

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the matter of)
) **WC Docket 05-68**
Regulation of Prepaid)
Calling Card Services)

**ARIZONA DIALTONE INC.
PETITION FOR RECONSIDERATION**

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August 31, 2006

SUMMARY

Arizona Dialtone Inc., by and through its undersigned officer,¹ and pursuant to The Commission's rules², submits this Petition for Reconsideration of the Commission's *Prepaid Calling Card Report and Order* issued in the Matter of *Regulation of Prepaid Calling Card Services*, WC Docket No. 05-68 (hereafter referred to as the "*Order*").³ Arizona Dialtone is a CLEC providing wireline local telephone service to customers in Arizona, Colorado and Minnesota.

In the *Order*, the Commission adopted new rules and promulgated new regulations for providers of prepaid calling cards, including the duty to pay access charges to LECs such as Arizona Dialtone.⁴ Through this Petition, Arizona Dialtone asks the Commission to reconsider these new rules in the following ways: (1) clarify the party responsible to pay access charges when local access is used to place a prepaid calling card call; (2) establish reporting requirements that impose additional duties on LECs who provide DIDs that are used for originating long distance prepaid calling card calls; (3) establish Intermediate Carrier Reporting obligations on resellers in the DID call path if the party responsible to pay access charges for DID routed calls is the prepaid service provider; (4) clarify that if a prepaid calling card provider's underlying transport carrier is not the party paying access charges, then this intermediate carrier has a duty to pass on the PIU factors to its underlying carrier so that the data ultimately reaches the LEC; and (5) require prepaid calling card service providers to provide – along with their quarterly

¹ Under the Commission's rules, a corporate officer may present to the Commission a petition for Reconsideration in a Rulemaking proceeding. *See* 47 CFR §§ 1.21(d), 1.419(e).

² *See* 47 CFR § 1.429.

³ *Declaratory Ruling and Report and Order*, 21 FCC Rcd. 7290 (June 30, 1996), published in the Federal Register August 2, 2006, 71FR43667.

⁴ *Id.*

PIU factors – quarterly lists of local DID numbers utilized in the provision of long distance calling.⁵

LOCAL ACCESS FOR PREPAID LONG DISTANCE CALLING

During the past few years, Arizona Dialtone has observed the prepaid calling card industry profoundly embrace the practice of originating long distance calls via the use of local access transmission facilities, in an apparent effort to circumvent paying access charges on the originating leg of their calls. Because Arizona Dialtone has long believed long distance calls placed using prepaid calling cards to be a special form of “1+” calling, when the Commission issued its *Pulver* and *AT&T “IP-in-the-Middle”* Orders in 2004, Arizona Dialtone confirmed its suspicions that long distance calls placed using local access were subject to access charges.⁶

However, the efforts of Arizona Dialtone to collect access charges for some of these calls have proven futile. Over the past two years since the release of the Commission’s *AT&T “IP-in-the-Middle”* Order, informal efforts have been made by Arizona Dialtone or its billing agent to establish billing arrangements with some parties involved with originating prepaid long distance calls over local facilities. Efforts yielded zero results. As an initial matter, the Arizona Dialtone call detail records (CDR) related to these types of calls offer little guidance for billing. Because the long distance calls are

⁵ See the new Reporting Obligations adopted under the *Order*, 47 CFR §§ 64.5000 – 5001. In this petition, Arizona Dialtone asks for necessary modifications to these requirements.

⁶ *Petition for Declaratory Ruling that pulver.com's Free World Dialup is Neither Telecommunications Nor a Telecommunications Service*, WC Docket 03-45, Order, 19 FCC Rcd 3307 (2004) (*Pulver Order*); *Petition for Declaratory Ruling that AT&T's Phone-to-Phone IP Telephony Services are exempt from Access Charges*, WC Docket No. 02-361, Order, 19 FCC Rcd 7457 (2004) (*AT&T “IP-in-the-Middle” Order*).

originated to the prepaid platform by the calling party as “local calls,” the CDR from Arizona Dialtone’s switch records do not indicate a CIC that would ordinarily identify the party responsible for the access charges. *See attached Declaration of Thomas W. Bade ¶3* (Exhibit A). As another matter, the calls most often involve multiple parties, so it is difficult to know, even if the parties for a specific call can be identified, which party to whom the access charges can be assessed. *Id. ¶4*.

Despite the absence of CIC in the call records, Arizona Dialtone has used various methods to identify one or more parties involved with CDR involving these types of calls. Through the use of the local DID number (the local access number through which the calls reach the prepaid platform), Arizona Dialtone is able to identify the LEC who provides the transport service by referencing the OCN number associated with the DID. In sampling some CDR, Arizona Dialtone has found many different CLECs who were implicated in the provision of the prepaid calling card calls that were routed through their local access numbers. *Declaration of Thomas W. Bade ¶ 5*. Unfortunately, Arizona Dialtone is not receiving access payments from other LECs and currently is unable to bill these long distance calls that are being routed through local numbers because these other LECs do not participate in the access billing system as payers and Arizona Dialtone does not have the information on whom else to bill for the calls. *Id. ¶ 6*.

Another method Arizona Dialtone has found to identify an involved party of CDR involving prepaid long distance calls originated to local access numbers (DID numbers) has been to observe that some of the calls were associated with a toll-free 8YY number but were routed over local transmission facilities to the DID number.⁷ On at least four

⁷ These calls were routed identically as were the DID calls where the calling party dialed the actual DID number. They differ only in the fact that the caller dialed the 8YY number and the SMS/800 routing

separate occasions, one of Arizona Dialtone's agents made verbal contact with no less than four different Resp Orgs involved with this practice of originating long distance calls over local facilities using DID numbers. These RespOrgs were found to be either the purchaser of DID service, or the downstream carrier to whom the DID call ultimately routed. But the responses to the inquiry of whether Arizona Dialtone could gain their cooperation in the payment of access charges yielded just as useless results as those from the CLECs. Either an explanation was given that "we don't originate the calls, another carrier does (referring to either the CLECs providing the DIDs or to their client on whose behalf the Resp Org established the DID dialup service)," or "we are providing enhanced services and do not have to pay access charges." *See attached Declaration of Paul Brooks ¶ 7* (Exhibit B). Nevertheless, simply dialing the local DID access numbers of the calls in question confirmed that there was nothing "enhanced" about the services: a prompt was heard asking the caller to enter his auth code number (in order to make a long distance call). *Id.* ¶ 5.

databases translated the call to a DID number. Unlike traditional 8YY routing that directs toll-free calls to an IXC over feature group D, these DID-translated calls are directed to the CLEC over its DID number. This can oftentimes occur even without the DID provider knowing that its DID numbers are associated with 8YY dialing patterns. This 8YY-to-local type of routing is referred to as POTS translation. The caller dials the 800#, but instead of handing the call off to an IXC, the originating LEC must route it as an intraLATA call to a fellow exchange carrier who is not typically subject to access billing. In the calls that Arizona Dialtone has examined, it has been seen that the local switch translated the 8YY-dialed call into a local routed call to a DID number. For these calls, which continue to proliferate in Arizona Dialtone's CDR, Arizona Dialtone (or its underlying wholesale LEC) is bound by the instructions found in the SMS/800 database for routing the call. For an additional discussion of local DID (POTS) routing using an 8YY number, *see ex parte letter* from Melissa E. Newman, Qwest, to Marlene H. Dortch, Secretary, Federal Communications Commission (WC Docket 05-68) (June 14, 2006)(Exhibit B excerpts from the deposition of Ardell Burgess, AT&T, pp. 15-17, discussing in detail how 8YY POTS translation works); *see also Public Notice*, DA 05-3288, 20 FCC Rcd 20310 (2005)(FCC ponders intercarrier compensation reform for 8YY POTS-translated calls but not specifically in the context of prepaid long distance calling).

THE REALITY THAT LOCAL ACCESS IS WIDELY USED FOR LONG DISTANCE PREPAID CALLING

It is important for the Commission to recognize the extent at which local access is utilized in the prepaid calling card industry today. Arizona Dialtone would suffer irreparable financial harm if it continues not to know how or from whom to bill and collect access charges for locally-routed prepaid long distance calls. Arizona Dialtone's own CDR suggests that hundreds of thousands of prepaid access minutes each month are slipping through its fingers as uncollectible. Only swift action by the Commission to address this issue, which is properly addressed in the instant proceeding, can resolve this dysfunctional aspect of the access billing rules that apply to prepaid calling card service providers, as established by the *Order*.

What should be clear from the record in this proceeding is the extraordinary lengths that prepaid calling card providers have gone to find loopholes in the system so that they can avoid paying access charges.⁸ Using local access to originate long distance prepaid calls is just another one of those "loopholes" that has been exploited.

To illustrate the widespread use of local access numbers by prepaid calling card providers, who generally give explicit instructions to their customers to use local access so that they can pay "lower rates," Arizona Dialtone performed a simple Google search

⁸ See, e.g. Reply Comments of Qwest Services Corporation at page 5 (May 16, 2005) ("prepaid calling card providers will continue twisting the existing law into a pretzel, padding their calling services with 'enhancements' and gimmicks like IP-routing, and engaging in further evasions and arbitrage."); Id. at 4 ("AT&T has been bending its compliance with these rules past the breaking point, and has been refusing to pay access charges"); see also Comments of AT&T Corp. at p. 17 (April 15, 2005) ("many leading prepaid card providers already avoid intrastate access charges today by routing calls through foreign countries without CPN and by engaging in other, similar practices."); see also AT&T Emergency Petition for Immediate Interim Relief at p. 4 (May 3, 2005) ("Providers of prepaid cards thus have powerful incentives to employ any device that will reduce their exposure to charges, to find ways to evade charges that they owe, to exploit regulatory asymmetries and to make any questionable activities in which they engage less visible and less susceptible to effective sanction.") The Commission expressly took its actions in the *Order* in hopes that the new rules would "reduc[e] the potential for continued 'gaming' of the system." *Order* ¶8.

on July 4, 2006, using the keywords “prepaid calling card local access numbers” and a description of the results is found on the attached Exhibit C. After perusing the top 40 results, at least 20 unique websites were found that sell or provide support for prepaid cards with local access numbers. *See* Exhibit C.

Most intriguing about the search results is the fact that virtually *all of these websites* have online web pages for customers to look up the local access numbers associated with a specific card. There are literally thousands of local access numbers that can be obtained instantly by visiting these websites. And dialing any of the thousands of local access numbers as a 1+ call to the local access number (DID) will easily confirm their purpose: to ask the caller to enter a PIN number so the caller can place a long distance call. See for example, the seventeenth website listed on Exhibit D, <http://www.pingo.com>, which contains a rate disclaimer stating, “add 1 cent per minute when using toll-free access for calls from the US.”⁹ In other words, the service provider charges less per minute for long distance calls placed on the prepaid card – using the same exact card and PIN/account number or preauthorized ANI – when the calling party dials a local access number as opposed to an 8YY toll-free number. This cost “savings” is achieved through the provider’s exploitation of the use of the DID number to avoid the LEC’s access charges. Coincidentally, PINGO.COM is a product being offered by one of the commenters in this proceeding.¹⁰

These prepaid providers go so far to exploit the local access technique as a method to offer “additional savings” to their customers that they encourage customers to

⁹ A copy of a webpage taken from pingo.com with this disclaimer is found on the attached Exhibit D.

¹⁰ *See* Reply Comments of Ibasis, Inc. (May 16, 2005)(p. 3, references the Pingo service offering); *See* also Declaration of Jonathan D. Draluck, iBasis Inc. (Exhibit A to iBasis Inc. Petition for Stay Pending Judicial

use the free minutes of their cell phone plans to dial a DID number whenever there isn't a local access number available in the cardholder's area. This way, the service providers explain, the customer can "get more minutes" of international calling from the prepaid card than by using traditional 8YY dialing. *See*, for example Exhibit E, <http://www.ecallchina.com>, (3rd on the list).¹¹ The reason for this is obvious. The prepaid service providers utilize local DID numbers as a method for their customers to access their long distance calling platforms, as a way to avoid access charges. This must be true, because otherwise they would have to pay access charges indirectly through the service provider from whom they purchase toll-free access. By definition, toll-free dialing (8YY) is a method of calling where the called party pays the access, not the caller, and it traditionally functions over Feature Group D which is an access-based routing. By contrast, DID access does not involve calls being routed by the originating LEC to IXC feature groups; instead it involves calls being delivered as local calls to the DID provider under bill-and-keep agreements where generally no access charges can be assessed (then the DID provider delivers the DID calls to its end-user "customer").

CAUSE FOR RECONSIDERATION

Good cause exists for the Commission to reconsider its new prepaid calling card rules as they pertain to calls originated by local access, or DID routing, because it is undeniable that the Commission's new prepaid calling card rules subject these types of calls to access charges but provide no mechanism for LECs to bill & collect the access

Review), WC Docket 05-68 (August 23, 2006), at ¶8 ("[I]n September 2004, iBasis began offering a web-based "virtual" calling card service called Pingo™ that allows local access")(emphasis added)

¹¹ A copy of a webpage taken from ecallchina.com with this disclaimer is found on the attached Exhibit E.

charges to which they are entitled.¹² The *Order* imposes an obligation on Prepaid Calling Card Service Providers to pay access charges on calls to and from their platforms. See *Order* ¶¶ 35-36 (discussing distinction between originating and terminating traffic as each applies to the Reporting Requirements adopted by *the Order*). For one thing, the *Order* is somewhat vague and ambiguous with respect to identifying the party responsible to pay access charges for the originating leg of the DID routed prepaid calls. In the case of local access origination, the *Order* implicitly suggests that the payment obligation falls upon the CLEC who provides transport of the originating leg of the call. See ¶35 (prepaid calling card providers must report its PIU factors to its transport providers who in turn can report the PIU factors to the LECs).¹³ But at the same time the *Order* gives the directive, “these [prepaid] providers are now subject to all of the applicable requirements of the Communications Act...including requirements...to pay access charges.” *Order* ¶21.

This ambiguous aspect of the *Order* sends mixed messages to carriers and creates the situation where the parties involved with DID-routed prepaid long distance service – the originating transport carrier, intermediate carrier or platform provider – will interpret the rules in the way that suits their needs best. The parties will therefore determine for themselves that they are not the party responsible to pay the access charges.¹⁴ One party

¹² Note that in this context the access charges in question are the charges for *originating* the long distance call from the LECs network.

¹³ There can be only one reason for the transport providers to report the prepaid service provider PIUs: for settling access billing payments with the LEC. In the case of using local access numbers to deliver originating calls to prepaid calling card platforms, the transport provider is either the LEC who provides the DID to the prepaid carrier, or it is the wholesale carrier from whom the prepaid provider purchases “local access” (who in turn purchase DID access from the CLEC).

¹⁴ This is a situation with which the Commission should be familiar, because it is exactly what happened with the Commission’s payphone compensation rules. See *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Second Order on Reconsideration, 16 FCC Rcd 8098 (2002), at ¶14, “It is evident, based on the

in this proceeding has already expressed its view that if the Commission were to rule that prepaid long distance calls were subject to access charges (which it has), then in cases where local access numbers are used to originate the calls, it would be the prepaid calling card service provider who must pay the access charges to the originating LEC, not the underlying transport provider (CLEC who provides DIDs).¹⁵ Here, a major provider of local DIDs to the industry already interprets the rule to mean that it will not pay access, despite the arguable inference in the Order that they should. Furthermore, this provider has expressed its disinterest in assisting the originating LEC by identifying the platform provider.¹⁶

The Commission can resolve this ambiguity – and should resolve this ambiguity on reconsideration – by providing clarity with respect to the identity of the party responsible for access charges when local access (DID-routing) is used for originating calls to the prepaid platforms. Did the language in the *Order* specifying that “transport providers” receive PIU factors in order to “notify originating or terminating LEC that it has applied the default PIU” mean to imply that CLECs who provide DID transport should be paying the access charges if the calls are originated as local calls and routed to a prepaid platform?¹⁷ Or did the scope of this statement by the Commission mean only to apply to access charges paid by IXCs? As a practical matter, it makes sense for the party

record, that in many instances, facilities-based carriers and switch-based resellers determine independently that they are not responsible for compensating PSPs under our rules.”

¹⁵ Letter from Adam Kupetsky, Level 3 Communications, to Marlene H. Dortch, Secretary, Federal Communications Commission (June 5, 2006) (“it is Verizon’s responsibility to identify and bill the prepaid calling card provider who is responsible for access charges”) (“*Kupetsky June 5 Letter*”); Id. (“Verizon agrees with Level 3 that Verizon should bill the prepaid calling card provider and not the CLEC for any originating access charges that the Commission determines are due for prepaid calling card calls.”). See also Letter from John T. Nakahata, counsel to Level 3 Communications, to Marlene H. Dortch, Secretary, Federal Communications Commission (May 5, 2006)(making similar arguments).

¹⁶ *Kupetsky June 5 Letter*

¹⁷ *Order*, ¶36

responsible to pay originating access charges on local DID-routed traffic to be the prepaid long distance provider, not the provider of the DIDs.

The record in this proceeding already indicates that this policy consideration has been requested by Level 3 and supported by Verizon.¹⁸ Arizona Dialtone agrees with Level 3 that in the case of DID-routed calls, “it would be very difficult [for the DID provider] to differentiate calls to prepaid calling card providers from other calls to Internet providers.”¹⁹ In fact, Arizona Dialtone believes that it would be impractical for a CLEC like Level 3 providing DID services to accomplish such an undertaking, given that its customers may in turn sell the origination service to other wholesale carriers, who may even resell the service to at least one more service provider before being delivered to the purchaser of the service, who might turn out to be a prepaid long distance carrier. Thus, the DID service provider could not possibly know how the ultimate recipient of the call will process it (e.g., connecting it to a prepaid calling platform or not). Furthermore, it would be unduly burdensome for the DID provider to keep tabs on how the DIDs it supplies are used, since the DID provider does not benefit from the access billing that would ultimately result from this exercise.

To illustrate how multiple carriers can easily become involved with DID routed service, Arizona Dialtone has attached as Exhibit F a web page found from a website of ATI, a service provider who advertises being a reseller of DID services from Level 3. ATI’s website offers the “Level 3 VOIP DID Local Inbound Service” which is described as being available for a variety of different service providers, including “calling card companies.” See highlighted portions of Exhibit F. In addition, the service is described

¹⁸ See fn 15 *supra*. See also Letter from Kathleen Grillo, Verizon, to Marlene H. Dortch, Secretary, Federal Communications Commission (May 22, 2006) (“*Verizon May 22 Letter*”).

as taking a local call and terminating it to “any IP endpoint in the world” while appearing to the end user as “just another local call.” *See Id.* This ATI “Level 3” local inbound service shows how easy it is for a prepaid provider who operates a VOIP-based platform (such as iBasis Inc., a commenter in this proceeding) to originate locally dialed or routed calls using DID service and having those calls routed into their platforms.²⁰ It also illustrates how a prepaid provider can purchase local inbound “origination” service from ATI, who purchases it from Level 3. In this scenario, there would be two intermediate carriers in the call path between the originating LEC and the prepaid platform provider.

PROPOSED CALL TRACKING AND INTERMEDIATE REPORTING OF LOCAL (DID) ROUTED SERVICE

Arizona Dialtone agrees with Level 3’s claim that the “[LEC] can track the call to determine whether the end user is calling a prepaid calling card provider.”²¹ This is true because all that is required for a LEC seeking to bill access charges is to dial the local access numbers over which it suspects long distance calls are originated and see if a prepaid platform is reached. As noted in the previous section, tracking local access calls eligible for access charges should not be a burden on the DID provider if it is not the DID provider’s obligation to pay access charges on these calls. Therefore, tracking the local calls eligible for access charges is another practical policy issue that should be considered by the Commission in the instant proceeding.

¹⁹ *Kupetsky June 5 Letter* at page 2.

²⁰ It is worth noting here that statements made by iBasis in this proceeding call into question whether they believe access charges apply to DID routed calls converted to VOIP. *See* iBasis Inc. *Petition for Stay Pending Judicial Review*, Declaration of Jonathan D. Draluck, General Counsel to iBasis Inc. (WC Docket 05-68, August 23, 2006), at ¶15 (“I already believed that our [calling card] services were unregulated Information Services under the current state of the law.”)

With regards to this call tracking policy, however, Arizona Dialtone does not share Level 3's opinion that no new reporting obligations should be imposed on CLECs providing service to prepaid calling card providers.²² Level 3 concedes that it is the responsibility of the LEC assessing access charges to identify the prepaid calling card provider.²³ But it would be impossible for the originating LEC to perform such identification without the assistance of the DID provider (fellow LEC) to disclose the identity of the purchaser of the service (e.g. the prepaid calling card provider or its underlying transport carrier). Therefore the Commission should impose an Intermediate Carrier reporting obligation on the DID provider. In the event that the purchaser of the DID service is another wholesale provider, the Commission should apply the new "Intermediate Carrier" reporting obligations on these entities as well, much like Commission has done in its payphone compensation proceeding where it imposed a reporting obligation on every intermediate carrier in the call path.²⁴

These new intermediate carrier reporting obligations do not have to be as burdensome as Level 3 fears. Unlike Verizon's suggestion that the DID provider's reporting obligation must include "volumes of minutes" to be billed,²⁵ this should not be necessary since LECs already possess in their CDR the volumes of minutes involving the DID calls that connect to prepaid calling card platforms. All that should be necessary is

²¹ *Kupetsky June 5 Letter* at page 2

²² *Id.* at pp. 2-3, "Level 3 urges the Commission to reject Verizon's attempt unnecessarily to impose new reporting obligations on CLECs providing services to prepaid calling card providers."

²³ *See* fn. 15, *supra* (Kupetsky June 5 Letter).

²⁴ *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket 96-128, Report and Order, 18 FCC Rcd 19975 (2003) at ¶51 ("2003 Payphone Order"). Level 3 initially took the position in the instant proceeding that the Commission could take the same approach as the one taken in the Payphone Compensation proceeding, by remarkably citing the 2003 Payphone Order that adopted intermediate carrier obligations. However, Level 3 only cited provisions of the 2003 Payphone Order that dealt with reseller liability. *See* Letter from Adam Kupetsky,

that upon request of the LEC seeking to assess access charges, the DID provider or other intermediate carrier should be required to provide the LEC the identity of its customer utilizing specific DIDs. The DID provider or other intermediate carrier should be able to reasonably object to such a request, if it is clear that the DIDs in question are not used for prepaid calling card services.

PIU FACTORS AND DID NUMBER LISTS SHOULD BE PASSED TO INTERMEDIATE CARRIERS

In the *Order*, the Commission imposes Reporting obligations on prepaid calling card providers, requiring them to report PIU factors to their transport provider. *See* ¶35 (prepaid calling card providers must report its PIU factors to its transport providers who in turn can report the PIU factors to the LECs). Because the wholesale carriage industry is vastly competitive, the common practice is for carriers to resell services several times before a call is actually handed off to a LEC (in the case of termination) or to the prepaid provider (in the case of origination). *See pp. 10-11 supra (discussing Intermediate carrier involvement in the context of DID service)*. The Commission should make it clear that if a prepaid calling card provider's underlying transport carrier is not the party paying access charges, then this intermediate carrier has a duty to pass on the PIU factors to its underlying carrier so that the data ultimately reaches the LEC. In addition, the Commission should amend its reporting requirements to obligate any prepaid calling card service provider utilizing local DID access numbers to report – along with its PIU factors

Level 3 Communications, to Marlene H. Dortch, Secretary, Federal Communications Commission (dated May 12, 2006 but filed on May 11, 2006), at page 2.

– quarterly lists of DID numbers that the service provider has used in the previous quarter for the provision of long distance calling.

IMMEDIATE RECONSIDERATION IS WARRANTED BECAUSE ALL THE NECESSARY FACTS ARE ALREADY IN THE RECORD.

The issues and facts presented in this petition are ripe for reconsideration, as they are not new to this proceeding. In the *NPRM*, the Commission invited comment on “whether [it matters if] 1+ dialing or 8YY dialing is used to originate the call[.]”. *NPRM* ¶40.²⁶ In reply comments filed by Qwest Services Corporation (“Qwest”), the Commission was told, “it makes no functional difference at all whether such a prepaid call is originated by 1+ dialing or by calling an 8YY toll-free number.”²⁷ Qwest went on to cite USTA’s comments that point out that “the 8YY code is therefore simply a substitute for an NXX number in 1+ dialing.”²⁸ In other words, the Commission was told that regardless of whether a prepaid platform is accessed by dialing an 8YY code or a 1+ NXX code (such as a DID number), then the rules to pay access charges for either type of call should apply equally.

In addition, IDT Telecom Inc filed comments reminding the Commission that “[t]he Commission’s rules require payment of interstate access charges by ‘*interexchange carriers* that use local exchange switching facilities for the provision of interstate or

²⁵ *Verizon May 22 Letter*, p. 2

²⁶ 20 FCC Rcd. 4826 at ¶40 (2005).

²⁷ Qwest Services Corporation Reply Comments at p. 18 (filed May 16, 2005).

²⁸ *Id.*, fn. 58.

foreign telecommunications services’ (citing 47 CFR § 69.5(b)).²⁹ What Sprint said in this vein was, “To allow the provider of prepaid card services to avoid originating access charges on those calls [that allow access to stored information] would deny just compensation.”³⁰ Sprint went on to inform the Commission about the use of local access numbers by service providers who wish to allow their customers access to their service and “avoid toll charges[.]”³¹ Sprint finalized its comments on this particular topic by arguing, “[a]ccess payments for those originating toll-free calls are as appropriate as the charges for the [local DID-routed] services.”³² (emphasis added).

Finally, in ex-parte presentations filed by Level 3 Communications and Verizon, detailed discussions were presented to the Commission asking for consideration about the access billing policy that would apply to prepaid calling card calls that utilize local DID numbers to give their customers access. *See fn. 15 and fn. 18 supra*. There, Level 3 stated,

in the event the Commission decides that access charges apply to prepaid calling cards, the Commission should be clear that, when the call to the platform is a locally-dialed number provisioned as a DID service by a local exchange carrier (‘LEC’), the jointly-provided access model applies, and the originating LEC would bill the platform provider (and not the LEC providing DID service) for access.³³

CONCLUSION

²⁹ Comments of IDT Telecom, Inc. at p. 15 (filed April 15, 2005).

³⁰ Comments of Sprint at p. 12 (filed April 15, 2005).

³¹ *Id.*

³² *Id.*

³³ Letter from Adam Kupetsky, Level 3 Communications LLC, to Marlene H. Dortch, Secretary, Federal Communications Commission, p. 1 (dated May 12, 2006 but filed May 11, 2006).

The reporting and certification requirements adopted in the *Order* fall short of giving LECs the necessary tools to accurately bill & collect access charges for prepaid calling card calls that involve local access origination. Presently, prepaid calling card carriers widely offer their customers local access for placing long distance calls, where ZERO access charges are paid to the originating LECs. This practice has caused Arizona Dialtone substantial financial harm, in the way of uncollectible access charges. The reconsideration sought in this petition will rectify the problem. The record is already developed sufficiently enough to permit the Commission to address these issues comprehensively through this petition. Therefore, Arizona Dialtone respectfully urges the Commission to act expeditiously to provide the clarification needed and adopt the additional Intermediate Carrier obligations as described herein.

Respectfully Submitted,

August 31, 2006

By:  _____

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the matter of)
) WC Docket 05-68
Regulation of Prepaid Calling Card Services)

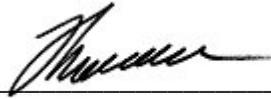
DECLARATION OF THOMAS W. BADE

1. My name is Thomas W. Bade. I am president of Arizona Dialtone, Inc., a CLEC providing local telephone services to customers in Arizona, Minnesota and Colorado.
2. During the past few years, Arizona Dialtone has observed the prepaid calling card industry embrace the practice of originating long distance calls via the use of local access transmission facilities, in an apparent effort to circumvent paying access charges on the originating leg of their calls. Because Arizona Dialtone has long believed long distance calls placed using prepaid calling cards to be a special form of “1+” calling, when the Commission issued its *Pulver* and *AT&T “IP-in-the-Middle”* Orders in 2004, Arizona Dialtone confirmed its suspicions that long distance calls placed using local access were subject to access charges.
3. Informal efforts have been made by Arizona Dialtone or its billing agent to establish billing arrangements with some parties involved with originating prepaid long distance calls over local facilities. Efforts yielded zero results. As an initial matter, the Arizona Dialtone call detail records (CDR) related to these types of calls offer little guidance for billing. Because the long distance calls that we observed were originated to the prepaid platform by the calling party as “local calls,” the CDR from Arizona Dialtone’s switch records do not indicate a CIC that would ordinarily identify the party responsible for the access charges.
4. As another matter, the calls most often involve multiple parties, so it is difficult to know, even if the parties for a specific call can be identified, which party to whom the access charges can be assessed and collected.
5. Despite the absence of CIC in the call records, Arizona Dialtone has used various methods to identify one or more parties involved with CDR involving these types of calls. Through the use of the local DID number (the local access number through which the calls reach the prepaid platform), Arizona Dialtone is able to identify the LEC who provides the transport service by referencing the OCN number associated with the DID. In sampling some CDR, Arizona Dialtone has found many different CLECs who were implicated in the provision of the prepaid calling card calls that were routed through their local access numbers.

6. Unfortunately, Arizona Dialtone is not receiving access payments from other LECs and currently is unable to bill these long distance calls that are being routed through local numbers because these other LECs do not participate in the access billing system as payers and we don't have the information on whom else to bill for the calls.

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: August 31, 2006



Thomas W. Bade

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the matter of)
) WC Docket 05-68
Regulation of Prepaid Calling Card Services)

DECLARATION OF PAUL BROOKS

1. My name is Paul Brooks. I am president of Bulletins Inc. We are a communications billing company providing data processing for call detail records (CDR) and billing & collection services for participants in the telecommunications industry.
2. Arizona Dialtone Inc. is a client of Bulletins Inc. We provide CDR tracking and analysis services and billing & collection services to Arizona Dialtone Inc. Through our relationship with our clients, including Arizona Dialtone Inc., we innovate processing and billing solutions for access and other types of compensation due our clients.
3. Over the past three years at different times, Arizona Dialtone has provided CDR to Bulletins Inc. of its operations for various time periods. The CDR was generated from calls placed from Arizona Dialtone's local telephone lines. I participated in the analysis and processing of the CDR.
4. Among the Arizona Dialtone CDR I have analyzed and processed were high volumes of calls that did not route to an IXC for access, but nevertheless appeared to be long distance calls. These CDR were calls originated to local access numbers (DID or POTS numbers). The CDR I was involved with processing were associated with toll-free 8YY numbers, even though the calls were translated to the POTS number.
5. In many instances I dialed the DID numbers appearing in the Arizona Dialtone CDR that we processed, and I observed that the calls I placed to these numbers reached what appeared to be a prepaid calling card platform because I was asked to enter an authorization code. I also observed that the DID numbers for these prepaid calling cards calls always belonged to CLECs (we utilize a data service to perform a LIDB, BNS and LIDB query for each DID# and are able to determine the OCN# associated with each DID#).
6. In addition we are able to identify the Resp Org who has a controlling interest in each 8YY number linked to the DID# over which the calls are routed. On at least four separate occasions between 2003 and 2006, I made telephone contact with

service providers who were the Resp Orgs involved with some of the calls, and I was able to verify that these service providers were either somehow involved with the provision of prepaid calling card service, or were reselling the service to other carriers that were involved with the distribution of the cards. In some cases, the companies I talked to admitted being involved with the sale of the cards and/or their underlying service.

7. However, in each case I solicited cooperation with the payment of access charges for my client, who I indicated was a CLEC. Once or twice I was told “we don’t originate the calls, another carrier does.” I presume by “another carrier” the service provider was referring to the CLECs providing the DIDs or to their client on whose behalf they were routing the calls that used the DID service. At least three different service providers told me, “we are exempt because of the way we route the calls.” or “we are providing enhanced services and do not have to pay access charges.”
8. My efforts to assist Arizona Dialtone establish an access billing process with these service providers has proven futile.

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: August 31, 2006



Paul Brooks

The following websites were found by Arizona Dialtone Inc. from results reported by a Google Search on 7/4/06, searching on the keywords “prepaid calling card local access numbers”. Because there were so many listings in the search results, the following list provides only 20 websites that were found among the top 40 Google results reported by Google. The description added to each site shows how the sites refer to local access numbers for prepaid long distance calling.

- (1) <http://www.LDpost.com> offering an online lookup of local access numbers for its prepaid calling cards. Follow the “prepaid calling card link” then a list of cards appear, most of which have “local access numbers” link used to find local access numbers.
- (2) <http://www.1stphonecard.com> has a “Local Access List” link right from its home page that provides hundreds of local access numbers nationwide for its various prepaid calling cards.
- (3) <http://www.ecallchina.com> has an “access numbers” link offering local access numbers and has an online lookup for the local number serving your area. Per-minute rates for many different “cards” all have a rate for toll-free access, and a cheaper rate for local access. The site has a disclaimer that if you cannot find a local access number in your local area and “If you have cellular phone plan with unlimited free domestic long distance in weekend and night, then you can take advantage of it to call any local access numbers in other states to get more minutes. Otherwise, you have to call from toll free numbers.” This service provider clearly operates under the belief that the access method exempts them from access charges.
- (4) <http://europe-calling-card.pushline.com> showcases at least a dozen different calling cards. Not all of them support local access numbers from the USA but many do, such as “Bizon” by NTC, “Champion” by ACC, “Cheap Street Card” by ACC, “Cardinal” by ACC, “Jupiter” by ECC. For these cards you click on the card icon and the card’s description will appear. If the particular card supports local dialing from the USA, it will give a link to view the “local access numbers”
- (5) <http://www.onesuite.com> offers “over 1000 local access numbers” for its customers to access its long distance service. From the home page just choose “access numbers” then “local access” to see their local access number lookup page.
- (6) <http://www.nobel.com.com> offers “up to 56% more minutes” for long distance calls using its local access numbers. From the home page you can select Access Numbers→US Access Numbers menu to view local access numbers.
- (7) <http://www.tel3.com> has an “Access Numbers” link right from the home page. There the site proclaims that their prices are \$.01 per minute cheaper for all rates

- if you use local access numbers as opposed to toll-free access numbers. If you submit your local telephone number the system will display all available access numbers potentially local to the number entered.
- (8) <http://www.loudclear.com> has an “Access Numbers” link which allows you to look up the rate and local access numbers for various prepaid calling cards targeted primarily towards China calling. Just enter your area code and it will display all available access numbers in your area code.
 - (9) <http://www.pincity.com> has a menu link at the home page entitled Rates & Access Numbers→Access Numbers in which you can submit your U.S. NPA-NXX and it will display local access numbers for its long distance service.
 - (10) <http://www.wqn.com> offers prepaid calling cards with local access numbers, and also describes a long distance service by VoIP Inc. called “EasyTalk” that allows consumers to sign up for long distance to obtain an “Easy Access Number” described as a number “in your local telephone area that you can dial as a local call to access EasyTalk”. From the home page just click “FAQ”
 - (11) <http://www.phonecallmall.com> has a link entitled “Local Access Phone Cards” that offers various calling cards with USA local access numbers, including the Bizon, Cardinal and Cheap Street cards found on the europe-calling-card.pushline.com site mentioned above. Selecting the desired card will allow online lookup of the local access numbers.
 - (12) <http://www.viapin.com> sells various calling cards, some of which are described as having “Local Access” in specified parts of the USA. Included with the cards that offer local access numbers is a link that allows you to view the local access numbers associated with the specified card.
 - (13) <http://www.internationalstudent.com> has a “Phone / Calling Cards” link that offers its personalized calling card for students to call abroad, described as having low “local access per minute rates”.
 - (14) <http://english.dialnopin.com> is a site offering long distance calling with “Local Access Dialing” and right on the home page there is a link saying “click here to check your 800 and local access numbers” which brings up a listing of hundreds of local numbers nationwide that can access this long distance service.
 - (15) <http://www.therichcom.com> is a site exclusively for selling prepaid calling cards online. One link on the home page entitled “Phone Cards & Calling Cards” will load a listing of all the site’s calling cards for sale (870 different cards were listed on July 4, 2006), many of which describe local access numbers as a card feature in parenthesis next to the card name. For such cards, a listing of local access numbers can be found by clicking on the name of the card then its local access link.

- (16) <http://www.bestratescall.com> offers two prepaid calling cards, one called the “USA Card” and another called the “Green Card.” Following the link entitled “How to Use” will list a variety of local access numbers for New York or New Jersey to access this long distance service. Here it also says that using the local access number entitles the caller to a rate of \$.02 per minute less than if the toll-free access number is used.
- (17) <http://www.pingo.com> is a prepaid long distance service offering local access numbers in the US for its customers to make long distance phone calls. From the home page if you click the link entitled “Local Access in the US, toll-free access in 35 countries” then you can select from a listing of most of the 50 states or DC to see your local access numbers. The rate information says to “add 1 cent per minute when using toll-free access for calls from the US”
- (18) <http://www.aitelephone.com> offers a long distance service including the “FLEX Plan” that allows for circuit-switched network calls over local access numbers. From the home page if you click “FLEX Plan” then the link called “How to Place a call” the instructions say “The Flex Plan offers thousands of local access numbers across the U.S. You save 1¢ per minute when you use a local access number.”
- (19) <http://www.justphonecards.com> sells various prepaid phone cards, some of which are described as having “local access numbers” in various states within the US.
- (20) <http://www.1-phone-card.net> sells a small variety of prepaid phone cards that can be used from the US, all of which are described with their per-minute rates in terms of “local access” vs. “toll-free” access. From the home page if you click the “call from USA” link, it displays each of the cards’ rates and features including a “phone card details” link that will allow instant lookup of local access numbers for various NPAs all over the US.



The Last Calling Card
You'll Ever Need!™

New!

ACCESS NUMBERS

ACCOUNT NUMBER PIN

LOGIN

RATES

ABOUT US

WHY PINGO?

REFER-A-FRIEND

HOW IT WORKS

SIGN UP



"The quality of the voices on the phone conversations with Pingo is always good... and your rates are very satisfying."
~ C. Kyrk

SAVE!

Click for
Local Access
and Save

Toll Free:
1-888-YO-PINGO
Toll Free Espanol:
1-888-706-1633

Save on Calls from the U.S. and 30+ Other Countries!

Take advantage of great Pingo savings on calls from the U.S. and more than 30 other countries!

Share your Pingo account with friends and family in other countries!

Use the pull-down menu below to see the list of countries where you can now use your Pingo account. If you don't see the country you're looking for, check back soon, as we're adding to the list as our access network grows.

For local access number within the U.S., just click on the state you'll be calling from to get the full list of local access numbers.

Visit the [Rates](#) page to check the rates between origination country and destination country.

International Access Numbers

Calling from Country

United States

Results	
Toll Free	1-888-YO-PINGO
Toll Free Espanol	1-888-706-1633

U.S. Local Access Numbers District of Columbia

WASHINGTON ZONE 1 (202) 386-6801

GO BACK

Using U.S. Local Access

Take advantage of Pingo's lowest rates for calls from the U.S. by using Pingo Local Access numbers.

Just click on the state you're calling from (at left) to find the local number nearest you. We'll be adding more local access numbers, so if you don't find one for your town now, be sure to check back periodically.

Using International Access

It's the same as using Pingo from the U.S. -- Just dial the access number given for the country you're calling from and wait for the prompt. Then, dial:

011 + country code + city code + exchange

Although you can only join Pingo using a U.S.-based credit or debit card, your friends and family in other countries can share your Pingo account by using Pingo access numbers and your account number and PIN.

Keep in mind that Pingo will only accept one caller per account at a time. Also, to reach Pingo customer service from outside the U.S. you'll need to email us at customerservice@pingo.com.

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[Rates for International Calling Cards](#) | [About Pingo](#) | [Why Pingo Calling Cards?](#) | [How Phone Cards Work](#) | [Sign Up for Prepaid Calling Cards](#)



Pingo® provides convenient, high quality international long distance phone service with the savings of international calling cards. Taxes and fees may apply. Calls originating from a payphone are subject to surcharges. There are no additional fees -- just a 98 cents per month account maintenance fee. A valid credit card or paypal account is necessary to acquire prepaid calling card service.





The Last Calling Card You'll Ever Need!™

New! ACCESS NUMBERS

ACCOUNT NUMBER PIN

LOGIN

- RATES
- ABOUT US
- WHY PINGO?
- REFER-A-FRIEND
- HOW IT WORKS
- SIGN UP



"Thank you soooooo much! I am looking forward to using my new service to call my daughter in Paris."
~ K Smith

Find Low Rates to the Countries You Call

Pingo can be used to call from the U.S. and other selected countries. Simply use the pull down menus below to find the rates from the country you're calling from to your destination country.

Add 1 cent per minute when using toll-free access for calls from the U.S.

To see the full list of countries Pingo reaches and their calling card rates click [here](#).

To see the current list of countries you can call FROM and their international Access Numbers click [here](#).

Calling Card Rates



RateWatcher eliminates the hassle of comparing calling cards, looking for lower rates, because we're doing it for you! We're actively on the look-out for opportunities to reduce our costs and pass the savings on to you. That's how RateWatcher helps to make Pingo the last calling card you'll ever need!

Check out these other great rates—as low as:

Calling from Country	
United States	
Calling to Country	
United States	
Results	
United States	2.2¢
United States - Alaska	3.7¢
United States - East	2.2¢
United States - Hawaii	2.2¢
United States - Midwest	2.2¢
United States - West	2.2¢

Mexico - Mexico City	2.0¢
Brazil - Sao Paulo	2.3¢
Saudi Arabia - Jeddah	6.5¢
Peru - Lima	3.5¢
Russia - St. Petersburg	2.5¢
Thailand - Bangkok	4.0¢

All rates are per-minute.
Add 1 cent per min. when using U.S. toll-free access.

SAVE!

Click for Local Access and Save

Toll Free: **1-888-YO-PINGO**
Toll Free Espanol: **1-888-706-1633**

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[Home](#) > [Local Phone Cards](#) > [Call from Mobile Phone](#)

Call From Cellular Phone - Cancel Long Distance Plan

eCallChina 不会、也根本没有能力转接您的长途电话到其它手机公司。我们不承担因用户错误使用电话卡而造成的任何经济损失的责任。我们强烈建议您取消手机国际长途功能而避免不必要的麻烦。

Why call from your mobile phone?

An enormous amount of customers use cell phones, sometimes called mobile phones. In the United States, cellular phone service providers usually provide bulk or unlimited weekend and night long distance free minutes. If you have such a cellular phone plan, you should take advantage of it. You can use your mobile phone to call our phone card local access numbers from your mobile phone during your free minutes time.

Why make international long distance call from local access numbers?

Local access number reduces long distance operation cost so basically you can get lower rate and more minutes.

Cancel your international long distance plan

eCallChina STRONGLY recommends our customers to cancel your phone's international long distance plan. You are advised to check your cell phone and/or home phone plans to ensure that you have no international long distance service. Sometimes this service is added to customers' calling plans without their knowledge. If you have such a plan, we recommend that you cancel it. Charges by wireless and land-based phone service providers for overseas long distance calls can be unreasonably high. eCallChina can **take no responsibility** for the calls go through your long distance plan without using our phone card, or fail to use our phone card properly. Cancel your international long distance plan can protect you from such kind of mistake. We remind our customers cancel overseas long distance calling plans that may result in unexpectedly high charges. Rely instead on the local and 800 numbers provided to eCallChina's phone card customers.

We take no responsibility

The determination of which calls are local is based on the standard residential service for your area or your cellular phone plan. You must contact your residential phone company or your cellular phone company to clarify the category of questionable calls and to verify the charges on all calls to local access numbers. eCallChina is NOT responsible for any toll charges you may incur while using the local access numbers.

Please click the links below to get more information:

- [FAQ on Call from Local Access Numbers](#)
- [FAQ on Call from Cell Phone](#)
- [FAQ on Access Numbers](#)

[Find Local Number Phone Cards](#)

[Old Version Local Number Search Tools](#)

[Receive/Send Short Text Messages From/To China Mobile Phone](#)

[Call from local access numbers to get more minutes and lower rates!](#)

[Calling Card](#) - [Pinless Rechargeable Phone Card](#) - [About US](#) - [Contact US](#) - [Phone Card Support Center](#) - [Site Map](#) - [Links](#)

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Responsible and Reliable Phone Card Vendor - Member of Better Business Bureau



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Why Choose ATI

Broadwing

Global Crossing

Level 3

MCI

Qwest

Wil Tel

Other



Level 3

ATI - Level 3 VOIP DID Local Inbound service

Level 3 VOIP DID Local Inbound service ((3)VoIP) is an innovative solution for conferencing service providers, call center operators, **calling card companies**, voice portals, and any businesses that want cost-effective and reliable local calling infrastructure. (3)VoIP Local Inbound service rides on Level 3's Softswitch platform — one of the largest in the world. This platform supports the conversion of analog or traditional digital calls into data packets. Upon conversion, the call is transmitted using Level 3's lower-cost, more efficient IP-based network. (3)VoIP Local Inbound service enables customers to create and deliver new products and services by allowing them to execute their Voice over Internet Protocol (VoIP) strategies while reducing communication expenses by an average of 40% over comparable traditional services.

How Does it Work?

With (3)VoIP Local Inbound service, calls can be placed into the Level 3 Network via Level 3-assigned or customer ported local telephone numbers. Once a call is placed, it's converted to IP. IP media is transported over Level 3's MPLS-enabled backbone to a customer's IP Voice application and results in a handoff via Session Initiated Protocol (SIP) over Transmission Control Protocol (TCP) and User Datagram Protocol (UDP) to the customer's Edge Proxy Server(s) or Softswitch.

Where is it Available?

(3)VoIP Local Inbound service is offered in over 2,750 rate centers in the U.S., making local dialing over the platform available to approximately 93% of the U.S. population. **To the end user, it's just another local call, but you can cost-effectively terminate it to any IP endpoint in the world.**

(3)VOIP Local Inbound Benefits

- **Price** - Because of the efficiency of Level 3's Softswitch and 22,500-mile intercity broadband fiber optic network designed specifically for IP, customers can reduce communications costs by an average of 40% over comparable traditional services.
- **Coverage** - A single provider with end-to-end services nationwide.
- **Speed** - Customers can create and deliver applications faster, without large capital and network expenses that are associated with traditional solutions.
- **Streamlined call flows** - Enables efficient call routing and streamlined back-end signalling.
- **Reduced maintenance costs** - Application servers can be deployed and maintained at a single location, thereby reducing the time and money spent dedicated to servicing.
- **Control** - Routing functionality is taken out of the provider's network and placed with the customer.
- **Value** - With a relatively small initial capital investment in an Edge Proxy Server, customers will see a much better return on their investment with an IP-based network versus a TDM-based network.

About Level 3

Level 3 Communications, Inc. was originally founded in 1985 as Kiewit Diversified Group Inc. (KDG), a 114-year-old construction, mining, information services and communications company headquartered in Omaha, Nebraska.

On January 19, 1998, KDG announced it was changing its name to Level 3 Communications, Inc. Since late 1997, the company has substantially increased the emphasis it places on and the resources devoted to its communications and information services business.

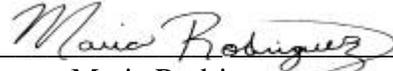
In February 2003, Level 3 acquired substantially all of the assets of Genuity. Prior to a transaction and subsequent spin-off involving its former parent company GTE, the Internet business that would later

be identified as Genuity was called BBN (Bolt, Beranek, and Newman). BBN built the original Internet, invented the e-mail protocol and "@" symbol, and in 1971, sent the world's first e-mail message.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the forgoing **ARIZONA DIALTONE INC. PETITION FOR RECONSIDERATION** was sent by first-class mail, postage prepaid, on August 31, 2006 to the parties on the attached list.



Maria Rodriguez

August 31, 2006

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