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April 24, 1991

To: Bob Wallis

From: Ron Gayman

Re: AOS Rulemaking Docket No. 900726

Attached are the comments filed by AT&T with the FCC on Docket 91-35 which covers 10XXX access, alternate access (800 or 950 numbers), and dial-around compensation for private payphones.

AT&T's position on unblocking of 10XXX is that it can be accomplished now. The claims concerning fraud are unfounded since 10XXX 1+ calls can be blocked with existing technology either by a toll restrictor or by LEC central office software features.

These comments continue to support the need for including the timely unblocking of 10XXX-0 access language in the Washington AOS rules. These comments also provide additional information as to why 950 or 800 access for AT&T is prohibitive and unnecessary.

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

In the Matter of)
)
Policies and Rules Concerning) CC Docket No. 91-35
Operator Service Access and)
Pay Telephone Compensation)

COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

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April 12, 1991

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SUMMARY

In response to the Congressional mandate that the unreasonable and unscrupulous practices of some operator service providers be curbed, the Commission has correctly proposed the mandatory unblocking of the 10XXX 0+ dialing sequence. AT&T supports this decision by the Commission which will afford end users access to all available operator service providers. The Commission, however, has diluted the impact of its decision by proposing an extended time frame, of up to three years, for unblocking. Because the unblocking of the 10XXX 0+ dialing sequence can be accomplished within a few months, the Commission should use December 31, 1991 as the date by which all aggregators must be in compliance. Anything less would conflict with the requirements of the Operator Service Act.

The Commission should not require the retrofitting of existing CPE or the establishment by operator service providers of 800 or 950 access. Neither of these is necessary under the statute and the objectives of the Commission can be satisfied through other less expensive means.

The Commission should not require the payment of compensation to pay telephone owners for calls placed to

non-presubscribed carriers. There is no need for such compensation and any plan to accomplish it would be unduly expensive and burdensome to the industry.

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In the Matter of)
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Operator Service Access and)
Pay Telephone Compensation)

COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

American Telephone and Telegraph Company ("AT&T")
hereby submits its comments in the Notice of Proposed
Rulemaking in CC Docket No. 91-35, released March 11, 1991
("Notice").*

INTRODUCTION

This rulemaking is the latest attempt by the
Commission, as required by Congress,** to purge the
operator services industry of unreasonable and
unscrupulous practices of some operator service providers
("OSPs"). In it, the Commission is examining issues
related to the 10XXX 0+ dialing sequence.*** The

* In the Matter of Policies and Rules Concerning
Operator Service Access and Pay Telephone
Compensation, Notice of Proposed Rulemaking, CC Docket
No. 91-35, FCC 91-53, released March 11, 1991.

** This rulemaking was mandated by the Telephone Operator
Consumer Services Improvement Act of 1990, Pub. L.
No. 101-435, 104 Stat. 986 (1990), 47 U.S.C. § 226
("Operator Services Act").

*** The issue of the unblocking of the 10XXX 0+ dialing
sequence was addressed by the Commission in an earlier
proceeding. In the Matter of Policies and Rules

(footnote continued on following page)

Commission has correctly proposed the unblocking of this dialing sequence recognizing that it affords optimum benefit to consumers and carriers, providing both "with more technical flexibility and choice than do other access methods."* The benefits of this policy would, however, be substantially dissipated if the Commission adopts § 64.704, as proposed, and thus permits aggregators to continue to block 10XXX 0+ calls for an additional three years. This is far beyond the time required to unblock aggregator telephones and conflicts with the requirement of the Operator Services Act that aggregators insure access "within a reasonable time."**

The proposed rules are also deficient because they require that OSPs develop expensive and technically inefficient 800 or 950 dialing sequences, and that embedded customer premise equipment ("CPE") be retrofitted to accommodate 10XXX 0+ dialing while blocking 10XXX 1+ calls. These requirements are unnecessary because the mandate of the Operator Services Act can be accomplished through other less expensive and disruptive alternatives.

(footnote continued from previous page)

Concerning Operator Services Providers, CC Docket No. 90-313, FCC 90-231 released July 17, 1990, ("Operator Service Rulemaking"). AT&T filed extensive Comments and Reply Comments in that proceeding, copies of which are attached to these Comments as Exhibits I and II respectively.

* Notice, ¶ 7.

** Operator Services Act, § 226(e)(1)(A).

The Commission should delete these provisions of the proposed rules.

In response to the Commission's request for comments on the issue of compensation to pay telephone providers for calls to non-prescribed carriers, AT&T shows below that the payment of such compensation is not necessary and would be extremely burdensome and costly to the operator services industry.

I. THE COMMISSION SHOULD EXPEDITE THE UNBLOCKING OF 10XXX 0+ TO ENSURE THAT CONSUMERS ARE ABLE TO CHOOSE FREELY AMONG AVAILABLE SERVICE PROVIDERS.

As Congress has recognized, the objectives of the Operator Services Act cannot be fully accomplished unless the customer is able to exercise his or her informed choice in selecting an operator services provider.* This choice cannot occur if aggregators continue to block customer access to particular OSPs. Adoption by the Commission of the prohibition on blocking contained in proposed § 64.704(c) is therefore vital to carrying out Congress' mandate, and AT&T supports this portion of the Commission's proposal.**

* The Operator Services Act already prohibits the blocking of 800 and 950 service access codes, leaving the decision on the unblocking of the 10XXX 0+ dialing sequence to the Commission.

** The prohibition on blocking should extend to both 10XXX 0+ (domestic operator handled) and 10XXX 01+ (international operator handled) calls. In these comments AT&T will refer to both types of calls using the generic term, 10XXX 0+.

The practice of call blocking was specifically condemned by the Commission over two years ago in the TRAC Order*:

"We find that call blocking of telephones presubscribed to the defendant AOS providers or other carriers is an unlawful practice. Accordingly, we order the defendants to discontinue this practice immediately. The defendants must amend their contracts with call aggregators to prohibit call blocking by the call aggregator within thirty days of the effective date of this Order."**

Despite the explicit holding of the TRAC Order and the fact that the unblocking of 10XXX 0+ is essential to customer choice, some OSPs and aggregators have continued to block 10XXX 0+ access claiming that this practice is necessary to limit toll fraud. This claim rests on the contention that unblocking 10XXX dialing would automatically result in the passage of both 10XXX 0+ and 10XXX 1+ calls.***

* TRAC Order, 4 FCC Rcd. at 2159. No less than 30 states have also mandated unblocking at all aggregator telephones or private pay phones, or both. These states include Florida, Georgia, Louisiana, North Carolina, South Carolina, Tennessee, New Jersey, New York, Maine, Maryland, New Hampshire, Illinois, Iowa, Nebraska, Kentucky, Ohio, South Dakota, Indiana, Michigan, Minnesota, Wisconsin, Missouri, Kansas, Texas, California, Nevada, Oregon, Vermont, Washington and New Mexico.

** In the Matter of Telecommunications Research and Action Center and Consumer Action v. Central Corporation, 4 F.C.C. Rcd 2157 (1989) ("TRAC Order").

*** Because the 10XXX 1+ dialing sequence designates a call which will be billed back to the calling number,

(footnote continued on following page)

The underlying premise of this argument -- that 10XXX 0+ calls cannot be separated and handled apart from 10XXX 1+ calls -- is wrong. As AT&T has conclusively demonstrated in the Operator Services Rulemaking, technology, particularly in the form of ancillary toll restrictors and LEC central office features,* is readily available today to enable aggregators to unblock 10XXX 0+ while continuing to block 10XXX 1+ calls. This unblocking can be accomplished at locations which are served by pay telephones as well as those using PBXs, key sets and other similar equipment. It can be accomplished without an increase in toll fraud. In fact, it is likely that the amount of fraud experienced by aggregators will actually decrease when unblocking is implemented.**

The cost of unblocking will be relatively low and it can be accomplished quickly. AT&T estimates that all aggregator telephones can be unblocked within five months

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such calls would, unless blocked, be billed to the aggregator which may be unable to recover the charges from the end user. Proposed § 64.704 would allow an aggregator to block such calls. No such billing problem exists with the 10XXX 0+ sequence, because these calls are billed to the end user's calling or credit card, to a third number, or in the case of a collect call, to the person called.

* A detailed description of the manner in which the telephones of aggregators can be unblocked is contained in Exhibit I, Appendix A; Exhibit II, pp. 3-13, Exhibits 2-4.

** See Exhibit II, pp. 6 fn.**, 10-11.

from the adoption of the proposed rules at a total cost to the industry of no more than \$35 million.* Because the unblocking of the 10XXX 0+ dialing sequence can be accomplished at virtually all aggregator locations within the next few months the Commission should expedite the time frames for unblocking and require that all aggregator locations unblock the 10XXX 0+ dialing sequence no later than December 31, 1991. Anything less would conflict with the requirements of the Operator Services Act that unblocking be accomplished "within a reasonable time."**

* The \$35 million total is relatively small when compared to the approximately \$250 million in commission payments which AT&T estimates were paid to aggregators in 1990.

** Operator Services Act § 226(e)(1)(A). In the Notice (¶ 9), the Commission solicited comments on the appropriate criteria for the granting of waivers of proposed § 64.704. Because the unblocking of aggregator locations is the key to customer choice, waivers should be granted sparingly, if at all. Any waiver request should be limited to a specific location and should include detailed information concerning the size of the location, the operator services provider who serves it, the volume of operator services calls originating from it, as well as the amount of commissions paid in connection with that traffic, the type of customer premise equipment ("CPE") used at the location, the steps required to unblock it, and the anticipated cost of such unblocking. Waivers, if granted, should be limited to a time sufficient to permit reasonable transition to full compliance. To accommodate end users during the waiver period the aggregator should be required to provide end user with access to the local exchange company operator or, at the option of the aggregator, directly to the end user's preferred OSP through a hotel operator or PBX attendant.

On the other hand, proposed § 68.318(e) -- which mandates the retroactive modification, and possible reregistration, of existing CPE to accommodate 10XXX 0+ dialing -- will be extremely expensive to implement and is not required. If proposed § 68.318(e) is adopted, all embedded aggregator equipment would have to be capable of providing access to the 10XXX 0+ while blocking the 10XXX 1+ dialing sequence within thirty-six months. Although some newer existing equipment is presently able to satisfy the unblocking requirement, or could be easily converted through minor software changes,* a substantial percentage of the embedded base of older aggregator PBXs would require very expensive and time consuming modifications in order to be brought into compliance. Some older equipment could not be brought into compliance at all.**

The Commission should not impose such a costly requirement on aggregators, because unblocking the 10XXX 0+ dialing sequences can be achieved without the modification of customer premises equipment, through the

* AT&T estimates that approximately 10% of PBXs and approximately 80% of private pay phones are currently capable of complying with the proposed rule.

** For example, in the Operator Services Rulemaking, the North American Telecommunications Association ("NATA") estimated the cost of bringing certain older equipment into compliance to be \$22,000 per site and that 7.1% of all existing equipment would have to be abandoned as a result of this requirement.

use of less costly alternatives such as toll restrictors or local exchange company central office features.* For these reasons, AT&T opposes the adoption of proposed § 68.318(e).

II. REQUIRING CARRIERS TO ESTABLISH 800 OR 950 DIALING ARRANGEMENTS IS UNNECESSARY

Proposed § 64.704(d) requires that operator services providers establish either 800 or 950 access within six months after the adoption of final rules. This rule is also unnecessary. Proposed § 64.704 will prohibit the blocking of the 10XXX 0+ dialing sequence and, as AT&T has demonstrated, full unblocking can be accomplished by the end of this year. As a result, the forced adoption of an 800 or 950 access arrangement would be superfluous because consumers will be able to reach their preferred carrier by using another dialing sequence selected by that carrier.**

* In order to facilitate unblocking in the most cost effective manner, the Commission, as part of this rulemaking, should require that all LECs file tariffs to provide blocking and screening capabilities at all end offices where it has the technical capability to provide these features. At a minimum this should include originating line screening, billed number screening and 10XXX 1+ and 10XXX 011+ blocking.

** A relatively small number of aggregator lines have not been converted to equal access and, thus, would be incapable of handling calls dialed on a 10XXX 0+ basis. However, this does not necessitate the imposition of 800 or 950 access. Customers at these locations will be able to reach their preferred carriers through LEC operator transfer services. AT&T estimates that in 1992 less than two percent of all aggregator lines will fall into this category.

Each OSP should be permitted to use the access arrangement chosen by it on the basis of that carrier's network architecture and marketing strategy. For example, where AT&T is not the presubscribed carrier from a given location, it intends to continue to promote the use of the industry standard -- the 10XXX 0+ sequence. AT&T has no need, and no plans, to employ any additional access alternative. By the same token, other carriers may choose to continue to use 800 or 950 access.* Others may opt for a combination of dialing sequences. The decision should be left to each individual operator services provider rather than mandated by Commission rules.

A requirement that OSPs develop unnecessary alternative access arrangements will have substantial impact on the cost and quality of the service they offer their customers. For example, AT&T's network architecture will not permit it to utilize 950 access in conjunction with its operator services. This limitation cannot be rectified within the six months required by the proposed rule. Thus, if proposed § 64.704(d) is adopted the only alternative for AT&T would be to use 800 access.

Use of 800 access, however, would present significant problems to AT&T and its customers. It would

* For example, while a number of alternative operator service companies use 0+ and 10XXX 0+ dialing exclusively, MCI and US Sprint use differing dialing sequences depending upon the type of service and/or billing option selected by the end user. A matrix which depicts the access codes used by major operator service providers is attached as Exhibit III.

degrade the quality of service that AT&T customers have come to expect.* Such an 800 number would require the intervention of live operators to handle each call, in contrast to today's environment where significant numbers of 0+ and 10XXX 0+ calls are handled on an automated basis. This could increase call handling time by over ten seconds and deprive end users of the ease and convenience they have today where 0+ or 10XXX 0+ access is available.

Providing 800 or 950 access would also be prohibitively expensive for many OSPs. Because AT&T's network is not now configured for this type of access, major restructuring would be required. AT&T estimates that this restructuring would cost an estimated \$75 million for software and operator interface development and for network reconfiguration, and up to \$250 million in annual operational expenses, an expense which is totally unnecessary.**

* The imposition of an 800 or 950 dialing arrangement will cause extensive financial and service hardships to AT&T. A more detailed discussion of these problems is contained in Exhibit I, Appendix C.

** This additional form of alternative access would not be limited to interstate calling. Accordingly, some percentage of AT&T's additional costs would have to be assigned to the various intrastate jurisdictions, and be borne by AT&T's intrastate ratepayers. Forcing AT&T to adopt 800 access for its operator services could also put the Commission into a potential conflict with various state commissions. If AT&T is

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To the extent that the Commission deems it advisable that operator services providers use an alternative to 10XXX 0+ dialing, the Commission should not limit carriers to specific dialing sequences, but should permit them to use the operator transfer services presently available from a number of LECs. This service enables any end user who reaches a local exchange company operator to be connected to an operator services provider subscribing to that service. The service is already in place in many areas, would be cheaper to implement than the development of 800 or 950 access, and would generate little, if any, customer confusion. The consumer would simply dial a LEC operator who could then connect the customer to any operator service provider who has decided to use this alternative.*

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required to use 800 access in connection with its operator systems it will not be able to differentiate between interLATA and intraLATA intrastate calls and could be completing intrastate intraLATA operator service calls, even in states where it is not authorized to do so.

- * For example, operator transfer tariffs have recently been approved for Bell Atlantic, BellSouth, Ameritech, Southwestern Bell and Contel. The Commission should require all local exchange companies to offer this service. In addition, the Commission should prohibit aggregators from blocking access to the local exchange company operator. There is no legitimate reason for an aggregator to block these calls. This practice not only deprives the end user of access to other operator service providers, but also impairs their ability to obtain emergency help from local operators.

III. THE COMMISSION SHOULD NOT REQUIRE THE PAYMENT OF COMPENSATION TO PAYPHONE PROVIDERS FOR TRAFFIC TO A NON-PRESUBSCRIBED CARRIER.

The Commission has solicited comments on whether or not it should require the payment by OSPs of "compensation" to pay telephone owners where an end user reaches an OSP other than the presubscribed carrier of that line; i.e., through the use of a 950, 800 or 10XXX 0+ dialing sequence. AT&T believes that "compensation" of this type is unnecessary and would require cumbersome and expensive administrative processes. As such, it should not be ordered by the Commission.

The impetus behind the demand for compensation is the claim of certain private pay telephone owners that they are being financially harmed as a result of the ability of end users to "dial around" the OSPs to whom the pay phone has been presubscribed. Beyond making these claims, the pay telephone owners have not provided any factual evidence that they are experiencing financial harm as a result of this practice.* To the contrary, sources

* Even if these assertions of financial hardship were supportable, moreover, they would not justify imposition of a "compensation" requirement. There is simply no information before the Commission to suggest that subsidizing the financial viability of privately-owned payphones is in the public interest. To the contrary, the operation of private payphones is a business option available to entrepreneurs; and if some choose not to enter (or elect to exit) the business, consumers will continue to enjoy ample availability of payphone service from, among others, local exchange carriers.

within the pay telephone industry present this market as growing and as extremely profitable. For example, in a recent report NATA, the parent organization for the American Public Communications Council, predicts that the number of non-LEC owned public telephones will grow from 385,000 in 1990 to 650,000 in 1992; and that the gross annual return on pay telephone investment can reach 88 percent.*

Today, private pay telephone owners receive revenue from a number of sources including local calls; commission payments from operator service providers on 0+ calls; and, increasingly, profits from resold 1+ services.** These various revenue streams belie any

* NATA, Telecommunications Market Review and Forecast-1991, p. 181, Table 40.

** The use of store and forward (0+ to 1+ conversion) technology provides pay telephone owners a unique additional means of increasing profit margins by processing calls that would otherwise be handled by their own presubscribed 0+ carrier. The technology generally replicates the "bong" tone, prompting the caller to enter a calling card number. The pay phone or adjunct device stores this billing information and "outpulses" the call on a 1+ basis to a carrier's network. The pay telephone owner pays the carrier for a 1+ call, with applicable volume discounts, and retains a portion of the difference between the 1+ rate and the rate charged to the caller. The primary beneficiary of this technology is the pay phone owner not the consumer. The caller is often charged a rate higher than the rate would have been for the same call type if processed as a "conventional" 0+ call; for example, charging the consumer the higher operator station rate for an automated card call with the pay telephone owner keeping the resultant profit.

notion that additional compensation is necessary. As the Commission has already noted, the costs associated with access code calls represent a cost of doing business for the pay telephone provider* and as such do not differ from other types of calls, e.g., emergency, "911" and directory assistance, which, as a result of the regulatory policies of various state commissions, private pay telephone owners are now required to provide free of charge.

In addition to being unnecessary, the introduction of compensation would be unduly expensive. Both of the approaches suggested by the Commission for the administration of a compensation plan, i.e., use of a pool or direct payments by carriers to pay telephone providers** would entail significant administrative difficulties and costs.*** The sheer number of private pay phone owners, estimated to exceed 20,000, would dwarf any problems which the Commission experienced with previous local exchange company pools. The administrative

* Notice, ¶ 14.

** Notice, ¶¶ 15,17.

*** For example, the "dial around" minutes and/or messages at each pay telephone location would have to be identified and associated with an individual OSP. This would require the segregation of 800 and 950 access calls based on whether or not the call was directed to an OSP or to an individual customer. The amount claimed by each payphone owner would have to be verified, payments calculated, and checks issued. As the Commission has noted a mechanism would have to be developed for dispute resolution.

payments could, on an industry basis, reach \$20 million a year; exceeding any compensation to which pay phone owners could make any legitimate claim.

For all these reasons, compensation for calls placed to a non-presubscribed OSP should be rejected by the Commission.

CONCLUSION

For the reasons stated above the Commission should order the unblocking of the 10XXX 0+ dialing sequence at aggregator locations no later than December 31, 1991; should not require the retrofitting of existing CPE or us of 800 or 950 access; and should reject the request of pay telephone providers for compensation.

Respectfully submitted,

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

By /s/ Francine J. Berry

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April 12, 1991

CC DOCKET NO
91-35

EXHIBIT I

COMMENTS OF AT&T IN OPERATOR SERVICES RULEMAKING

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

In the Matter of)
)
Policies and Rules Concerning) CC Docket No. 90-313
Operator Service Providers)

COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

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September 7, 1990

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SUMMARY

Significant consumer dissatisfaction caused by the unreasonable, and often unscrupulous, practices of certain operator services providers has led to the initiation of this rulemaking, which is intended to establish rules under which consumers are fully informed about operator services options and able to choose freely among providers. AT&T wholeheartedly supports these goals.

Although the proposed rules are a positive initial step, they fail fully to accomplish their objective. AT&T supports proposed §§ 64.703 (customer information), 64.704 (call blocking) and 68.318(d)(1) (prospective equipment capabilities) because they maximize customer information and choice in a cost effective fashion. The same is not true for certain other proposed rules, which are unnecessary, overly expensive, and disruptive. Particularly objectionable is proposed § 64.705, which repudiates the prohibition on call splashing contained in the earlier TRAC Order, replacing it with an unwarranted and improper billing restriction that penalizes the victims of splashing while rewarding the perpetrators. This proposal cannot be reconciled with the pro-consumer objectives of the Notice, cannot be implemented, and would exacerbate the consumer dissatisfaction the rules are

intended to address. Proposed §§ 64.706(a) and 68.318(d)(2) are unnecessary because their intended end -- customer access to all available carriers -- can be achieved through other, less expensive and disruptive, means. As a result, AT&T opposes the adoption of these three portions of the proposed rules.

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COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

American Telephone and Telegraph Company ("AT&T")
hereby submits its comments in the Notice of Proposed
Rulemaking in CC Docket No. 90-313, released July 17, 1990
("Notice").*

INTRODUCTION

This rulemaking is a response to the widespread
consumer dissatisfaction which has been caused by the
unreasonable and often unscrupulous practices of some
operator services providers ("OSPs"). These practices
have generated a significant number of complaints to this
Commission, to state regulators, and to Congress.** These
complaints allege that the rates of some operator service
providers are excessive; that consumers are unaware of the

* In the Matter of Policies and Rules Concerning
Operator Service Providers, Notice of Proposed
Rulemaking, CC Docket No. 90-313, FCC 90-231, released
July 17, 1990.

** Legislation to regulate operator services providers is
presently before both the United States House of
Representatives and the United States Senate.

carrier providing their service; that consumers are being prevented from reaching the carrier of their choice through the practice of "call blocking;" and that consumers are transferred to carriers at, and subsequently billed from, a location distant from where their call originated through the practice of "call splashing."*

Few, if any, of these complaints have been directed at AT&T and other traditional operator services providers.** To the contrary, they have generally been focused on the so-called alternative operator services ("AOS") companies.*** These companies market their services almost exclusively to an aggregator (the person

* See, e.g., In the Matter of Telecommunications Research and Action Center and Consumer Action v. Central Corporation, 4 FCC Rcd. 2157 (1989) (hereinafter "TRAC Order"). See also Petition of the National Association of Regulatory Utility Commissioners, In the Matter of Practices, Policies and Appropriate Regulatory Treatment of Alternative Operator Service, RM 6767, filed April 17, 1989.

** AT&T has provided operator services since 1877, and in many respects represents what consumers have come to know and rely on as the "traditional" operator services provider. It offers a full range of operator services including card calling, third number billing operator sent paid, collect calling and person to person calling, to end user customers at reasonable tariffed rates. AT&T operators are courteous, knowledgeable and professional. In an emergency, they are able to, and often do, assist callers in reaching police, fire, medical and other essential services.

*** The actual number of companies providing interexchange operator services is difficult to determine. An analysis conducted by AT&T of applications for certificates of public convenience and necessity filed with state commissions during the period from July

(footnote continued on following page)

or entity who controls the telephone) rather than the individual placing the call. This is accomplished by contracting to provide operator services from that aggregator's location and agreeing to pay commissions to the aggregator.* Because they receive commissions only on traffic delivered to a specific AOS company, many aggregators restrict the access of end users to other operator services providers. As a result, consumers have been deprived of the choice of the OSP which will handle their calls and have often been subject to inadequate service at exorbitant rates.

The stated goal of this rulemaking is to ensure that consumers are given sufficient information to identify the operator services provider at a particular location and an opportunity to make a competitive choice based on that knowledge.** AT&T fully supports this goal and believes it can be achieved in a cost effective manner.

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1987 to the present disclosed that 102 companies had identified themselves as OSPs. However, trade press reports have identified well over 200 interexchange carriers and AOS companies offering operator services. See, e.g., Insight, "Dialing Zero Can Ring Up Unexpected Costs For Callers," March 27, 1989, p. 42.

* In response to its competitors, and because the payment of commissions has become a prerequisite to serving aggregator locations on a 0+ basis, AT&T also enters into such agreements.

** Notice, ¶ 34.

Although the rules proposed in the Notice represent a positive initial step, they should be modified in order to achieve the Commission's goal of increasing consumer protection most efficiently. Proposed §§ 64.703 (customer information), 64.704 (call blocking) and 68.318(d)(1) (prospective equipment capabilities) embrace the pro-consumer principles which the rulemaking is intended to achieve and will, by maximizing the ability of consumers to reach their preferred carrier, eliminate a significant number of issues which trouble the industry today. In contrast, proposed §§ 64.705 (billing restrictions), 64.706(a) (alternative access) and 68.318(d)(2) (embedded equipment modification) are too costly, unnecessary and -- particularly in the case of proposed § 64.705 -- counterproductive.* That proposal would aggravate the very problem -- call splashing -- which it purports to address. As a result, AT&T opposes the adoption of these three portions of the proposed rules.

* Another significant defect of the proposed rules is the lack of a clear definition of "call aggregator." Although this term is not defined in the rules, the Commission apparently intends the rules to reach all "entities that have telephones available for use by their customers, patrons, or other transient users." (Notice, ¶ 2 n.6). This scope is overly broad and encompasses a substantial number of individuals and businesses who have not been the source of the problems which these rules are intended to address.

(footnote continued on following page)

I. THE PROPOSED RULES WOULD ENSURE THAT ADEQUATE INFORMATION IS AVAILABLE TO CUSTOMERS.

One of the most important means of reducing customer dissatisfaction with some OSPs is to ensure that end users are provided sufficient information to enable them to know the identity of a particular OSP, and to choose among alternative operator services providers. In particular, the customer should be able to determine the identity of the operator services provider selected by an aggregator to serve the telephone being used by the customer. Proposed § 64.703 will ensure that the relevant information is made available. The rule requires, for example, that the identity of the carrier be disclosed in printed material* and reinforced by "call branding" when

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The Commission should therefore narrow the universe of locations which will be subject to regulation. Because most of the problems which the rules address arise from aggregators who enter into commission agreements with OSPs, the proposed rules should be limited to those aggregator locations.

- * In response to the Commission's request for comment on the best way to require posting of signs (Notice, ¶ 17), AT&T believes that an inflexible requirement that printed information be delivered in a particular fashion could create unwarranted problems. For example, requiring the use of posted signs or tent cards in a hospital room can create an unsanitary condition. What is important is that the information is delivered to the end user; the means of delivery can take various forms so long as it is easy to read and readily available. Aggregators in hotel, motel, hospital and university settings should be allowed to provide the required printed information to customers

(footnote continued on following page)

a consumer places a call over the OSP's network. Coupled with the availability of rate information on request, this will enable consumers to decide whether or not to use the aggregator's presubscribed carrier for the completion of their calls.

II. THE PROPOSED RULES ON UNBLOCKING WILL ENSURE THAT CONSUMERS ARE ABLE TO CHOOSE FREELY AMONG AVAILABLE SERVICE PROVIDERS.

Providing adequate information to consumers will be meaningless unless the customer is thereafter able to exercise his or her informed choice in selecting an operator services provider. This free choice cannot occur if aggregators block customer access to particular OSPs. Adoption by the Commission of proposed § 64.704 to prohibit this blocking is therefore vital.

Call blocking occurs when an aggregator or operator services provider blocks or redials certain dialing sequences in order to prevent an end user from accessing his carrier of choice.* This practice was specifically condemned in the TRAC Order:

(footnote continued from previous page)

on an individual basis rather than through signs posted in rooms. Similarly, pay telephone owners, including private payphone companies, should be allowed to place signs in the vicinity of, rather than actually on, the telephone.

* In some cases, the actual sequence dialed by the end user is blocked. In others, the equipment is

(footnote continued on following page)

"We find that call blocking of telephones presubscribed to the defendant AOS providers or other carriers is an unlawful practice. Accordingly, we order the defendants to discontinue this practice immediately. The defendants must amend their contracts with call aggregators to prohibit call blocking by the call aggregator within thirty days of the effective date of this Order."*

Despite the explicit holding of the TRAC Order and the fact that the unblocking of 10XXX 0+ is essential to customer choice, some AOS companies have claimed that the continued blocking of 10XXX 0+ access is necessary to limit toll fraud. This claim rests on the contention that unblocking 10XXX dialing would automatically result in the passage of both 10XXX 0+ and 10XXX 1+ calls.

(footnote continued from previous page)

programmed to outpulse a series of digits other than those dialed by the end user. For example, in an area where the AOS does not subscribe to Feature Group D service, if the customer dials 0+, the aggregator's equipment will redial it as a Feature Group A, 950 or 800 number delivering the call to an AOS operator center.

- * TRAC Order, 4 FCC Rcd. at 2159. No less than 30 states have also mandated unblocking at aggregator telephone at private payphones, or both. These states include Florida, Georgia, Louisiana, North Carolina, South Carolina, Tennessee, New Jersey, New York, Maine, Maryland, New Hampshire, Illinois, Iowa, Nebraska, Kentucky, Ohio, South Dakota, Indiana, Michigan, Minnesota, Wisconsin, Missouri, Kansas, Texas, California, Nevada, Oregon, Vermont, Washington and New Mexico.

The underlying premise of this argument -- that 10XXX 0+* calls can not be separated and handled apart from 10XXX 1+ calls -- is wrong.** Technology is readily available today to enable an aggregator to unblock 10XXX 0+ while continuing to block 10XXX 1+ calls.*** Moreover, unblocking the 10XXX 0+, 800, and 950 dialing sequences at aggregator locations, as proposed § 64.704 would require, will not entail wholesale changes in existing customer

* The prohibition on blocking should extend to both 10XXX 0+ (domestic operator handled) and 10XXX 01+ (international operator handled) calls. In these comments AT&T will refer to both types of calls using the generic term, 10XXX 0+.

** Because the 10XXX 1+ dialing sequence designates a call which will be billed back to the calling number, such calls would, unless blocked, be billed to the aggregator which may be unable to recover the charges from the end user. No such billing problem exists with the 10XXX 0+ sequence, because these calls are billed to the end user's calling or credit card, to a third number, or, in the case of a collect call, to the person called.

*** In response to the Commission's request for comments on the blocking of 1+ calls (Notice, ¶ 17), AT&T believes that because unrestricted 10XXX 1+ calling could result in an increase in toll fraud -- which is not the case with 10XXX 0+ -- it is entirely appropriate for 10XXX 1+ calls to be blocked if originated at aggregator telephones. The decision as to whether or not to block the 10XXX 1+ and 10XXX 011+ (international direct dial calls) dialing sequences should be left to the discretion of the call aggregator and operator services provider. Moreover, because of unique security and fraud problems associated with serving them, all penal institutions (jails, prisons, and other places of incarceration) should be exempt from the proposed rules regarding blocking for all forms of 1+ and 0+ dialing. Prison officials and operator service providers should be permitted to restrict the services provided to these locations.

premises equipment, and can be effectuated using existing technology without significant increase in fraudulent calls. These facts are confirmed by the description in Appendix A, which also supports AT&T's estimate that the telephones of all aggregators who have commission agreements of any sort with operator services providers can be unblocked within nine months from the adoption of the proposed rules at a total cost of no more than \$35 million.* Given the significant consumer benefits which flow from unblocking as well as the relatively modest cost and time required to implement it, the Commission should adopt this rule as the key element of its pro-consumer safeguards.**

* A description of the technical steps necessary to accomplish the unblocking of 10XXX 0+ is contained in Appendix A. AT&T has had substantial experience in the unblocking of telephones while minimizing expense and toll fraud. In 1989, AT&T unblocked its card caller telephones around the country, installing new chips in its own "smart" public telephones; installing call screening adjunct devices or obtaining special trunks from the LECs for its "dumb" sets. As a result of this effort, 10XXX 0+, 800 and 950 access to all carriers is available from all AT&T public telephones.

** AT&T also supports the provisions of proposed § 64.704(f) which would preclude the payment of commissions by an operator services provider to an aggregator in connection with calls delivered from a location where any dialing sequence used to access alternative carriers is being blocked. The prohibition on the payment of commissions should be specifically included in all OSP contracts with aggregators and the aggregator should also be required to certify to the OSP that it is not engaging in call blocking. These actions will provide an additional economic incentive to aggregators to speed their efforts to unblock the telephones they control.

In the Notice (¶ 18), the Commission solicited comments on the appropriate criteria for the granting of waivers of proposed § 64.704. Because the unblocking of aggregator locations is the key to customer choice, waivers should be granted sparingly, if at all. Any waiver request should be limited to a specific location and should include detailed information concerning the size of the location, the operator services provider who serves it, the volume of operator services calls originating from it, as well as the amount of commissions paid in connection with that traffic, the type of customer premise equipment ("CPE") used at the location, the steps required to unblock it, and the anticipated cost of such unblocking. Waivers, if granted, should be limited to a time sufficient to permit reasonable transition to full compliance.*

III. THE REQUIREMENTS REGARDING EQUIPMENT MODIFICATION SHOULD BE PROSPECTIVE ONLY.

Consistent with the principle that the rules adopted by the Commission should enhance customer choice in a cost effective manner, AT&T also supports adoption of proposed § 68.318(d)(1). This would require that all

* The waiver process should not be used as a mechanism to avoid compliance with the rules. The Commission should not permit a reoccurrence of the situation which followed the TRAC Order in which four of the defendants filed system wide waiver requests which contained little, if any, factual support, and then knowingly continued to serve aggregator locations which blocked access to AT&T.

telecommunications equipment manufactured, imported or installed and used by call aggregators more than eighteen months after the effective date of the rule be capable of providing access through the 800, 950 and 10XXX 0+ dialing sequences.

Many equipment manufacturers, including AT&T, are already producing equipment which will meet the requirements of this rule. Moreover, the relatively minor software changes needed to provide this capability on a going-forward basis can be made easily and inexpensively in the design and manufacturing process. Accordingly, the prospective scope of § 68.318(d)(1) will advance the goal of unblocking while affording equipment manufacturers reasonable time to ensure that all their products are in compliance with the proposed rule.

In contrast, proposed § 68.318(d)(2) -- which requires the retroactive modification, and possible reregistration, of existing CPE -- is neither necessary nor desirable. If proposed § 68.318(d)(2) is adopted, all embedded aggregator equipment would have to be capable of providing access to the 800, 950 and 10XXX 0+ dialing sequences within eighteen months. Although some newer existing equipment is presently able to satisfy the unblocking requirement, or could be easily converted through minor software changes, a substantial percentage of the embedded base of older aggregator equipment would require very expensive and time consuming modifications in

order to be brought into compliance.* Some older equipment could not be brought into compliance at all.**

The Commission should not impose such a costly requirement on aggregators, because -- at most locations -- unblocking the 800, 950 and 10XXX 0+ dialing sequences can be achieved through means that do not require modification of customer premise equipment, such as by the use of less costly toll restrictors or local exchange company central office features.*** Therefore, AT&T opposes the adoption of proposed § 68.318(d)(2).

* For example, AT&T has determined that it would cost over \$45 million to modify its DIMENSION systems to comply with the proposed rule. Because the DIMENSION systems represent only a portion of the embedded CPE which was manufactured by AT&T, the \$45 million estimate is conservative. Moreover, it does not include the cost of the modification of equipment manufactured by other suppliers which would also be subject to this rule.

** For example, AT&T has ascertained that its electro-mechanical AT&T PBX System 701 could not be modified, through software changes or otherwise, to be brought into compliance with the rules. If the proposed rule is adopted, this equipment and the similar equipment of other manufacturers would have to be abandoned and replaced by newer technology, imposing substantial expense on customers of such equipment.

*** For example, the cost for changes necessary to bring one AT&T Dimension PBX into compliance with the proposed rule could exceed \$30,000. Using toll restrictors or LEC central office screening this same equipment can be unblocked to permit 950, 800 and 10XXX 0+ dialing from that location for a few hundred dollars.

IV. THE PROPOSAL REGARDING CALL SPLASHING IS SERIOUSLY FLAWED.

As the Commission recognized in the TRAC Order, the practice of call splashing is one of the major sources of customer dissatisfaction, confusion and complaints in the operator services arena.* The TRAC Order recognized that the AOS companies were the source of this problem and ordered them to discontinue the practice. Proposed § 64.705 inexplicably ignores this pro-consumer holding by offering a "solution" which is antithetical to customer welfare and the functioning of a competitive marketplace. Rather than prohibiting the splashing of calls, proposed § 64.705 would encourage it, and require the receiving carrier to implement some means of solving the billing dilemmas caused by the splashing carrier. No responsibility is placed upon the originating carrier, whose splashing has caused the problems of customer

* TRAC Order, ¶ 17. Call splashing occurs when an operator service provider (generally an AOS company), which cannot or will not serve a customer, transfers that customer's call to another carrier (almost always AT&T which is required to serve all users in all locations) at a point distant from that in which the caller is located. The call is then billed to the end user on the basis of where it entered the second carrier's network. The delay and confusion caused by this transfer as well as the difference in billing location cause many customers to become angry and protest their bill. Over the past several years, AT&T has been required to expend substantial time and expense to deal with these customer complaints.

confusion and expense, to provide information to allow the consumer a meaningful choice, or to develop some other way to provide service to that customer.

This approach is backwards and ineffective, and should not be adopted. First, there is no basis to revisit or reverse the sensible approach of the TRAC Order, which prohibited splashing. Second, as demonstrated in Appendix B, a requirement that a carrier who receives a splashed call bill that call based on the point of origin is unreasonable and cannot be implemented because of the different network designs used by various operator service providers today.* Even if it were technically feasible -- which it is not -- proposed § 64.705 would only lead to additional customer confusion and would largely nullify the positive pro-consumer changes established by the other proposed rules. For

* A detailed discussion of the technical limitations in the AT&T network which preclude AT&T's billing of calls based on a location other than that at which the call is delivered to AT&T is contained in Appendix B. Moreover, in order to even begin the process of developing a billing system capable of complying with proposed § 64.705, AT&T would be required to somehow determine that calls are originating from an AOS company. However, AT&T has no method by which to determine this fact. AT&T is not even able to identify a given call as being splashed. AT&T's systems do not specifically identify a line as being used by an AOS company. As far as AT&T is aware, a splashed call entering its operator systems could be coming from any type of CPE. This problem is compounded by the fact that this Commission does not require the certification of AOS companies. As a result, these companies spring into existence and pass into oblivion on a weekly basis.

example, a consumer, after having seen printed information posted in a hotel indicating that Company A is the OSP for that location and hearing the Company A brand at the time the call is placed will, because of splashing, subsequently receive a bill from a different carrier, one he had not expected or chosen to carry his call. This is precisely the denial of choice that the remainder of the Notice properly appears dedicated to ending.*

In no respect can the proposed rule be reconciled with the central theme of the Notice: that customers should have information and the ability to act on it at the origin of their call. No legitimate purpose is served by facilitating call splashing. None of the reasons habitually offered by AOS companies to support this practice -- customer request and lack of billing capability -- alters this conclusion. When, for example, a customer has specifically requested AT&T, that customer expects to receive AT&T's service for the entire call. The arrangement created by proposed § 64.705, in contrast, would thwart customer choice by guaranteeing an unwanted carrier an unwanted role in handling the customer's call. Likewise, where an AOS is unable to honor a customer's

* Nor would the proposed rule eliminate billing disputes, as the Commission apparently believes. For example, the rule does not specify which rate the billing operator service provider will apply to a splashed call: the rate of the originating carrier, or its own rate.

billing instructions, the solution is for the AOS to develop the capabilities necessary to compete on its own, or to refer the caller to a carrier that can provide the service.

AT&T thus urges that the Commission not adopt the arbitrary restriction that would be imposed by proposed § 64.705, and modify the proposed rule to prohibit splashing -- thus reaffirming the correct result in the TRAC Order -- and requiring the initial carrier (if it cannot or will not serve a customer) to instruct the caller to hang up and dial another carrier directly.*

VI. REQUIRING CARRIERS TO ESTABLISH ALTERNATIVE DIALING ARRANGEMENTS IS UNNECESSARY.

Proposed § 64.706(a) requires that operator services providers establish an alternative to the access that they are using today. They would be required to use a combination of 10XXX access and either 800 or 950 access. This requirement is unnecessary, expensive and disruptive. Under proposed § 64.704, the blocking by aggregators of OSP dialing sequences will be prohibited and, as demonstrated by AT&T in Appendix A, full unblocking can be accomplished in approximately

* The prohibition against blocking from aggregator locations provided by proposed § 64.704 will ensure that an alternative carrier will be readily available to the end user.

nine months. Thus, virtually all locations will be unblocked shortly and consumers will be able to use the dialing sequence selected by their preferred carrier.

Each OSP should be permitted to use the access arrangement chosen by it on the basis of that carrier's network architecture and marketing strategy. For example, where AT&T is not the presubscribed carrier from a given location, it intends to continue to promote the use of the industry standard -- the 10XXX 0+ sequence. AT&T has no need, and no plans, to employ any additional access alternative. By the same token, other carriers may choose to continue to use 800 or 950 access. Others may opt for a combination of dialing sequences. The decision should be left to each individual operator services provider, rather than mandated by Commission rules.

A requirement that OSPs develop unnecessary alternative access arrangements will have substantial impact on the cost and quality of the service they offer their customers. For example, AT&T's use of an 800 access number in conjunction with its operator services would degrade the quality of service that AT&T customers have come to expect.* Such an 800 number would require the intervention of live operators to handle each call, in

* The imposition of an 800 or 950 dialing arrangement will cause extensive financial and service hardships to AT&T. A more detailed discussion of these problems is contained in Appendix C.

contrast to today's environment where significant numbers of 0+ and 10XXX 0+ calls are handled on an automated basis. This would increase call handling time by over ten seconds and deprive end users of the ease and convenience they have today where 0+ or 10XXX 0+ access is available.*

Implementation of an 800 number for use in conjunction with operator services would also be prohibitively expensive. Because AT&T's network is not now configured for this type of access, major restructuring would be required. AT&T estimates that this restructuring would cost an estimated \$75 million for software and operator interface development and for network reconfiguration, and up to \$250 million in annual operational expenses, an expense which is totally unnecessary.**

To the extent a mandatory additional access arrangement is deemed advisable for operator services

* With live operators, customers would also lose their ability to "punch in" the called number together with their calling card numbers; instead, they would have to provide this information verbally, which would nearly double the average call set-up time from 13 seconds to over 23 seconds.

** This additional form of alternative access would not be limited to interstate calling. Accordingly, some percentage of AT&T's additional costs would have to be assigned to the various intrastate jurisdictions, and be borne by AT&T's intrastate ratepayers.

providers, which AT&T believes it is not, the Commission should not limit carriers to the 800 or 950 or 10XXX 0+ dialing sequences, but should allow them the option of using the operator transfer services presently available from a number of LECs. This service enables any end user who reaches a local exchange company operator to be connected to an operator services provider subscribing to that service. The service is already in place in many areas, would be cheaper to implement than the development of the new systems required to offer the other alternatives, and would generate little, if any, customer confusion. The consumer would simply dial a LEC operator who could then connect the customer to any operator service provider who has decided to use this alternative.

CONCLUSION

The conduct of some unscrupulous aggregators and operator services providers has resulted in a legitimate public outcry, which makes appropriate the adoption of rules to protect consumer interests. By adopting its proposed rules, modified in accordance with the specific

changes proposed in these comments, the Commission will achieve optimum consumer benefit at the lowest possible cost.

Respectfully submitted,

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APPENDIX A

APPENDIX A

Unblocking of 1-0XXX 0+ Dialing Sequence

Since early 1989, AT&T has been exploring methods by which telephones located at traffic aggregator locations, including private pay phones, could be unblocked to permit operator services calling using a 10XXX 0+ (domestic) or 10XXX 01+ (international) dialing sequence without sustaining an increased risk of toll fraud. In doing so, AT&T examined the capability of various CPE, including PBXs and private payphones, to process a range of dialing sequences. It also examined the capability of toll restriction devices which can be used in conjunction with the CPE as well as the ability of various LEC central office equipment to provide blocking and screening capabilities for calls originating from this equipment. AT&T conducted its investigation using the following dialing sequences:

1+	Domestic Direct Dialed (presubscribed carrier)
011+	International Direct Dialed (presubscribed carrier)
0+	Domestic Card/OPH (presubscribed carrier)
01+	International Card/OPH (presubscribed carrier)
10XXX 1+	Domestic Direct Dialed for alternative carrier
10XXX 011+	International Direct Dialed for alternative carrier
10XXX 0+	Domestic Card/OPH for alternative carrier
10XXX 01+	International Card/OPH for alternative carrier

Based upon its investigation, AT&T has determined that, by using a mix of solutions which are currently available in the marketplace, 10XXX 0+ (including 10XXX 01+) unblocking can be accomplished in an expeditious fashion without sacrificing effective fraud controls.*

Fraud from the 10XXX dialing sequence will generally occur if an end user can dial 10XXX 1+ or 10XXX 011+ and have the call billed to the access line, leaving the aggregator responsible for the charges. The problem which AT&T examined required it to identify methods by which 10XXX 0+ and 10XXX 01+ calls could be accommodated while 10XXX 1+ or 10XXX 011+ calls, the potential sources of fraud, could still be blocked. Depending upon the equipment being used by the traffic aggregator and the nature of the

* The discussion contained in this Appendix and the conclusions reached by AT&T also apply if the present 10XXX dialing sequence is expanded to a 10XXXX or to a 10XXXXX dialing arrangement.

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LEC central office, the restriction of potentially fraudulent calls could be accomplished at one of three places: the traffic aggregator's CPE, the LEC's central office; or through the use of a toll restrictor. In certain cases, depending upon the configuration of equipment used by the traffic aggregator, a combination of solutions may have to be employed. It should be noted that while significant unblocking can be accomplished at the aggregator's equipment, it is not always necessary to modify the PBX or other CPE to accomplish unblocking. To the contrary, in many cases it is more cost-efficient to use ancillary equipment or central office solutions rather than to modify or retrofit the aggregator's CPE.

1. CPE Adaptions

Significant numbers of aggregators use "smart" PBXs or private payphones which can be programmed to block 10XXX 1+ and 10XXX 011+ calls while permitting the completion of 10XXX 0+ and 10XXX 01+ calls. This equipment contains software which is capable of translating (screening) a sufficient number of dialed digits to permit a 10XXX 0+ call to be completed although blocking a 10XXX 1+ call. Examples of this type of equipment are the AT&T System 75 Version 2, the AT&T MERLIN II R3, the Siemens 232, and the Hitachi DX40 Version 3. In certain cases, while the PBX may not currently be capable of this level of screening and blocking, its software can be upgraded by the purchase of newer generics which can then be retrofitted to the PBX to provide this capability. In other cases, while software may not be available today, software manufacturers may be willing to develop appropriate software or to provide call handling software "patches" to modify or expand translation capabilities. The cost of this type of modification is often nominal and unblocking could generally be implemented in a matter of hours.

2. Toll Restrictor/Central Office Solutions

Not all aggregator equipment can be programmed to be unblocked. Some aggregators utilize CPE, generally of an older vintage, which is incapable of screening sufficient digits to identify and pass a 10XXX 0+ call while blocking 10XXX 1+. Because these PBXs are not software controlled, they cannot be upgraded by new software. An example of this type of equipment is the AT&T PBX System 701. Other aggregators use equipment such as some of the older AT&T MERLIN and HORIZON systems which, although software controlled, would require significant software changes in

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order to accomplish unblocking in the equipment. Despite this, locations which are served by this equipment can be unblocked.

The unblocking of 10XXX 0+ can be accomplished in one of two ways. One solution would be to place a toll restriction device between the aggregator's PBX and the LEC central office. A toll restrictor is a stand-alone piece of equipment which, when connected to a PBX or private payphone, will recognize the digits outputted by the equipment toward the Class 5 office allowing 10XXX 0+ calls to pass while blocking 10XXX 1+ calls. AT&T has used toll restrictors in conjunction with its successful efforts to unblock its own public telephone sets. Toll restrictors are available from several vendors. One popular device, manufactured by Mitel, costs \$350 for a four line unit and \$216 for a single line unit. Generally speaking, these devices are small (about the size of a modem or even smaller) and are easily attached to CPE, either on the line or, if space permits, in the set itself. Because aggregators often serve several telephone instruments with a single line or PBX trunk, a relatively small number of toll restrictors can be used to unblock a significantly larger number of telephone instruments.

A second solution to unblocking this CPE would be to obtain blocking and screening from the LEC central office. All LEC equal access end offices are capable of permitting a 10XXX 0+ call while blocking all 10XXX 1+ and 011+ dialed traffic. This is accomplished by creating various screening and routing index software changes to normal office data tables on a per line basis.

In addition to toll blocking, LEC equal access end offices also offer toll screening services which enables an operator service provider to identify calls dialed 0+ or 10XXX 0+ as originating from an aggregator location. This originating line screening can be used to prevent 10XXX 0+ fraud. Although most 10XXX 0+ calls are charged to credit cards or third numbers, there are occasions, for example, person-to-person calls or conference calls, where 0+ calls are billed legitimately to the originating number. If an end-user attempts to bill such charges to an aggregator line by dialing 10XXX 0+, line number toll screening enables the 10XXX carrier to recognize that the call originates from an aggregator access line and to restrict billing to the originating number to prevent fraud.

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During the course of its investigation, AT&T examined a number of standard service configurations used at aggregator locations. These configurations included the mix of equipment types commonly used by aggregators. In addition, AT&T successfully field tested these technical solutions at various aggregator locations. AT&T also drew heavily on its own experience in unblocking approximately 30,000 AT&T public telephones. Based upon its research, AT&T has concluded that locations owned or operated by aggregators which have commission agreements with operator services providers can be unblocked to accommodate all of the mandated dialing sequences within nine months at a cost of less than \$35 million.

APPENDIX B

APPENDIX B

Limitations on Billing of Splashed Calls

Proposed § 64.705 would require AT&T, as the recipient of calls transferred to it by other operator providers, to issue a bill to the consumer which would reflect the actual points of origination and termination of the call. Thus, if the end user were located in Denver and placed a call using an AOS company which carried the call to Dallas transferring the call to AT&T at that location, AT&T would be required to issue a bill showing the call as originating in Denver rather than, as is presently the case, in Dallas.

The differing technical designs used in the networks of AT&T and other operator services providers preclude AT&T from doing this. This results from the fact that OSPs other than AT&T generally handle traffic from significant portions of the country in a single operator center. To do this they rely upon the transmission by the LEC of ten digit ANI. Ten digit ANI is the entire originating telephone number including the three digit Numbering Plan Area (NPA) of the telephone. In order for AT&T to generate a bill based upon the end user's location AT&T would have to redesign the AT&T operator system to accept, through either an electronic or verbal transfer, ten digit ANI calling telephone numbers from as many as two hundred AOS companies. AT&T operator systems, however, were not intended to accept, and in fact cannot accept, ten digit ANI. AT&T operator systems are high capacity systems that were designed to serve limited geographic areas. While these systems can serve multiple NPAs, they do not use ten digit ANI to do so. Instead, they use discrete trunk groups to serve traffic from each NPA. To enable AT&T to render a bill to the end user which reflects the actual point of origin of the call, any AOS who wished to splash traffic to an AT&T operator system would have to have a separate trunk group for each originating NPA from which the traffic originated. Because the typical AOS serves many locations from a single center this would require each AOS to establish a substantial number of trunk groups to AT&T.

Even if AOS companies were willing to establish distinct trunk groups for traffic splashed to AT&T, there are additional constraints which prevent AT&T from complying with proposed § 64.705. AT&T presently uses two operator systems. The older technology is the Traffic Service Position System (TSPS), the newer, the Operator Services Position System (OSPS). Because these systems were designed to serve specific geographic areas, their ability to accept

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traffic from broad areas is limited. For example, TSPS has the capability of serving a maximum of eight NPAs and/or four states, and only two time zones. OSPS does not have the NPA or state restrictions but can serve a maximum of only fourteen Local Access and Transport Areas (LATAs) and 3 time zones. These limitations affect the Automatic Message Accounting (AMA) recording and rate treatment necessary to render a correct bill.

In addition, AT&T Operator Systems currently contain software records of those telephone numbers in the geographic area served by them which require billing restrictions. For example, coinless telephones that do not allow calls to be billed to the originating line or phones in penal institutions that allow collect-only calls. These tables within AT&T operator systems have finite limits. If AT&T interconnected with AOS networks for the purpose of billing splashed calls, each AT&T operator system location would have to have its data base expanded to include data from all AOS companies who could potentially transfer traffic to AT&T. Because each AOS serves a large geographic area from its operator locations and because calls that are splashed to AT&T could originate anywhere in the country, AT&T would quickly exhaust its operator system software capacity.

AT&T's services could also be adversely affected by the redesigns necessary to comply with the proposed rule. The transmission characteristics of the AT&T network are designed to match the distances from the local areas served. This includes parameters such as transmission gain, and the need for and type of echo cancellers. An AOS company could conceivably transport calls across the nation before handoff to AT&T. Thus, AT&T would have no way to design the AT&T network properly to provide an acceptable transmission grade of service to the customers whose calls are transferred. In addition, any transmission degradation introduced in the AOS network prior to reaching the AT&T network could be blamed on AT&T because AT&T would be rendering a bill and the caller would have no way of knowing that some other carrier provided much of the connection. The likelihood of poor transmission or cutoff would be increased since several added network switch elements would be introduced into the connection by the AOS. AT&T would have no control over the design and maintenance of those circuits.

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These technical limitations cannot be resolved by the use of a verbal provision of ANI to AT&T by an AOS operator. Although this solution appears to be attractive on a superficial basis, it fails to recognize the potential volume of traffic which could be involved and the impact which such a procedure would have on AT&T's provision of service. Having an AOS operator orally recite call information to an operator at a competing company would be a giant step backwards in an industry which is becoming quickly automated and customer-friendly. The potential fraud problems associated with trusting an unknown carrier to provide accurate data further adds to the infeasibility of this solution.

APPENDIX C

APPENDIX C

Analysis of 800 and 950 Access

AT&T has explored the use of alternative methods of access to its operator services and has determined that neither an 800 number nor 950 access can be used by it as an alternative to 0+ or 10XXX 0+ access. Currently, AT&T's network architecture assigns responsibility for its operator handled and calling card calls to its operator systems. These systems combine the hardware and software necessary to provide the specialized capabilities required for these services. However, responsibility for traffic using the 1-800 prefix is assigned to Originating Screening Offices (OSO) software located in a different system.

Because of the design of AT&T's operator systems, all operator service calls originated using an 800 number would have to be handled on a manual basis with the customer being denied the full range of services which are presently available on an 0+ or 10288 0+ dialed basis. The customer would be required on all occasions to deal with the operator. Thus, unlike a 0+ or 10288 0+ call, the customer would be unable to dial the number to be called directly and would also be unable directly to input his or her calling card number as a billing mechanism. In each case, the customer would have to verbally advise the operator of the called number and the class of charge, *i.e.*, Collect, Bill to Third Number, Credit Card. This would add significantly to the time required to set up a call -- from 13 seconds to over 23 seconds. An access arrangement requiring this type of operator intervention would be a step backward in call processing and would, by requiring that calling card information be provided verbally, magnify the potential for calling card fraud.

This increase in calling card fraud will occur because in today's 0+ and 10288 0+ environment, a substantial number (over seventy percent) of calling card calls are processed automatically, *i.e.*, the calling party directly inputs the card number without operator intervention and with no verbalization of the calling card number. As discussed above, this would change if an 800 number was used. With 800 access, the recitation of calling card information could easily be overheard by another party who could then use the information fraudulently to place calls on that calling card number.

The cost of an 800 access arrangement would be significant. The development and deployment costs of the

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necessary operator interface systems and facilities could reach \$75 million. This results from several factors. In order to deliver the operator service traffic originated using an 800 number to its Operator System, AT&T would be required to develop a series of interfaces between its Operator and 800 Service Systems, to install special trunks between AT&T's 4ESS Central Offices and AT&T's 5ESS OSPS, to re-engineer portions of its network and, to reconfigure the access it receives from BOC/LEC by adding a significant number of new trunks between the LEC's access network and AT&T's 4ESS central offices. AT&T will also experience significant operational expenses if it is required to adopt an 800 number access arrangement. Because of the substantial increase in call set-up and operator work time associated with an 800 number based service, as well as increased use of 800 service facilities, additional operational expenses of as much as a quarter of a billion dollars a year, could also occur.

The amount of development and deployment costs as well as the increase in operational expenses would be dependent upon the volume of calls placed using 800 number access. While an 800 number would be designed to deal with locations where the 10288 0+ dialing sequence was blocked, AT&T would be unable to prevent customers using this 800 number in situations where the 0+ or 10288 0+ dialing sequences were also available to reach AT&T. Concern about possible interception of their call by a carrier other than AT&T, may cause customers to dial the 800 number each time they placed a call, even though the 0+ or 10288 sequences were available. Moreover, AT&T would be unable to prevent AOS companies from disseminating the 800 number to callers who have no affirmative desire to use AT&T but whom the AOS provider, for whatever reasons, chooses not to serve. To minimize customer confusion, AT&T would be required to use a single nationwide 800 number to enable customers to reach its operators. If significant numbers of AT&T's customers used this number that use could prematurely exhaust the available capacity of the AT&T Common Channel Signalling (CCS) network which is used to support AT&T's 800 services and, as a result, adversely affect AT&T's ability to provide its normal 800 services. Over 30% of current network volume is already originated on an 800 basis. Adding unpredictable operator volume could seriously degrade and prematurely exhaust the OSO capacity for INWATS services.

Although an 800 number is inefficient and expensive, it, in theory, could be used in conjunction with AT&T's

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existing network. This is not the case with a 950-XXXX number. This dialing sequence uses originating Feature Group B, a form of access which is not used in AT&T's existing network. To alter AT&T's network to accept originating Feature Group B would require developmental and deployment costs and operational expenses which would be much higher than those associated with an 800 number. In addition, ANI is not generally available in conjunction with Feature Group B 950 service. Because of this, if AT&T used 950 access in connection with operator services traffic it would be unable to identify and separate intraLATA and interLATA traffic as is required in many states. Also, it could not identify the V&H coordinates associated with the call. Identification of V&H coordinates is necessary to rate calls under AT&T's existing tariffs.

CC DOCKET NO.
91-35

EXHIBIT II

REPLY COMMENTS OF AT&T IN OPERATOR SERVICES RULEMAKING

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

In the Matter of)
)
Policies and Rules Concerning) CC Docket No. 90-313
Operator Service Providers)

REPLY COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

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October 23, 1990

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SUMMARY

The volume of comments generated by this rulemaking confirms the substantial customer dissatisfaction with the practices of some operator services providers. This discontent has also led to the adoption of federal legislation, the Operator's Services Act, designed to curb the same abuses addressed in this rulemaking. The overwhelming number of commenters; such as NARUC, the Florida Public Service Commission, the California Public Service Commission and the Communications Workers of America, support the adoption of rules which would prohibit blocking and call splashing. Those who oppose these consumer safeguards are AOS companies and aggregators whose practices have caused this consumer discontent.

The prohibition on blocking, including the blocking of the industry standard 10XXX 0+ dialing sequence, is consistent with the Operator Services Act and should be adopted by the Commission as quickly as possible. This proposal is supported by every customer, union, local exchange company and state regulatory commission which filed comments. Claims by opponents of unblocking that it is technically infeasible, would be overly expensive, and would lead to an increase in toll

fraud are wrong. The technology exists today to permit the unblocking of aggregator locations quickly, cheaply and without the risk of increased fraud.

Because the unblocking of 10XXX 0+ can be accomplished expeditiously, the Commission should not require that OSPs use alternative forms of access which would be overly expensive and would result in service degradation. Consistent with the Operator Services Act, the Commission should also categorically prohibit call splashing; a practice which has generated significant numbers of customer complaints. In addition, the Commission should delete proposed revisions to Part 68 which would require the expensive and unnecessary retrofitting and "customer proofing" of CPE.

Finally, the Commission should move quickly to adopt these long overdue consumer protections against the unreasonable practices of some OSPs. It should not delay action on these rules in order to deal with the issue of private payphone compensation which could be examined in a subsequent rulemaking.

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

In the Matter of)
)
Policies and Rules Concerning) CC Docket No. 90-313
Operator Service Providers)

REPLY COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

American Telephone and Telegraph Company ("AT&T")
hereby submits its reply comments in the Notice of Proposed
Rulemaking in CC Docket No. 90-313, released July 17, 1990
("Notice").*

INTRODUCTION

The volume of comments generated by this
rulemaking underscores the extent of consumer
dissatisfaction caused by the practices of some operator
services providers ("OSPs") and the necessity for rules
which will eliminate these practices. This consumer
discontent has also resulted in the passage by the House
of Representatives and Senate of legislation -- the
Operator Services Act -- which is designed to curb the

* In the Matter of Policies and Rules Concerning
Operator Service Providers, 5 FCC Rcd. 4630 (1990).

abuses which led to this rulemaking.* The fundamental goals of both the proposed rules and the Operator Services Act are consistent -- ensuring that competitive operator services are provided in a fair and reasonable manner. With the exception of a few deficiencies (the most egregious of which is proposed § 64.705 relating to call splashing) the proposed rules have anticipated and effectuated the objective of both the legislation and the rulemaking. Well over one hundred companies, organizations, groups and individuals have filed comments in response to the Notice.** Consumers, consumer groups

* S1660, 101st Cong., 2d Sess., 136 Cong. Rec. 14304 (1990); HR971, 101st Cong., 2nd Sess., 136 Cong. Rec. 8744 (1990) The Operator Services Act establishes minimum requirements for operator service providers and aggregators relating to consumer information, call blocking, call splashing and the filing of informational tariffs. It imposes a prospective requirement on equipment manufactures and provides that within eighteen (18) months all new aggregator equipment be capable of processing the equal access (10XXX) dialing sequence.

The Act also requires that the Commission conduct rulemakings on the issues of mandatory unblocking of the 10XXX 0+ dialing sequence; use of alternative "800" or "950" access; and private payphone compensation. The Commission is also required to initiate a proceeding to monitor operator services rates and overall compliance with the Act.

The minimum standards established by the Act appear to moot several issues being considered in this rulemaking. For example, double branding is required and commissions may not be paid by an OSP to an aggregator who blocks certain dialing sequences.

** A list of those who filed comments is contained in Appendix I.

and public regulatory bodies overwhelmingly urge the adoption of rules which will curtail present abuses such as call blocking and which will foster a competitive environment in which operator services providers will compete on their merits.

Nevertheless, some commenters (principally those whose practices have caused consumer discontent) oppose the adoption of consumer safeguards and support proposals which thwart end user choice and disadvantage competitors. In its reply, AT&T addresses the major issues raised by these alternative operator services ("AOS") companies and aggregators, and shows that the public interest requires that their proposals be rejected. AT&T also, as requested by the Commission,* examines the proposed rules in light of the Operator Services Act.

I. THE COMMISSION SHOULD ADOPT THE PROPOSED PROHIBITION ON BLOCKING AND SHOULD REJECT THE REQUIREMENT THAT OSPS USE ALTERNATIVE ACCESS.

A. The 10XXX 0+ Dialing Sequence Can Be Unblocked Quickly, Cheaply And Without The Risk Of Increased Fraud.

The comments overwhelmingly confirm that nothing is more important to the development of an environment in which operator services providers compete on the merits of

* In the Matter of Policies and Rules Concerning Operator Services Procedures, CC Docket No. 90-313, Order, released October 5, 1990.

their service than the prohibition of call blocking. As the New York Department of Public Service has correctly observed, "[a]bsent a prohibition on blocking customers will be unable to take full advantage of the potential benefits of IXC competition."* Moreover, as noted by the Florida Public Service Commission, no rule against blocking will provide consumers with the full range of competitive options unless it also includes a prohibition on the blocking of the industry standard 10XXX 0+ dialing sequence used by AT&T and others.**

Proposed rule § 64.704 -- which prohibits the blocking of access to any OSP, thus ensuring a fully competitive operator services marketplace -- is supported by every customer, union, and local exchange company who filed comments.*** In addition, NARUC as well as several state regulatory commissions, such as those in Texas,

* NYDPS, pp. 4-5.

** Florida PSC, p. 4. Most of those who oppose the unblocking of 10XXX 0+ imply that only AT&T uses this dialing sequence in connection with its operator services. See, e.g., OSPA, p. 17; NYCOM, p. 22; ITI/NTS, p. 36-37. They are wrong. Other carriers also use this method of access. For example, MCI instructs its customers who will not be using a calling card to dial its 10222 access code to obtain operator services. A copy of an MCI brochure carrying these instructions is attached as Exhibit 1.

*** See, e.g., Consolidated; Cyanamid; Hertz; IBEW; Lang; Davis; Ameritech, pp. 2-5; Bell Atlantic, pp. 6-7; CWA, pp. 8-10; U S West, pp. 7-8.

Florida, New York, and California, which have studied all of the arguments raised by aggregator and AOS companies for the past two years, agree that the blocking prohibition is essential.* The rule also satisfies the requirements of the Operator Services Act.**

Predictably, the only opposition to unblocking the 10XXX 0+ dialing sequence comes from AOS companies and aggregators -- those who profit if they are allowed to continue to deny customers access to other carriers. Some, notably private payphone providers, assert that the owner of a pay telephone should have the unbridled and unilateral right to limit or foreclose the ability of end users to reach alternative carriers.*** This argument ignores the fact that the Commission has already held blocking to be an unreasonable practice which violates the Communications Act**** and is antithetical to the development of a competitive environment in which consumers would be afforded meaningful choice.

* See, e.g., NARUC, pp. 10-11; Texas PUC, pp. 8-9; Florida PSC, pp. 3-4; California, p. 4; NYDPS, pp. 4-7; Michigan PSC, pp. 2-3; MO PSC, pp. 4-5; Nevada, pp. 4-5; APSC, pp. 3-4; ARK PSC, p. 6; Colorado PUC, p. 4; Washington Commission, p. 4.

** The Act leaves to the discretion of the Commission the issue of 10XXX 0+ unblocking.

*** See, e.g., APCC, pp. 24-25; PTC, pp. 34-35.

**** In the Matter of Telecommunications Research and Action Center and Consumer Action v. Central Corporation, 4 FCC Rcd. 2157, 2159 (1989) (hereinafter "TRAC Order").

Most opponents of unblocking also claim that unblocking the 10XXX 0+ access sequence is technically impossible, cost prohibitive, or would lead to significant increases in toll fraud. Indeed, the AHMA makes the extraordinary claim that "no PBX in place in any hotel in the country can permit access to all interexchange carriers via 10XXX 0+, while blocking 10XXX 1+ access."* Other opponents allege that the cost of unblocking could reach several billion dollars; and some complain that if 10XXX 0+ blocking were removed, fraud would become uncontrollable.** All of these arguments are completely unfounded.

* AHMA, p. 11.

** AT&T does not dispute the contention of the various private payphone providers, NYCOM, pp. 20-23; PTC, pp. 28-36; APCC, pp. 43-49, that their industry is presently experiencing a problem with toll fraud. As the recipient of many of these calls, AT&T is also experiencing financial harm. This fraud, however, is unrelated to the issue of unblocking, because the fraud is occurring despite the fact that virtually all private payphones in this country today are blocking access to both the 10XXX 0+ and 10XXX 1+ dialing sequences. In contrast, the amount of toll fraud is substantially less at local exchange company ("LEC") public telephones which generally permit 10XXX 0+ dialing. APCC, pp. 74-76.

Because it entails the use of certain protective LEC central office features, the unblocking of 10XXX 0+ dialing can actually reduce the amount of toll fraud. Prior to unblocking over 35,000 of its own public telephones AT&T had a total of approximately \$314,000 a month in toll fraud at these telephones. Following unblocking, the average monthly amount of toll fraud fell to \$149,000.

AHMA's claim that it is technically impossible to unblock all hotel PBXs is refuted both by the evidence submitted earlier by AT&T* and by the technical study conducted by Telecommunications International, Inc. ("TII") and submitted by various AOS companies.** For example, the TII study specifically identifies Northern

* AT&T, Appendix A, p. 2.

** Although it confirms that PBXs in the market today can be unblocked, the TII study is otherwise flawed. Despite the fact that its survey identified several major manufacturers -- Northern Telecom, NEC and Rolm -- whose equipment could easily comply with the proposed rule without modification, TII concludes that "adoption of the 10XXX rule would necessitate the modification or replacement of nearly all PBXs in use today." (TII, p. 2).

TII's conclusion incorrect. In its investigation of methods by which aggregator locations could be unblocked to provide 10XXX 0+ dialing, AT&T field tested solutions at sixteen different aggregator locations. These locations used a mix of CPE common to the hotel and motel industry. None of AT&T's efforts to unblock these locations required a replacement of the PBX and only one required a major modification to an automatic route selection (ARS) system. None required additional trunks to accommodate the 10XXX 0+ calls. The results of AT&T's tests are contained in Exhibit 2.

TII's study also ignores the fact that aggregator locations can be unblocked through the use of LEC central office features and adjunct toll restrictors. For example, although TII dismisses the use of adjunct toll restrictors claiming that it "know(s) of no such equipment available on the market today" (TII, p. 6), Mitel, one of the companies which TII surveyed for its study, has already placed over 370,000 toll restrictors in the market. Moreover, several other companies, e.g., Teltronics, Telelogic, KTI/CTI, and Anchor, also produce adjunct toll restrictors. See letter from Mitel to AT&T, attached as Exhibit 3.

Telecom, NEC and Rolm as manufacturers of equipment which can be unblocked. This equipment, plus the AT&T System 75 and Merlin equipment which also can be unblocked, represents a substantial number of hotel PBXs; a fact which is confirmed by AHMA's own statistics.* In addition, the AHMA fails to recognize LEC central office features and toll restrictors as potential methods by which hotel and motel locations can be unblocked.** Because of this, AHMA's assertions as to the supposed impossibility of unblocking are simply not credible.***

Claims of some AOS companies that unblocking is not practical cannot be reconciled with what these same companies said earlier in the TRAC proceeding. For example, NTS and ITI advised the Commission, in petitions which they filed in April 1989, that the unblocking of 10XXX 0+ dialing could be accomplished in eighteen months.****

* AHMA, Exhibit 6.

** Although they generally oppose unblocking, NYCOM (pp. 28-30), Telesphere/NTS (pp. 46-48) and the APCC (pp. 66-71, 73) endorse the use of LEC central office features as an expeditious method of unblocking 10XXX 0+ dialing.

*** The same is true regarding the claims of some private payphone groups regarding the alleged impossibility of unblocking their equipment. A study commissioned by AT&T confirms that the equipment of the major private payphone manufacturers can also be unblocked. A copy of this study is attached as Exhibit 4.

**** See National Telephone Services, Inc. and International Telecharge, Inc. Petitions for Waiver of Limited Portion of the Call Blocking Prohibition, ENF 89-08, DA 89-480, released April 24, 1989.

Now, more than seventeen months later, these same companies claim that 10XXX 0+ unblocking cannot be accomplished at any time in the near future.*

In addition to arguing incorrectly that unblocking is not technically feasible, the AOS companies claim that the cost of unblocking would be excessive. However, the cost estimates which they provide are unsupported, mutually contradictory and, in all events, excessive. For example, OSPA (p. 17), Telesphere/NTS (p. 48), and the PTC (p. 5), claim that it would cost aggregators \$1.7 to \$2.3 billion to comply with the proposed rule; however, the AHMA, which these opponents cite as the basis for their estimates, now places the cost of unblocking at \$600 million (p. 16). Each of the estimates provided by the opponents of unblocking is flawed because it assumes that the unblocking of 10XXX 0+ will require a complete replacement of the aggregators' PBXs; an assumption which, as demonstrated above, is unfounded. Most importantly, the estimates are overstated because they ignore the fact that all LEC equal access end offices today are able to provide the necessary blocking and screening capabilities to permit the unblocking of aggregator locations quickly, cheaply and without the risk

* Telesphere/NTS, pp. 67-68.

of increased fraud.* For these reasons, the estimates provided by aggregators and AOS companies are significantly overstated and do not refute AT&T's calculation, contained in Appendix A of its comments, that the unblocking of aggregator locations can be accomplished at a total cost of approximately \$35 million.**

Likewise without merit are the claims of some opponents that an aggregator's use of LEC screening functions will be insufficient to enable OSPs to detect potential fraud.*** All major OSPs use sophisticated operator systems which are capable of recognizing LEC screening codes and identifying a line which is subject to

* Some aggregators and AOS companies argue that LEC central office based options are not generally made available to aggregators. See, e.g., AMHA, p. 13, CTC, p. 21. However, many LECs have already tariffed these services. See APCC, p. 65. For example, AT&T was able to use various LEC central office features when it unblocked its own public telephone sets. Nevertheless, AT&T would support a rule which would require that all LECs who have the technical capability to do so provide these blocking and screening functions to aggregators, private pay phone providers and operator services providers on an unbundled basis at reasonable tariffed rates.

** This amount should be considered against the commissions which aggregators receive from OSPs. AT&T estimates that, in 1990, aggregators will receive a total of over \$250 million in commissions from OSPs. The one time amount which aggregators as a group may have to spend to ensure that customers are permitted to exercise competitive choice is small when compared to the annual commissions they receive.

*** See, e.g., OSPA, p. 33; APCC, pp. 53-63; AHMA, pp. 18-20.

billing restrictions.* For example, AT&T's operator systems preclude an end user from billing a call to an aggregator line which contains a billing restriction and require the end user to use an alternative method of payment.

Moreover, 10XXX 0+ toll fraud from aggregator locations occurs not because the OSP has ignored originating line screening information but either because the aggregator has failed to secure the proper class of service screening or because the local exchange company has failed to put the screening in place.**

* During the period from September 12 to September 24, 1990, AT&T conducted a series of test calls from LEC and AT&T coinless public telephones in five locations throughout the country. The locations were Warren, NJ; Houston, TX; San Francisco, CA; Chicago, IL; and Atlanta, GA. The test was designed to determine the ability of OSPs to recognize billing restrictions and potentially fraudulent calls. All of the public telephones tested were served by lines which carry originating line restrictions advising an OSP that the billing of calls to these lines is restricted. In this test, calls were placed on a 10XXX 0- basis to all locally available OSPs. When the operator was reached, he or she was advised that the caller wanted to complete a person to person sent paid call. Completion of the call would have resulted in the call, contrary to the restriction, being billed back to the originating line. This would allow the caller to avoid paying for the call. A total of 43 OSPs were reached in this test. All but one refused to complete the call, thereby avoiding the potential fraud. The one OSP who completed the call is a small regional provider in the Atlanta area who has been advised by AT&T of the defect which AT&T discovered in its systems.

** In addition, toll fraud resulting from 10XXX 1+ calls often occurs because the aggregator has not used

Several hospital and university groups argue that the unblocking requirement (and its attendant cost) should not apply to them because their patients and students are not "transient end users," but stand in a very different relationship, e.g., as members of the university or medical community.* These arguments miss the point. First, contrary to these commenters' speculation, unblocking will not require the expensive replacement of equipment and can be accomplished at a relatively low cost.** In addition, a university student or a patient is also a consumer whose rights are as important as those of other consumers. As a result, there is no public policy reason to treat them differently from consumers who place calls at, for example, hotels or airports. Moreover, the Operator Services Act, which defines "aggregator" as "any person that in the ordinary course of its business makes

(footnote continued from previous page)

proper blocking in its phone, has failed to order blocking from the local company, or, having ordered the blocking, failed to test to determine that the blocking is in place. This, for example, was the cause of the fraudulent calls which UAPC (pp. 4-5) discusses.

* See, e.g., ACE/NACUBO, p. 2; ACUTA; Baylor University-Hille, pp. 2-3; Baylor University-Waxahachie; Colorado State; Dallas-Fort Worth, pp. 1-2; NYU, p. 2; OHA, p. 1; Parkland; Texoma, p. 2; University of Missouri, pp. 1-3.

** AT&T, Appendix A.

telephones available to the public or to transient end users of its premises," would apply to hospitals and universities.

B. Requiring OSPs To Use Alternative Access Is Not In The Public Interest.

Because the unblocking of 10XXX 0+ can be accomplished expeditiously, the Commission should not require that OSPs offer an alternative form of access to their customers.* As AT&T clearly demonstrated in its initial comments, any rule which would require it to use such access in conjunction with its operator services would force it to provide a degraded service.** Nothing in the comments prove otherwise.*** As the New York

* Although the Operator Services Act requires the Commission to conduct a rulemaking to determine whether or not to require OSPs to offer "800" or "950" access, it leaves the decision on this issue to the Commission.

** AT&T, pp. 16-18, Appendix C.

*** Several commenters (NYCOM, p. 40; CTC, p. 17; CompTel, p. 17; OSPA, p. 18) argue that AT&T could easily use an 800 number because it already does so with its USADirect service. These commenters are wrong. Initially, although AT&T uses some limited 800 type access in connection with USADirect, that service is generally provided using other access methods. More importantly, the 800 type access used with USADirect does not provide ANI. While ANI is not necessary for use with international traffic because calls are rated only on the originating country code, the lack of ANI would preclude AT&T's rating and billing of domestic operator services calls.

Department of Public Service has aptly observed, it would be inconsistent with the objectives of equal access and a step backwards for consumers "to require AT&T to offer technically inferior access arrangements."*

Similarly, the Commission should reject the arguments of several AOS companies and should affirm the right of customers and OSPs to use the operator transfer services of the local exchange companies. These opponents of LEC operator transfer services argue that the LEC services deprive the presubscribed carrier of the traffic which originates from aggregator's location and are, therefore, anti-competitive.** This argument is meritless. These services, in fact, promote competition by enabling end users who does not wish to use a presubscribed OSP to be connected to their preferred OSP through a LEC operator. There are several advantages to

(footnote continued from previous page)

The contention of these same commenters that AT&T provides 800 access for use with card calls for its SDN customers who use the NRA option is also incorrect. AT&T provides no operator interface for these calls. The customer's own SDN network is accessed via their own 800 number. Upon reaching their SDN node, the customer is prompted to provide an access code, which when verified allows the customer to make a call over its own SDN network.

* NYDPS, p. 7.

** See, e.g., Telesphere/NTS, pp. 30-31; ITI, p. 8; OSPA, p. 46; CNS, p. 7; NYCOM, pp. 54-55.

the service. Because it is already in place, its use would cause little additional cost to those OSPs who wish to use it. It can also be used at non-equal access end offices where the 10XXX 0+ dialing sequence is unavailable and can serve as an interim solution to residual blocking and splashing problems as the industry makes the transition to an environment in which all dialing sequences are unblocked.

AT&T also supports the proposal of the Florida Public Service Commission (p. 3) and Southwestern Bell (p. 5) that the Commission prohibit aggregators from blocking end user access to the local exchange company operator. There is no legitimate reason for an aggregator to block these calls. This practice not only denies end users access to other operator services providers, including the LEC, but also may deprive them of the ability to secure emergency assistance in the most efficient manner.*

* Although reaching the LEC operator is most easily achieved by permitting the end user to dial "0" at the aggregator location, AT&T believes that aggregators could legitimately require the end user to dial some other number or group of numbers, e.g., an "8-0" or "9-0" or, could effect the transfer through the hotel operator or a PBX attendant.

II. THE COMMISSION SHOULD CATEGORICALLY PROHIBIT SPLASHING.

The comments provide no reason for the Commission to retreat from the prohibition of call splashing which was correctly imposed in the TRAC Order.^{*} As the comments indicate, those AOS companies who splash calls do so for their own internal reasons -- not because splashing is necessary in order to compete in the operator services business. For example, NYCOM and CNS, two of the larger AOS companies, do not splash calls.^{**} Rather than splashing calls that it cannot or will not complete, an OSP should be required to "instruct the end user to hang up and follow the dialing instructions of the end user's preferred carrier."^{***}

Some AOS companies^{****} nevertheless urge the Commission to adopt proposed § 64.705 -- which would "resolve" the problems caused by their splashing by forcing carriers who are the victims of this practice to expend substantial resources developing new billing systems. Furthermore, some of these commenters hope to

* TRAC Order, 4 FCC Rcd. at 2159.

** See, NYCOM, p. 4; CNS, p. 25.

*** ITI, pp. 8-9 (footnote omitted). See also MCI, p. 5; AmeriCall, pp. 8-9. For the same reasons, the Commission should also delete the requirement of proposed § 64.703 that OSPs "transfer" a customer to another OSP. This "transfer" is nothing more than call splashing.

**** Telesphere/NTS, pp. 87-88; CompTel, pp. 10-11.

profit from their actions by charging the billing carriers for the privilege of receiving these splashing calls.* Such a result would be ludicrous. No public interest objective would be advanced by allowing these AOS companies to interpose themselves between the customer and the carrier actually providing service.**

More importantly, the proposed rule conflicts with the provisions of the Operator Service Act. The Act correctly addresses the source of the problems associated with splashing by prohibiting the practice unless the consumer (1) requests to be transferred to another OSP and

* Telesphere/NTS, pp. 32-38. There is no merit to the view of some aggregators (Telesphere/NTS, p. 94) that through rates can unilaterally be imposed on another carrier simply because it accepts the traffic which they splash to it. See e.g., Opposition of American Telephone and Telegraph Company, National Telephone Services, Inc. Petition for Declaratory Ruling That AT&T Should Establish Through Routes on Calls Transferred to AT&T, Docket No. ENF-89-2, released February 3, 1989.

** In all events, none of the comments disproves AT&T's showing that the complete end-to-end rating of splashed calls required by proposed § 64.705 is technically infeasible. The comments reveal no solution to the significant problems that would plague any effort to pass ANI from one carrier to another (as proposed § 64.705 would require). None of the rules supporters refute AT&T's showing that its operator service systems are incapable of handling operator service traffic originating across a large geographic area -- i.e., the traffic that such trunks would deliver to AT&T -- in an efficient manner that would not seriously degrade transmission quality. The alternative solution of having operators transmit ANI verbally to another carrier's operator is also flawed and would increase call processing time and billing error rates to unacceptable levels. See AT&T, Appendix B.

(2) consents to the transfer after being informed that the rate for the call may not reflect the actual originating location of the call.*

The restriction on splashing contained in the Act is a minimum standard for OSPs. The Commission is permitted to implement more stringent rules. Splashing in any form has no place in the competitive operator services market. Accordingly, the Commission should not adopt proposed § 64.705 and should categorically prohibit all forms of call splashing.

III. THE COMMISSION SHOULD NOT ADOPT THE PROPOSED REVISIONS TO PART 68 WHICH WOULD REQUIRE THE RETROFITTING OR CUSTOMER PROOFING OF CPE.

There is ample support in the comments for proposed § 68.318(d)(1) which mandates that, on a prospective basis, aggregator CPE must be capable of providing access to carriers through use of the 800, 950 and 10XXX 0+ dialing sequences.** The comments also show, however, that proposed § 68.318(d)(2) -- which would require the unwarranted and overly expensive retrofitting of existing aggregator equipment in order to allow the CPE to process 10XXX 0+ calls -- should not be adopted. As confirmed by NATA, it would be extremely expensive to

* The Operator Services Act would thus prohibit OSPs from splashing calls simply because they did not have the means to bill the calls.

** This proposed rule is also consistent with the Operator Services Act.

accomplish the retrofitting required to comply with this proposed rule. For example, NATA estimates that the cost to retrofit certain older equipment to comply with this proposed rule will range from \$7,000 to \$22,000 per site, and that 7.1% of all systems presently in place would have to be abandoned.*

The comments also make clear that the requirement that manufacturers install the software necessary to ensure that CPE complies with the proposed rules in a fashion "that cannot be readily altered by the user" is also objectionable. As NATA points out this "customer proofing" would limit the ability of aggregators to make legitimate changes in the software of their equipment.** In addition, because CPE is not generally limited to specific users, the limitations on a customer's ability to alter software could not be restricted to aggregators and would hamper the ability of all potential owners of the equipment to make such changes.*** Because the objective

* NATA, pp. 4-5. Not only is the retrofitting of existing equipment expensive but it is also unnecessary. As the comments confirm, there are alternative methods, e.g., LEC central office features and adjunct toll restrictors, which can accomplish the Commission's objective at a significantly lower cost. See, e.g., AT&T, Appendix A; NYCOM, pp. 28-30; APCC, pp. 66-71.

** NATA, p. 4.

*** Even if the CPE were "customer proofed," any aggregator who wanted to block a dialing sequence could do so by simply placing a toll restriction device between the CPE and the LEC end office. The CPE would process the call but the toll restrictor would block it.

of this rulemaking -- the unblocking of dialing sequences -- can be accomplished by other, less expensive and disruptive methods, these unnecessary requirements should be deleted.*

IV. CONSIDERATION OF ISSUES RELATING TO PRIVATE PAYPHONE COMPENSATION SHOULD NOT DELAY THE ADOPTION OF OVERDUE CONSUMER PROTECTION MEASURES.

A number of commenters have requested that the Commission address various other issues in conjunction with this rulemaking. Some, relating to billing and collection issues and calling card validation, are currently being examined in other proceedings,** and need

* For example, the Operator Services Act does not require the retrofitting or customer proofing of aggregator CPE.

** Cincinnati Bell Telephone Company, CC Docket No. 89-323, Transmittal No. 518, Memorandum Opinion and Order, FCC 90-30, released January 19, 1990; Promotion of Competition in the Provision of Operator-Assisted Telecommunications Services, Petition to Mandate Availability of Essential Billing and Collection Services and Access to Call Validation Data are Just and Reasonable Basis or in the Alternative Petition for Rulemaking, released June 1, 1989.

MCI (pp. 1-2) has also interjected an extraneous issue into this proceeding. It requests that the Commission preclude the use of proprietary calling cards in conjunction with "0+" dialing. This proposal, if adopted, would affect only one carrier -- AT&T. MCI and other carriers who issue proprietary calling cards would be permitted to continue handling their calling card calls as they do today. MCI has offered no principled argument to support this patently anticompetitive request that the Commission inconvenience both AT&T and AT&T's customers and its proposal should be rejected by the Commission.

not be addressed here. Others, though more related to the principal purpose of this rulemaking, cannot be resolved at this time and should not be permitted to delay the introduction of consumer protections which are already long overdue. For example, some commenters have suggested that, as a solution to problems which have arisen in the operator services environment, the Commission implement a mandatory system whereby the presubscribed choice of the party who will pay for an operator services calls will be used to determine the carrier who will handle that call -- the so-called billed party preference plan.* Although the adoption of a properly framed billed party preference plan by the Commission might remedy some of the abuses which this rulemaking addresses, local exchange carriers do not presently have the ability to implement such a plan.** Meanwhile, the Commission must do something to rectify immediate problems. For this reason, the Commission should defer any consideration of mandatory billed party preference until a subsequent proceeding.

Similarly, a number of the private payphone providers have requested that the Commission require that

* See, e.g., Ameritech, p. 2; Bell Atlantic, p. 2; Florida PSC, pp. 1-2; NYNEX, p. 5; United Telecom, pp. 3-4.

** In the Matter of the Bell Atlantic Telephone Companies Petition for Rulemaking to Establish Uniform Dialing Plan for Pay Telephones, RM-6723, Comments of American Telephone and Telegraph Company, filed May 26, 1989, p. 7 n.**.

owners of payphones be compensated for any traffic delivered from their private payphones to an interexchange carrier other than the presubscriber carrier. Moreover, the Operator Services Act requires that within nine (9) months the Commission, in a rulemaking, consider the issue of compensation for owners of private payphones. Whatever the merit of this proposal, it introduces a significant number of issues concerning the amount of compensation; its method of collection; and what, if any, impact such a plan would have on LEC access charges. In order to address these and other germane issues, the Commission should also defer consideration of this proposal until a later proceeding established within the time frame required by the Operator Services Act.

CONCLUSION

For the reasons stated above, and in AT&T's initial comments, the Commission should adopt rules for operator service providers which prohibit 10XXX 0+ blocking as well as call splashing and which do not require the retrofitting or customer proofing of CPE.

These rules will protect consumers while minimizing unnecessary costs and disruption to aggregators, equipment manufacturers and operator services providers.

Respectfully submitted,

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

By /s/ Francine J. Berry

Francine J. Berry
Mark C. Rosenblum
Robert J. McKee
Robert M. Mark

Its Attorneys

Room 3244J1
295 North Maple Avenue
Basking Ridge, New Jersey 07920

October 23, 1990

LIST OF COMMENTERS

Alabama Public Service Commission ("APSC")

AmeriCall Systems of Louisville ("AmeriCall") and First Phone of New England, Inc. ("First Phone")

American Airlines ("AA")

American Council on Education ("ACE") and the National Association of College and University Business Officers ("NACUBO")

American Cyanamid Company ("Cyanamid")

American Federation of Grain Millers ("AFGM")

American Hospital Association ("AHA")

American Hotel and Motel Association ("AHMA")

American Public Communications Council ("APCC")

American Telephone and Telegraph Company ("AT&T")

Ameritech Operating Companies ("Ameritech")

ARCO ("ARCO")

Arkansas Public Service Commission ("ARK PSC")

Arving Telephone Company ("Arvig")

Ashland Chemical, Inc. ("Ashland")

Association of College and University Telecommunications Administrators ("ACUTA")

Baylor University Medical Center ("Baylor University - Clark")

Baylor University Medical Center ("Baylor University - Hille")

Baylor University Medical Center at Waxahacie ("Baylor University-Waxahachie")

Bell Atlantic Telephone Companies ("Bell Atlantic")

BellSouth Telephone Companies ("BellSouth")

Call Technology Corporations ("CTC")

Capital Network System, Inc. ("CNS")

Central Telephone Company ("Centel")
Cleartel Communications, Inc. ("Cleartel")
Colorado Office of Consumer Counsel ("Colorado OCC") and
National Association of State Utility Consumer Advocates
("NASUCA")
Colorado Public Utilities Commission ("Colorado PUC")
Colorado State University ("Colorado State")
Competitive Telecommunications Associations ("CompTel")
Communications Workers of America ("CWA")
Com Systems, Inc. ("Com Systems")
ComTel Computer Corporation ("ComTel")
Consolidated Papers, Inc. ("Consolidated")
Contel ASC ("Contel ASC")
Contel Corporation ("Contel")
Credit Card Calling Systems, Inc. ("CCCS")
Peter Cruickshank ("Cruickshank")
Dallas-Fort Worth Hospital Council ("Dallas-Fort Worth")
Robert H. Daniels ("Daniels")
David W. Davis ("Davis")
John M. Dollar ("Dollar")
Dow Chemical U.S.A. ("Dow")
Ellensburg Telephone ("Ellensburg")
Federation of American Health Systems ("FAHS")
Fisher-Titus Medical Center ("FTMC")
Florida Public Service Commission ("Florida PSC")
Georgia Hospital Association ("GHA")
Edmund Goppelt ("Goppelt")
GTE Service Corporation ("GTE")

The Healthcare Company ("HCA")
Healthcare Information and Management Systems Society ("HIMSS")
The Hertz Corporation ("Hertz")
Hewlett Packard ("HP")
Holiday Airport/South-Georgia ("Holliday Inn Airport")
Holiday Inn Dallas Downtown - Kevin Regan ("Holiday Inn-Dallas")
Holiday Inn Downtown Jackson - Mark Ricketts ("Holiday Inn-Jackson")
Holiday Inn North Jackson - Jeff Nails ("Holiday Inn North")
Holiday Inn North Colorado - J. C. Ragouillaux ("Holiday Inn North Colorado")
Holiday Inn Park Central-Dallas ("Holiday Inn Park Central")
Holiday Inn Scottsdale - Evans Bargman ("Holiday Inn Scottsdale")
Holiday Inn Southwest - Jos. Dee Strickland ("Holiday Inn Southwest")
Holiday Inn I-10 West/Gessner - Stephen Bennett ("Holiday Inn I-10 West/Gessner")
Hubinger ("Hubinger")
Independent Coin Payphone Association ("ICPA")
Independent Telecommunications Network ("ITN")
International Brotherhood of Electrical Workers ("IBEW")
International Communications Association ("ICA")
International Operators, Inc. ("Intop")
International Telecharge, Inc. ("ITI")
Robert Lang ("Lang")
Lorian Community Hospital ("LCH")
Nancy J. Maltzman ("Maltzman")
Mankato Citizens Telephone Company ("MCTC")

Maryland People's Counsel ("MPC")
MCI Telecommunications Corporations ("MCI")
MessagePhone, Inc. ("MPI")
Gerald A. Michaelson ("Michaelson")
Michigan Public Service Commission ("Michigan PSC")
Millicom Telecommunications Services, Inc. ("MTS")
Missouri Office of the Public Counsel ("Missouri OPC")
Missouri Public Service Commission ("MoPSC")
Missouri Telephone Company ("Missouri Tel")
MLD Long Distance, Inc. ("Metromedia")
Molalla Telephone Company ("MTC")
National Association of Regulatory Utility Commissioners
("NARUC")
National Telephone Cooperative Association ("NTCA")
Ken Nelson & Company ("Nelson")
Nevada Commission ("Nevada")
New York State Department of Public Service ("NYDPS")
New York City Department of Telecommunications ("NYC DT")
New York University ("NYU")
North American Telecommunications Association ("NATA")
NYCOM Information Services, Inc. ("NYCOM")
NYNEX Telephone Companies ("NYNEX")
Ohio Hospital Association ("OHA")
Operator Service Providers of America ("OSPA")
Pacific Telesis ("PacTel")
Parkland Memorial Hospital ("Parkland")
People of the State of California and the Public Utilities
Commission of the State of California ("California")

Public Utility Commission of Texas ("Texas PUC")
Mr. Pride Car Wash ("Mr. Pride")
Public Telecommunications Council ("PTC")
Richard A. Ressa ("Ressa")
Roanoke & Botetourt Telephone Company ("Roanoke")
Rock Hill Telephone Company, Inc. ("Rock Hill")
Rodeway Inc. ("Rodeway")
Scio Mutual Telephone Company ("SMTC")
Gary P. Sims ("Sims")
Southwestern Bell Telephone Company ("Southwestern Bell")
St. Paul Medical Center ("St. Paul")
Stanford Telephone Service Consumers ("STSC")
The Stanley Works ("Stanley Works")
Strategic Telecom, Inc. ("STI")
Telecommunications Research and Action Center ("TRAC") and
Consumer Action ("CA")
Telesphere Communications, Inc. ("Telesphere") and National
Telephone Services, Inc. ("NTS")
Texoma Medical Center ("Texoma")
Textron Inc. ("Textron")
United Artists Payphone Corporation ("UAPC")
United Inns, Inc. - Van Herring ("United Inns - Herring")
United Inns, Inc. - Truett Martin ("United Inns - Martin")
United Inns, Inc. - Bradford P. Markby ("United Inns - Markby")
United Inns, Inc. - Gary Opdahl ("United Inns - Opdahl")
United Inns, Inc. - Electronic Division ("United Inns -
Electronics")
United States Telephone Association ("USTA")

United Telecommunications, Inc. ("United Telecom")

University of Missouri

University of Pittsburgh

U.S. Fiberline Communications, Inc. ("U.S. Fiberline")

U.S. Intelco Networks, Inc. ("U.S. Intelco")

U.S. Long Distance, Inc. ("USLD")

U S West Communications ("U S West")

Washington University

Washington Utilities and Transportation Commission ("Washington Commission")

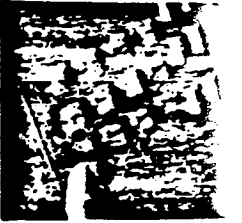
Weight Watchers International, Inc. ("Weight Watchers")

Wisconsin Hospital Association ("WHA")

Public Service Commission of Wyoming ("Wyoming PSC")

Yelm Telephone Company ("Yelm")

You are using a touch-tone phone, don't hang up. Press "9" for one full second. As soon as you hear a tone, dial area code and number. There's no need to dial 960-1022 and your authorization code.



MCI Operators will be glad to complete your calls should you have any difficulty or make you whatever type of call, such as person-to-person calls, collect calls, or third party billing.



0 + Area Code + Number
 For international calls, dial:
 01 + Country Code + City Code + Number
 From A Payphone Or Any Other Phone Not Using MCI For Long Distance:
 For domestic long distance calls, dial:
 10222 + 0 + Area Code + Number
 For international calls, dial:
 10222 + 01 + Country Code + City Code + Number
 *This number connects you to the MCI network

...number to get a local line. Then dial 960 1022 and follow the normal steps in making a call. This should ensure that you will not be charged for long distance calls by the hotel.

International MCI Card

- Dial 960-1022*
- As soon as tone starts dial 01
- Country code
- City code and number
- As soon as tone starts dial your 14-digit code



If you get a recording, dial 1-800-950-1022
 If you are calling from a rotary phone, dial 960-1022 or 1-800-950-1022 and wait for the MCI operator, who will complete your call.

Country Codes for Direct Dial Calling Worldwide

Algeria	213	Argentina	54	Chad	235	France	33	Germany	49	Guinea	224	India	91	Italy	39	Japan	81	Kenya	254	Madagascar	262	Malawi	265	Maldives	96	Mali	223	Mexico	52	Morocco	212	Netherlands	31	Nigeria	234	Poland	48	Portugal	351	Romania	40	Russia	7	Senegal	221	Sierra Leone	232	South Africa	27	Spain	34	Sweden	46	Switzerland	41	Tanzania	255	Togo	228	Tunisia	216	U.S.A.	1	U.S. Virgin Is.	1	Uganda	256	U.K.	44	U.S. Samoa	1	Zambia	260	Zimbabwe	263
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MITEL, Inc.
Flint Hill Office Park
10530 Rosehaven Street, Suite 210
Fairfax, Virginia 22030
(703) 591-0860

September 24, 1990

Mr. Ralph Quaglia
Staff Manager Regulatory
AT&T
295 N. Maple Avenue
Basking Ridge, NJ 07920

Dear Mr. Quaglia:

In reference to our telephone conversation this morning, I would like to make a summary rebuttal statement to the Telecommunications International Inc. document regarding Technical Aspects of NPRM FCC 90-231.

Apparently the consulting company's survey for the Operator Service Providers of America states they could not find any commercially available store and forward device that could adequately restrict 10xxx 1 plus 10xxx and/or 011 plus calls.

The Mitel family of Call Controllers (store and forward devices) does provide the required screening and allow/deny capability to any CPE product as long as the terminated trunks are analog and subscribe to loop start or ground start interface signalling requirements.

The MITEL CCTC, or one of its equivalent sister products with a price for a 4 line unit costing around \$300, meets the requirements. There are other manufacturers such as Teltronics, Telelogic, KTI/CTI, and Anchor. All these companies have a 1+ type toll restrictor that costs around \$300 for a 4 line device.

I would like to point out that the use of a Call Controller negates or greatly reduces the requirement to modify the PBX, pay telephones or switching equipment. Hence there is little or no requirement to update or change the existing telecommunications structure, because the Call Controller is essentially transparent to the environment until a fraud is attempted, or routing is required.

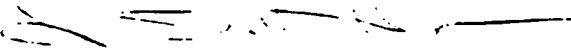
Continued /2.

- 2 -

Call Controllers manufactured by Mitel and many of its competitors have been capable of screening a minimum of 15 digits (up to 45 in some models) since 1985. Mitel and its competitors are FCC part 68 approved, are UL and CSA approved and are currently on course for UL 1459 Issue 2 compliance.

Mitel has to date manufactured and sold over 370,000 Call Controllers for a variety of applications and line sizes through out North America.

Yours sincerely,


Scott Harper
Marketing Manager

cc: Terry Reynolds - Mitel Inc.
Claranne Anderson - Mitel Inc.
Paul Praskac - AT&T

