of your Card.

- 3.
4. Upon entering your PIN, you will then hear how many international minutes you have remaining on your Card.
5. Press 2 to place an international call.
6. When prompted, enter the country code and city code and the number you wish to call. **Note:** drop any leading zeros from the country or city codes: e.g., if the code is 00 enter 12.
7. When you have completed your call, you can hang up, or you can press # to place another call.

TO PLACE A CALL FROM AN INTERNATIONAL COUNTRY TO THE U.S.:

1. From a touch-tone phone, dial the AT&T USADirect[®] access number for the country you wish to call.
2. When asked to enter the number you wish to call, enter the toll-free Dial Number '1' printed on the back of your AT&T PrePaid Phone Card.
3. When prompted, press 1 to hear the instructions in English, 2 for Spanish.
4. When prompted, enter your AT&T PrePaid Phone Card PIN found on the back of your Card.
5. Press '1' to place a call to the U.S.
6. Follow the remaining prompts to place your call.

TO PLACE A CALL FROM ONE INTERNATIONAL COUNTRY TO ANOTHER:

1. From a touch-tone phone, dial the AT&T USADirect[®] access number for the country you wish to call.
2. When asked to enter the number you wish to call, enter the toll-free Dial Number '1' printed on the back of your AT&T PrePaid Phone Card.
3. When prompted, press 1 to hear the instructions in English, 2 for Spanish.
4. When prompted, enter your AT&T PrePaid Phone Card PIN found on the back of your Card.
5. Press 2 to place an international call.
6. When prompted, enter the country code and city code and the number you wish to call. **Note:** drop any leading zeros from the country or city codes: e.g., if the code is 00 enter 12.
7. When you have completed your call, you can hang up, or you can press # to place another call.



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⊙ FREQUENTLY ASKED QUESTIONS

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GENERAL INFORMATION

- What are AT&T PrePaid Phone Cards?
- Where can I buy AT&T PrePaid Phone Cards?
- How does online delivery work?
- Are there any surcharges to use my AT&T PrePaid Phone Card?
- Upon purchasing an AT&T PrePaid Phone Card for online delivery, I did not receive my card. How do I determine the status of my order?
- Why is my AT&T PrePaid Phone Card not accepted for some calls?
- Why don't calls from an AT&T PrePaid Phone Card register on my caller ID?

What are AT&T PrePaid Phone Cards?

When you buy an AT&T PrePaid Phone Card, you purchase calling minutes in advance, and have them at your disposal whenever you want to make a call. Then you just call the toll-free Dial Number of the Card, enter your Personal Identification Number (PIN), also on the back of your Card, number you want to call. It's easy and convenient.

Where can I buy AT&T PrePaid Phone Cards?

You can purchase AT&T PrePaid Phone Cards at any of our thousands of [retail locations](#), over the phone by calling 1-800-364-9292, or [online](#). The online method gives you the option of having your card mailed to you or delivering your PIN online through this Web site, so you can start making calls away!

How does online delivery work?

When purchased through this Web site, AT&T PrePaid Phone Cards can be delivered in 2 ways: online or by mail. With online delivery, the Dial Number and PIN are delivered online through this Web site rather than a plastic card being mailed to you. Simply print out the Dial Number and PIN. It's active and ready to use.

you get it, so you can start making calls right away.

Note: All online orders are subject to credit verification and in some cases could take up to 3 business days to process before your Dial Number and PIN are delivered.

Are there any surcharges to use my AT&T PrePaid Phone Card?

The only surcharge that applies is one on calls made from pay phones. The surcharge differs where you purchased your Card. The pay phone surcharge for Cards purchased from this Website is up to 4 minutes for each call placed from a pay phone. To determine the pay phone surcharge that applies for your Card, use our Rate Finder and enter your Dial Number, PIN and the call number for a call to or from Canada, the Caribbean or an international country.

Upon purchasing an AT&T PrePaid Phone Card, I did not receive my PIN. How do I determine the status of my order?

We apologize for any inconvenience. Please send an inquiry to att@ecustomersupport.com with the order number and confirmation number you received (if any) when you placed your order. A Customer Service Representative in the Order Department will be able to provide the status of your order.

Why is my AT&T PrePaid Phone Card not accepted for some calls?

When you call someone and hear a message that the number dialed does not accept calls from unidentified callers, this means that the particular party does not accept "unknown" or block calls. This has to do with the particular phone features of the person you are calling. They will have to turn off the call block feature from their phone in order for you to reach them using an AT&T PrePaid Phone Card.

Why don't calls from an AT&T PrePaid Phone Card register on my caller ID?

Since AT&T PrePaid Phone Cards use a toll-free number, it does not register on any caller ID system. When you use an AT&T PrePaid Phone Card, your call will register on a caller ID system as "unavailable", "out of area", or possibly as a series of 9s across the caller ID screen.

If you have a question that has not been answered in any of the above FAQs, please contact an AT&T Customer Service Representative via e-mail or at the Customer Service Number on the back of your AT&T PrePaid Phone Card, 24 hours a day, 7 days a week.



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USING YOUR CARD

- Can I use an AT&T PrePaid Phone Card to make a 500, 700, 800, 855, 866, 877, 888 call?
- Can I place a call from a rotary phone using an AT&T PrePaid Phone Card?
- Can I use an AT&T PrePaid Phone Card to make a call to Directory Assistance or Information?
- Can I use my AT&T PrePaid Phone Card for both domestic and international calls?
- How do I use my AT&T PrePaid Phone Card to place an international call?
- Time was deducted from my AT&T PrePaid Phone Card, however the call did not go through. Will I receive a credit for that time?
- Can I make a call using my AT&T PrePaid Phone Card from my computer?
- When trying to place a call, I received a message indicating my AT&T PrePaid Phone Card is not active and the call would not go through. What do I do?

Can I use an AT&T PrePaid Phone Card to make a 500, 700, 800, 855, 866, 877, 888 or 900# call?

No. It cannot be used to place 500, 700, 800, 855, 866, 877, 888 or 900 number service calls or to place operator-assisted calls such as third-party-billed or collect calls.

Can I place a call from a rotary phone using an AT&T PrePaid Phone Card?

No. A touch-tone phone must be used when placing a call using an AT&T PrePaid Phone Card.

Can I use an AT&T PrePaid Phone Card to make a call to Directory Assistance or Information?

Calls to a local directory assistance service (such as area code + 555-1212) cannot be made using your AT&T PrePaid Phone Card as calls made to local directory assistance are charged at a flat rate (currency) and AT&T PrePaid Phone Cards are valued in minutes. However, AT&T Directory Assistance is available 24 hours a day, 7 days a week.

may be available through your AT&T PrePaid Phone Card. To determine if AT&T Directory Assistance is an available feature, check the menu options on your AT&T PrePaid Phone Card by calling the toll-free Number and listening to the prompts. There is an additional fee for using the AT&T Directory Assistance service. You will be advised of the number of minutes that will be deducted from your AT&T PrePaid Phone Card balance prior to your use of that service.

Can I use my AT&T PrePaid Phone Card for both domestic and international calls?

Most AT&T PrePaid Phone Cards can be used to place domestic (U.S.) and international calls. International rates vary according to the country you are calling to or from and are subject to change. For a rate quote TO or FROM a specific country, [click here](#). Be prepared to provide your toll-free Number and PIN from the back of your Card.

How do I use my AT&T PrePaid Phone Card to place an international call?

For instructions on placing a call from the U.S. to another country, [click here](#).
For instructions on placing a call from an international country to the U.S., [click here](#).
For instructions on placing a call from one international country to another, [click here](#).

Time was deducted from my AT&T PrePaid Phone Card, however the call did not go through. Can I receive a credit for that time?

An AT&T Customer Service Representative will need to check your AT&T PrePaid Phone Card balance in order to replenish it with the appropriate number of minutes that were mistakenly deducted. Call the Customer Service number on the back of your Card and be ready to supply them with your toll-free Dial Number and PIN.

Can I make a call using my AT&T PrePaid Phone Card from my computer?

Yes, the dialing sequence from your computer is as follows:

1. Enter 1+toll-free Dial Number
2. Enter a comma (,)
3. This is a pause. Sometimes 2 commas are required.
4. Enter 1 for English
5. Enter another comma (pause)
6. Enter the PIN Number
7. Enter another comma (pause)
8. Enter a pound sign (#). This will interrupt any welcome messages on the PrePaid Card
9. Enter 1 for a domestic call
10. Enter the 10-digit destination number

Please note that this is the standard dialing sequence and may not work with some computer software.

When trying to place a call, I received a message indicating my AT&T PrePaid Phone Card is not active and the call would not go through. What do I do?

AT&T PrePaid Phone Cards are activated by the retailer upon purchase. Bring your original receipt and Card back to the retailer where you purchased the Card to ensure it was properly activated. If the Card was activated properly and you continue to get an inactive status message, call the Customer Service Number on the back of your Card and be ready to supply them with your toll-free Dial Number.

If you have a question that has not been answered in any of the above FAQs, please contact an AT&T Customer Service Representative [via e-mail](#) or at the Customer Service Number on the back of your AT&T PrePaid Phone Card, 24 hours a day, 7 days a week.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **COMMENTS OF SPRINT CORP.** was filed by electronic mail on this the 15th day of April, 2005 to the below-listed parties.


Christine Jackson

April 15, 2005

Tamara Preiss
Michelle Carey
Lisa Gelb
Jane Jackson
Richard Lerner
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Best Copy and Printing
c/o Federal Communications Commission
445 12th Street, SW, Room CY-B402
Washington, DC 20554