



William P. Eagles  
Attorney

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

November 2, 1990

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

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

Dear Mr. Curl:

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

Very truly yours,

*William P. Eagles*  
(ll)

William P. Eagles

WPE/ll  
Enclosures

NOV 5 1990  
COMMISION

65:6V 5-10N 06.

RECEIVED

00644

BEFORE THE WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

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

REPLY COMMENTS OF AT&T

AT&T Communications of the Pacific Northwest, Inc.  
("AT&T") hereby submits its reply comments to the Washington  
Utilities and Transportation Commission ("Commission") in response  
to the comments filed on October 19, 1990 by other parties to this  
proceeding.

Introduction

The tenor of many of the comments generated by this  
rulemaking underscores the extent of consumer dissatisfaction  
caused by the practices of some Alternate Operator Service ("AOS")  
companies and the necessity of rules that will eliminate these  
practices. Consumer discontent across the country has also  
resulted in the enactment by Congress of the Operator Services  
Act, which is designed to curb the abuses which have led to this  
rulemaking and similar rulemakings in other states and before the  
FCC.<sup>1</sup> Many of the commentators strongly urge the adoption by this

---

<sup>1</sup> The Telephone Operator Consumer Services Improvement Act,  
S.1660, 136 Cong. Rec. 14304 (1990) ("Operator Services  
Act"), establishes minimum requirements for operator service  
providers and call aggregators (continued next page)

Commission of rules that will curtail present abuses such as call blocking and that will foster a competitive environment in which all operator services providers will compete on their merits.

Nevertheless, some commentators in this proceeding support proposals concerning the blocking of consumers' access that would serve both to thwart consumer choice and disadvantage competitors. In this reply, AT&T addresses this major issue and shows why the public interest in Washington requires that such proposals be rejected.

**The Commission Should Adopt the Proposed Prohibition on Blocking, As Modified by AT&T in Its Initial Comments, And Reject Any Suggestion That AT&T Be Required To Use An Alternative Access Method.**

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

WAC 480-120-141(4)(c) and WAC 480-120-138(10) and (12), as proposed, would require AOS companies and pay telephone owners, respectively, to provide consumers access without charge to all available interexchange carriers and 800 numbers. By the wording of these provisions (even before the modifications suggested by

---

(continued from last page) relating to consumer information, call blocking, call splashing, and the filing of informational tariffs. It imposes a prospective requirement on equipment manufacturers and provides that within 18 months all new call aggregator equipment must be capable of processing the equal access (10XXX) dialing sequence. The Act also requires that the FCC 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 FCC is also required to initiate a proceeding to monitor operator service rates and overall compliance with the Act.

AT&T in its initial comments), such unrestricted access to all available interexchange carriers would include the use of 10XXX access codes as well as access by dialing 800 or 950-XXXX numbers. Indeed, no rule against blocking will provide consumers with the full range of competitive options unless it also includes a prohibition of the blocking of the industry standard 10XXX 0+ dialing sequence used by AT&T and other operator service providers.

The initial comments of consumers in this proceeding overwhelmingly confirm that nothing is more important to the development of an environment in which operator services providers compete on the merits of their service than the prohibition on call blocking. As Mr. Eric Torrison, one of the commentators, observed at page 2 of his comments after being denied access to AT&T's service from two payphones presubscribed to ITI and Fone America:

We consumers should be able to use the long distance company we choose from any phone and at no charge. If this hurts the AOS companies' revenue, so be it. This would mean they don't provide a good value for the user, and they'd better become competitive if they want to stay in business. . . .

Freedom of choice for use will enable each of us to use the long distance company we choose and will give us the ability to get through to our intended destinations during emergencies and, in my case, stop emergencies before they happen.

Predictably, however, opposition to unblocking the 10XXX 0+ dialing sequence comes from AOS companies and call

aggregators--those who profit if they are allowed to continue to deny consumers access to other competing carriers. One call aggregator, the Park Lane Motel and R.V. Park, appears to assert that an owner of guest telephones should have the unbridled right to foreclose the ability of consumers to reach alternative carriers of their choice. (Letter of R. Terry Lynch, CHA/Owner of The Park Lane Motel and R.V. Park, and The Shamrock Motel) This argument ignores the fact that the Commission has prohibited all blocking of consumer access to alternative carriers since January 1989, when rules governing AOS companies were originally promulgated.

Opponents of 10XXX-0+ unblocking, such as Intellicall, Inc. ("Intellicall"), also claim that unblocking this access dialing sequence is "not universally technically feasible", is cost-prohibitive, or would lead to significant increases in toll fraud. (Comments of Intellicall, pp.13-17) None of these arguments can withstand scrutiny, however.<sup>2</sup>

---

<sup>2</sup> AT&T does not dispute the contention of some private payphone providers 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 the United States today are blocking access to both the 10XXX 0+ and 10XXX 1+ dialing sequences.**

Because the unblocking of 10XXX 0+ dialing entails the use of certain protective local exchange company central office features, **such unblocking 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.

With respect to the claim that unblocking is not "universally technically feasible", a study commissioned by AT&T and provided to the FCC confirms that the equipment of the major private payphone manufacturers can be fully unblocked. See Attachment A. In its comments, Intellicall itself acknowledges that "some manufacturers" may be able to program up to 15 or so 10XXX codes in their payphone products, but finds fault with this capability because there might be more 10XXX codes available in Washington than could be accommodated by the capacity of such instruments. However, if most operator services providers in Washington already offer consumers access to their services via an 800 or 950-XXXX number as well as an 10XXX code, Intellicall's "considerable concern about the discrimination that would occur were 10XXX-0 access mandated" is disingenuous. The essential purpose behind the Commission rule mandating unblocking is simply to ensure that consumers have access **by some established dialing sequence** to the carrier of their choice from all telephones that are available for use by the public.

With respect to the supposedly "substantial" cost of unblocking 10XXX 0+ access, Intellicall's claim ignores the fact that all local exchange company equal access end offices are today able to provide the necessary blocking and screening capabilities to permit the unblocking of aggregator and payphone locations quickly, inexpensively, and without the risk of increased fraud.<sup>3</sup> AT&T has calculated that the **total cost nationwide** of

---

<sup>3</sup> Intellicall argues that local exchange company central office-based options are not generally made available to private payphone providers. (continued next page)

unblocking aggregator locations is no more than approximately \$35 million.<sup>4</sup>

Intellicall's last claim, that mandating the unblocking of 10XXX 0+ dialing will engender increased toll fraud, rests on the erroneous premise that 10XXX 0+ calls cannot be separated and handled apart from 10XXX 1+ calls and that unblocking 10XXX dialing will thus automatically result in the passage of both 10XXX 0+ and 10XXX 1+ calls.<sup>5</sup> Technology is readily available

---

(continued from last page) [Comments of Intellicall, p.16 n.12] However, many local exchange companies have already tariffed these services. For example, AT&T was able to use various local exchange company central office features when it unblocked its own public telephones. Nevertheless, AT&T would support a rule that would require all local exchange companies that have the requisite technical capability to provide these blocking and screening functions to aggregators, private payphone providers, and operator services providers on an unbundled basis at reasonable tariffed rates.

- <sup>4</sup> This amount should be considered against the quantity of commissions that aggregators receive from AOS companies. AT&T estimates that, in 1990, aggregators will receive \$250 million in such commissions nationwide. See Attachment B. The one-time amount that aggregators as a group may have to spend to ensure that consumers in Washington and elsewhere can exercise competitive choice is small when compared to the annual commissions they receive.
- <sup>5</sup> Because the 10XXX 1+ dialing sequence designates a call that will be billed back to the calling number, such calls would, unless blocked, be billed to the aggregator or private payphone owner, who may be unable to recover the charges from the consumer. No such billing problem exists with the 10XXX-0+ sequence because such calls are billed to the consumer's calling or credit card, to a third number, or, in the case of a collect call, to the person called.

Intellicall nevertheless asserts that "in permitting access via 10XXX-0, customer premises equipment ('CPE') owners are exposed to consumers obtaining services through live [interexchange carrier] operators and having the charges for such services billed fraudulently to the originating line rather than their own account number." (Comments of Intellicall, p.16) (continued next page)

today to enable an aggregator or private payphone provider to unblock 10XXX-0+ while continuing to block 10XXX 1+ calls. Moreover, unblocking the 10XXX 0+, 800, and 950-XXXX dialing sequences will not entail wholesale changes in existing customer premises equipment, and can be effectuated using existing technology without significant increase in fraudulent calls. These facts are confirmed by the description in Attachment B of the technical steps necessary to accomplish the unblocking of 10XXX 0+.<sup>6</sup>

---

(continued from last page) AT&T disputes this contention. During the period September 12-24, 1990, AT&T conducted a series of test calls from local exchange company and AT&T coinless public telephones in five cities around the country in order to determine the ability of operator services providers to recognize billing restrictions and potentially fraudulent calls. All of the public telephones tested were served by lines that carry originating line restrictions advising an operator service provider 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 operator services providers. 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 operator services provider that completed the call is a small regional provider in the Atlanta area and was advised by AT&T after the test of the defect that had been discovered in its systems.

<sup>6</sup> 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 and installing call screening adjunct devices, or obtaining special trunks from the local exchange companies, for its "dumb" sets. As a result of this effort, 10XXX 0+, 800, and 950-XXXX access to all carriers is available today from all AT&T public telephones.



Given the significant consumer benefits that flow from unblocking as well as the relatively modest cost required to implement it, the Commission should adopt this rule as a key element in its pro-consumer safeguards.

B. Requiring Carriers To Establish Alternative Dialing Arrangments Is Unnecessary.

Intellicall argues that, if the Commission mandates the unblocking of 10XXX access by aggregators and private payphone owners, the Commission must also either "require [interexchange carriers] accessible (sic) via such access methods to indemnify [customer premises equipment] owners against fraudulent charges" or "require all [interexchange carriers] to permit access via 950 or 1-800 codes where the potential for fraud is minimal".<sup>7</sup> However, neither of Intellicall's recommendations is necessary, given the availability of technology (as discussed in Attachment B) that will prevent fraudulent calling through unblocked aggregator and private payphone instruments. Moreover, the implementation of either "solution" would, in any case, be unduly expensive and disruptive.

Each operator services provider should be permitted to use the access method chosen by it on the basis of that provider'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:

---

<sup>7</sup> Comments of Intellicall, pp.16-17; see also p.20.

the 10XXX 0+ dialing sequence. AT&T has no need, and no plans, to employ any additional access alternative. By the same token, other carriers may choose to use 800 or 950-XXXX access. Others may opt for a combination of dialing sequences. Whatever the decision, it should be left to each individual operator services provider to make, rather than mandated by Commission rules.

A requirement that operator services providers develop unnecessary alternative access methods would 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.<sup>8</sup> 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 would increase call-handling time by over ten seconds and deprive consumers of the ease and convenience they have today where 0+ and 10XXX 0+ access is available.<sup>9</sup>

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,

---

<sup>8</sup> The imposition of an 800 or 950-XXXX dialing arrangement would cause extensive financial and service hardships to AT&T. A more detailed discussion of these problems is contained in Attachment C.

<sup>9</sup> With live operators, consumers would also lose their ability to "punch in" the called number together with their calling card billing information; instead, they would have to provide this information verbally, which would nearly double the average call set-up time from 13 seconds to 23 seconds.

major restructuring would be required. AT&T estimates that this restructuring would cost approximately \$75 million for software and operator interface development, and for network reconfiguration, and up to \$250 million in annual operational expenses--expenses that are totally unnecessary.

If the Commission were nonetheless to deem a mandatory additional access method advisable for operator services providers, it should not limit carriers to the 800 or 950-XXXX or 10XXX 0+ dialing sequences, but should allow them the option of using the operator transfer services presently available from a number of local exchange companies.<sup>10</sup> This service enables any consumer 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 much less expensive to implement than the development of the new systems required to offer the other alternatives, and would generate little, if any, consumer confusion. The consumer would simply dial a local exchange company operator who could then connect the consumer to any operator services provider that has decided to use this alternative.

### Conclusion

For the reasons stated above, and in AT&T's initial comments, the Commission should adopt rules for operator service

---

<sup>10</sup> Although the Operator Services Act requires the FCC to conduct a rulemaking to determine whether or not to require operator services providers to offer "800" or "950" access, it leaves the decision on this issue to the FCC.

providers that affirmatively prohibit 10XXX 0+ blocking from all call aggregator locations and private payphone instruments, and that do not mandate the implementation by such providers of any additional access methods. These rules will protect consumers' ability to select the operator services provider of their choice, using the access dialing sequence(s) established by that provider, while minimizing unnecessary costs and disruption to aggregators, private payphone providers, and operator services providers.

Respectfully submitted this 2nd day of November, 1990.

AT&T COMMUNICATIONS OF THE  
PACIFIC NORTHWEST, INC.

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

Its Attorneys

By: William P. Eagles  
William P. Eagles

STATUS BY PROPERTY10XXX 0+ Allowed At Start Of

<u>PROPERTY</u>	<u>CPE</u>	<u>SOLUTION</u>	<u>EST. COST</u>
1.	Mitel SX200	None Required	\$ 0.0
2.	Hitachi AX-2X-SXS	None Required	\$ 0.0
3.	Focus 960	None Required	\$ 0.0
4.	Mitel SX200	None Required	\$ 0.0

10XXX 0+ Not Allowed at Start of Test

5.	Siemens 192/232	Open up new access level '8' in PBX; block 10XXX1+ and allow 10XXX0+. Guest dials 8+10XXX 0+.	\$ 900.00
6.	Hitachi EX10	Install toll restrictors on level 8 lines and remove CO 10XXX blocking. Guest dials 8+10XXX0+.	\$ 1340.00
7.	Dimension 600	Remove LEC CO restrictions on 10XXX0+.	\$ 500.00
8.	Northern Tel SL-1	Open up 10XXX and install toll restrictors. Guest dials 8+10XXX0+.	\$ 1750.00

<u>PROPERTY</u>	<u>CPE</u>	<u>SOLUTION</u>	<u>EST. COST</u>
9.	AT&T Dimension Prelude	Remove ARS restriction on 6th level access lines. Obtain 1+/10XXX1+ toll restriction from LEC on these lines or subset of these lines. Guest dials 6+10XXX.	\$ 1005.00
10.	Siemens 192/232	Open up new access levels, reprogram PBX to allow 10XXX0+ dialing on access level 6. PBX will block 10XXX1+.	\$ 1000.00
11.	AT&T System 75	Have PBX reprogrammed to allow 10XXX0+, while blocking 10XXX1+;	\$ 590.00
12.	BITEK ARS	<p>A. Upgrade BITEK ARS to allow 10XXX0+ &amp; block 10XXX1+ on level 8 lines. BITEK maintains that direct trunk access is not available. If it exists, it probably provides an inexpensive solution.</p> <p>B. There are relatively few of these installed in the industry. Also, the aggregator's operator can manually handoff calls to the IXC.</p>	\$10,400.00

<u>PROPERTY</u>	<u>CPE</u>	<u>SOLUTION</u>	<u>EST. COST</u>
13.	Hitachi DX 40	Enable direct trunk access. Install toll restrictors on these lines.	\$ 1170.00
14.	Mitel SX200	Remove PBX toll restriction & allow 10XXX dialing from a room on 6th level. Obtain 1+/10XXX1+ toll restriction from LEC on these lines.	\$ 500.00
15.	AT&T Dimension Prelude	Remove ARS restriction. Install toll restrictors on 6th level access lines; these will block 1+/10XXX1+. Guest dials 6+10XXX0+.	\$ 1390.00
16.	AT&T System 75	Have PBX programmed to allow 10XXX0+ while blocking 10XXX1+.	\$ 590.00

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 10XXXXXX dialing arrangement.



- 2 -

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

00660

- 3 -

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.

00661

- 4 -

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.

00662

### 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

- 2 -

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

00664

- 3 -

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.

00665