

RECEIVED
RECORDS MANAGEMENT



91 MAR 27 AM 9:58

William P. Eagles
Attorney

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Room 1575
1875 Lawrence
Denver, CO 80202
Phone (303) 298-6508

March 26, 1991

Mr. Paul Curl
Secretary
Washington Utilities and
Transportation Commission
1300 Evergreen Park Dr., SW
Olympia, Washington 98504-8002

Re: Docket Nos. UT-900726 and UT-900733

Dear Mr. Curl:

Enclosed for filing in the above-referenced matter are an original and twenty copies of the Reply Supplemental Comments of AT&T Communications of the Pacific Northwest, Inc. on the proposed Amendment of Rules. Please date-stamp one of the copies and return it to me for our files. Thank you.

Very truly yours,

A handwritten signature in cursive script that reads "William P. Eagles".

William P. Eagles

Enclosures
WPE/11

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

91 MAR 27 AM 9:21

RECEIVED

01391

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PROPOSED AMENDMENT OF RULES)	
WAC 480-120-021, 480-120-106,)	
480-120-138, 480-120-140,)	DOCKET NO. UT-900726
480-120-141, and 480-120-142)	DOCKET NO. UT-900733
RELATING TO TELECOMMUNICATION)	
COMPANIES.)	

REPLY SUPPLEMENTAL COMMENTS OF AT&T

AT&T Communications of the Pacific Northwest, Inc. ("AT&T") hereby submits its reply supplemental comments to the Washington Utilities and Transportation Commission ("Commission") in response to the comments filed on March 6, 1991 by other parties to this proceeding. AT&T states as follows:

Introduction

AT&T's earlier-filed comments in this proceeding have refuted the spectre (raised again in the supplemental comments of Telesphere Limited, Inc. and Intellical, Inc.) that promulgation of proposed revised WAC 480-120-138(10)¹ by the Commission will perforce result in significant, unpreventable fraudulent calling from private payphones.²

¹ Proposed revised WAC 480-120-138(10) unequivocally obligates private payphone owners to unblock access to all available interexchange carriers at their pay telephone sets and requires local exchange companies to provide 10XXX 1+ line restriction services upon request, where available, to reduce the potential for fraudulent calling.

² Reply Comments of AT&T, November 2, 1990, pp.2-8 (hereinafter "AT&T Reply Comments").

As AT&T's earlier comments pointed out, the Commission's proposed revised rule is responsive to the clearly expressed need and desire of Washington consumers to reach the carrier of their choice, without being forced to use the carrier of the payphone provider's choice--at potentially higher rates. AT&T commends the Commission for recognizing that the interest of Washington's consumers in having unobstructed access to their carrier of choice at all public telephones is paramount, and that the interest of payphone providers in averting fraudulent calling can be assisted by requiring local exchange companies to provide line restriction services where available.

However, in any contest between the respective interests of consumers and private payphone providers, the broad public interest of the former in having unfettered carrier access must prevail over the economic interests of the latter. AT&T believes that payphone providers should be held responsible for protecting themselves against the incidence of fraudulent calling from their equipment. In this vein, they must avail themselves, wherever possible, of whatever reasonable modifications to their equipment may be available to allow direct, differentiated 10XXX 0+ calling. Moreover, they must make use of the line restriction services that are widely offered by local exchange companies to restrict improper billing to originating public access lines.

Only where the unblocking of pay telephone equipment is demonstrably infeasible, or reasonably priced modifications and line restriction services are unavailable, should private payphone providers be granted a waiver of the universal access requirement

and allowed to block consumer access via 10XXX 0+ dialing. All such waivers, however, should be temporary and time-limited in nature, given the importance of 10XXX 0+ access to consumers seeking to reach their carrier of choice. Where payphone providers claim that fraudulent 10XXX calling has occurred despite their best remedial efforts, proof of their diligence in utilizing fraud-prevention methods should be required by the Commission before recourse to the serving interexchange carrier/operator service provider may be had for the charges for such calling.

Discussion

All Blocking By Payphone Providers of 10XXX Access To Non-Subscribed Alternative Toll Carriers Must Ultimately Be Eliminated To Guarantee Consumers Their Choice Of Carrier At All Times.

AT&T wholeheartedly supports the proposed revised version of WAC 480-120-138(10), which states that:

All pay telephones must provide access to all interexchange carriers where such access is available. If requested by the subscriber, the local exchange company providing the public access line shall supply restriction, where available, which prevents fraud to the 10XXX 1+ codes, at appropriate tariffed rates.

As this rule makes clear, consumers should not be denied access at any public telephone in Washington to the interexchange carrier or operator service provider of their choice, using the dialing protocol chosen by their preferred carrier/provider (i.e., 10XXX

01394

0+, 950-XXXX, or 800 number).³ For AT&T and other carriers, use of the 10XXX 0+ dialing method is the **only** way by which customers can avail themselves of the wide array of billing options on long distance calls made from locations other than their homes and offices--**even though** access to some of these carriers is also available through a 1-800 or 950-XXXX number.⁴ Consumers must

³ In 1989, AT&T unblocked its own Card Caller telephones around the nation, such that 10XXX 0+, 800, and 950-XXXX access to all carriers is available today from all AT&T public telephones. Nevertheless, Telesphere Limited, Inc. ("Telesphere") asserts in its comments that, in a parallel Minnesota proceeding, AT&T witness Howard Bell "admitted" that AT&T itself still engages in 10XXX 0+ blocking "at certain locations" in response to the "fraud problem". (Comments of Telesphere, p.18, fn.8) This was not, however, Mr. Bell's testimony. Mr. Bell was asked whether it would "surprise" him to learn that some locations which are presubscribed to AT&T block 10XXX access and he acknowledged that there **may** be some properties that do block 10XXX access today; however, no specific instances were discussed. AT&T's position has consistently been that if locations exist where access is blocked to other carriers, it wants to be informed so that appropriate corrective measures can be taken.

⁴ Telesphere continues to allege that virtually all interLATA toll carriers other than AT&T have made 800 and/or 950-XXXX access arrangements available to their customers and that only AT&T continues to rely exclusively on 10XXX access. This claim, however, is misleading and does not accurately portray the extent to which 10XXX alternative access codes **must be used** by customers of other carriers in order to complete their calls.

For example, although customers may access MCI via an 800 and 950-XXXX number (as well as an 10XXX access code), the first two access methods **can only be used when customers desire to bill their calls to the proprietary calling card that MCI issues**. If a customer desires to bill the calls to a local-exchange-company-issued ("line-based") or AT&T calling card, or desires third-party billing, collect calling, or person-to-person calling, s/he **must** dial MCI using that carrier's unique 10XXX access code. For this reason, the mandatory unblocking of 10XXX 0+ access is necessary if carriers other than AT&T are to be able to provide consumers with the full range of competitive services.

therefore be unequivocally assured that payphone providers are prohibited from blocking access at pay telephone locations to any carrier/provider they may choose.⁵

AT&T has already shown in its earlier comments that the equipment of the major private payphone manufacturers can be fully unblocked at this time. (See AT&T's Reply Comments, Attachment A) In addition, adjunct technology exists today that permits payphone providers to unblock 10XXX 0+ at reasonable cost while continuing to block 10XXX 1+ calls, without necessitating the replacement of their current equipment. (Id., Attachment B) For older pay telephone sets which cannot be programmed or otherwise modified to differentiate between 10XXX 0+ and 10XXX 1+ calling and block only the latter, the line screening and billing restriction features that are available now in most (and perhaps all) local exchange company end offices will permit the total unblocking of 10XXX 0+ access on the payphone access lines quickly, inexpensively, and without the risk of increased fraud.⁶ Private payphone providers need only make use of the capabilities that are already

⁵ Moreover, payphone providers should also be expressly barred from entering contracts with Alternative Operator Service ("AOS") companies which would allow the blocking of, or otherwise prevent, access to other carriers through the same telephone set used by consumers.

⁶ In the unlikely circumstance that such features are not available statewide in Washington, AT&T would support a rule requiring all local exchange companies possessing the requisite technical capability to provide these blocking and screening functions to all private payphone operators and other call aggregators desiring them, on an unbundled basis at reasonable tariffed rates.

available to them.⁷ A short description of these capabilities, plus a new AT&T software enhancement known as "Split 1+ Blocking" that passes 10XXX 0+ and blocks 10XXX 1+ calls at local exchange company central offices, appears as Exhibit A.

The efficacy of line screening services provided by local exchange companies, together with pay telephone equipment/software modifications, to control payphone fraud was expressly recognized by the New York Public Service Commission in its Opinion No. 90-12 of March 19, 1990, Case No. 27946, adopting rules governing "COCOTS", i.e., customer-owned currency-operated telephones. In that order, the Commission held that the risks of

⁷ Intellicall attempts to convey the impression (Comments of Intellicall, p.11, and the memorandum referenced therein) that local exchange company line restriction services are potentially ineffective at preventing fraudulent 10XXX calling because toll carrier operators "may or may not honor" the billing restrictions. Therefore, Intellicall reasons, interexchange carriers should be required automatically to indemnify payphone providers for all fraudulent calling once payphone providers have "done all they can do" to avert fraud by subscribing to such line restriction services. Intellicall's reasoning is specious and appears designed solely to allow payphone providers to escape any responsibility for ending the fraud potential about which they complain.

Contrary to Intellicall's position, AT&T's five-city empirical study of 43 operator service providers in September 1990 demonstrated the ability and willingness of virtually every operator service provider contacted to recognize and "honor" the existence of billing restrictions placed on public access lines, and therefore prevent caller attempts to fraudulently complete sent-paid 10XXX calls. (See AT&T's Reply Comments, p.6, fn.5. for a fuller description of this study.) To the extent that it does exist, 10XXX 0+ toll fraud from payphone locations typically occurs not because the serving operator service provider has ignored originating line screening information but because either the payphone provider has failed to secure the proper class of service screening or verified that it is operating properly, or the local exchange company has failed to put the screening in place and test it.

COCOT fraud were manageable and insufficient to negate the public interest in ensuring consumer access to the carrier of choice via the 10XXX 0+ dialing sequence. (Opinion No. 90-12, pp.40-41) To minimize the burden on COCOTS of implementing the Commission's non-blocking requirement, the Commission directed all local exchange companies and interexchange carriers to develop various central office features, viz., "10XXX+1 call blocking by the [local exchange companies], transmission of a COCOT identification (class-of-service mark) code to the [interexchange carrier] on any 10XXX+0 call, and blocking by the [interexchange carrier] of any 10XXX call resulting in a charge to the COCOT unless it has specific agreements for the completion of such calls." (Opinion No. 90-12, supra, at 41.)

Despite the demonstrated efficacy of local exchange company central-office-based line screening capabilities to eliminate potential fraud due to 10XXX 1+ calling, some private payphone providers have simply ignored the availability of such remedial options (as well as line restriction devices). Rather, they have continued to complain about their exposure to fraud in the event 10XXX 0+ access is unblocked and the inordinate expense they will be required to bear to replace or retrofit existing pay telephone equipment in order to prevent it.⁸

⁸ Because unrestricted access to alternative carriers is so crucial to consumer welfare in Washington, the Commission should reject any requests by private payphone providers or operator service providers for a "blanket" waiver that would "grandfather" all existing pay telephone equipment currently in use for an indefinite period of time, and thereby excuse compliance with the proposed revised rule's prohibition of blocking. Instead, AT&T would recommend that waivers be granted only sparingly, and (continued on next page)

In response, AT&T respectfully makes two points: First, private payphone providers are primarily and ultimately concerned about the effect that unblocking 10XXX 0+ access will have on the commissions they receive from their presubscribed operator service provider. Because mandatory 10XXX 0+ unblocking will enable consumers to exercise free choice in the selection of their toll carrier and avoid being forced to use the payphone provider's presubscribed carrier, it is likely that the commissions generated at any given payphone station will decrease. Given the self-interest of private payphone providers in preserving their commissions through limiting captive telephone consumers' access to alternative carriers, these providers can be expected to continue to oppose any mandatory unblocking of 10XXX 0+ dialing.

Second, it is well to remember that the primary reason for the proposed revised rule is to protect Washington telephone consumers, not safeguard the economic interests of private payphone providers (and call aggregators in general). Where the latter interests severely conflict--as here--with the public interest in ensuring consumers' maximal ability at pay telephones

(continued from last page) strictly on a case-by-case basis after an application has been filed with the Commission by each **payphone provider** owning or controlling noncomplying equipment and desiring such relief.

Upon a finding that some pay telephone sets cannot be unblocked through some mix of equipment/software modification and line restriction services, the Commission could issue a waiver of the requirement to unblock such equipment on a location-specific basis and only for a period sufficient to permit reasonable transition to full compliance. At the end of the waiver period, the payphone provider's equipment would have to be upgraded to comply with the unblocking requirement of the proposed revised rule, or the payphone provider would have to demonstrate that it is not cost-effective to do so.

to select and use the operator service provider of their choice from among the competitive alternatives available, the public interest must prevail. As the New York Public Service Commission concluded in the alternative operator services context:

The cost burdens of compliance with a no-blocking rule must receive due consideration, but the no-blocking principle is of fundamental importance to giving the calling public the benefits of [operator service provider] competition, with costs being only a subordinate concern.

Accordingly, all exceptions on this point will be denied. This includes the objections to the proposed prohibition on Commission [sic] payments or other compensation paid to aggregators failing to comply with the no-blocking rule; the rule would be meaningless without such a sanction.

Opinion No. 90-13, p.49, issued March 30, 1990,
Case No. 88-C-102, New York Public Service
Commission.

Conclusion

Telesphere and Intellicall claim that private payphone providers will experience significant economic injury due to fraud if such providers are required by proposed revised WAC 480-120-138(10) to unblock consumer access to carriers through 10XXX access codes at pay telephone locations. However, the availability, both present and imminent, of local exchange company central office line restriction services that enable operator service providers to deny the billing of calls directly to pay telephone access lines vitiates this claim. These services, used alone or in conjunction with toll restrictor devices and the

internal blocking/screening capabilities of modern pay telephone equipment, allows these providers to prevent the fraudulent calling they so greatly fear. The payphone providers' self-interest in maximizing the commissions paid to them by their presubscribed operator service provider for traffic channeled to the carrier's network cannot override the paramount public interest in assuring consumers of the ability to reach their carrier of choice in Washington, while away from home or business, through industry-standard 10XXX access codes.

Telesphere asserts that the Commission should refrain from acting on this issue because the FCC will soon be considering it, and that a "hold-your-fire" attitude until the federal regulatory scheme has been finally determined would be prudent. AT&T opposes this view. We submit that the immediate, significant consumer benefits that flow from 10XXX 0+ unblocking (unfettered consumer choice, elimination of consumer overcharging, etc.), as well as the relatively modest costs required to implement it, strongly favor adoption of the proposed revised rule now, without awaiting any further federal action. If the Commission moves resolutely to eliminate blocking wherever technically feasible, Washington would join the other states that have mandated 10XXX 0+ access as a key pro-consumer safeguard for intrastate toll calling from payphone stations, call aggregator locations, or both.

Based on the foregoing, the Commission should promulgate revised WAC 480-120-138(10) as proposed, in order to protect the interest of Washington consumers in being able to reach their

carrier of choice from private payphones via the 10XXX 0+ dialing sequence.

Respectfully submitted this 26th day of March, 1991.

AT&T COMMUNICATIONS OF THE
MOUNTAIN STATES, INC.

T. Larry Barnes
William P. Eagles
1875 Lawrence St., Room 1575
Denver, Colorado 80202
(303) 298-6508

Its Attorneys

By: William P. Eagles
William P. Eagles

Local Exchange Company Line Screening/Bill Restriction Services

Following is a brief description of the line screening/billing restriction services that may be selected by payphone owners to simultaneously provide consumers access to the carrier of their choice via 10XXX 0+ dialing and prevent fraudulent 10XXX 1+ calling on the owners' public access lines:

1. Originating Line Screening ("OLS") This screening service, which is available from equal access and non-equal access local exchange company end offices, allows the private payphone provider to prevent callers using the provider's access line from billing their calls to that line. If a caller attempts to bill any type of call to the originating line, OLS enables the operator service provider to recognize that the call originates from a public access line and to preclude billing to that line, thus preventing fraud. The screening information, which is sent on every call that originates from that access line, consists of a two digit code attached to the Automatic Number Identification ("ANI") that accompanies each 10XXX call.
2. Billed Number Screening ("BNS") This screening service, also available now in the equal access and non-equal access end offices of local exchange companies, advises operator service providers of restrictions against collect calls being made and the third number billing of calls to the private payphone provider's access line. Once so advised, operator service providers can then deny the billing option requested by a caller and thereby prevent fraud against the payphone provider.
3. Split 1+ Blocking AT&T has recently announced the development of a direct software enhancement to local exchange company end office switches that would block all 10XXX 1+ calls (which are billed to the originating access line) and pass all 10XXX 0+ traffic. This will serve to eliminate the potential fraud occasioned by 10XXX calls being improperly billed to the originating payphone line and yet permit consumers to access their carrier of choice through the 10XXX 0+ dialing sequence. Available in late 1991, AT&T plans to offer this software enhancement to local exchange companies across the nation at no charge.