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September 3, 1996

Blanca S. Bayo, Director
Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. ~~960658~~-TP, In re: Complaint of Florida Interexchange Carriers Association, MCI Telecommunications Corporation, and AT&T Communications of the Southern States, Inc., against BellSouth Telecommunications, Inc.

Dear Ms. Bayo:

Today I filed on behalf of MCI, AT&T, and FIXCA, the prefiled testimony and exhibits of witness Sandra Seay. Two of the exhibits which were attached to Ms. Seay's testimony, and to which she refers in her testimony, are asserted by BellSouth Telecommunications, Inc. to contain proprietary and confidential information. Pursuant to a confidentiality agreement between Joint Complainants and BellSouth, and based on BellSouth's indication that it would file a Notice of its intent to request confidential classification of the materials, I filed "confidential" and "public" versions of the testimony and the exhibits.

The exhibits to Ms. Seay's testimony which are the subject of BellSouth's claim are Exhibit 4 and Exhibit 7.

I have informed counsel for BellSouth of my desire to reach an accommodation with respect to the subject materials that would remove some or all of the subject materials from the claim of confidentiality. If such an agreement is reached, I will resubmit the "public" version with the appropriate changes.

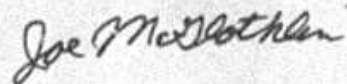
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**Test. Seay*
DOCUMENT NO.
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Blanca S. Bayo, Director
September 3, 1996
Page 2

Please call me if you have any questions. Thank you for your assistance in this matter.

Sincerely,



Joseph A. McGlothlin

JAM/jei

cc: Nancy White
Robin Dunson
Martha McMillin
Brian Sulmonetti

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Complaint of Florida) DOCKET NO. 930330-TP
Interexchange Carriers Association,)
MCI Telecommunications Corporation,)
and AT&T Communications of the)
Southern States, Inc., against)
BellSouth Telecommunications,)
Inc.)

In re: Complaint of Florida) DOCKET NO. 960658-TL
Interexchange Carriers Association,)
MCI Telecommunications Corporation,)
and AT&T Communications of the)
Southern States, Inc., against)
BellSouth Telecommunications,)
Inc.)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct
Testimony and Exhibits of Sandra Seay of behalf of MCI, AT&T and
FIXCA, has been furnished by U.S. Mail to the following parties,
this 3rd day of September, 1996:

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BellSouth Telecommunications,
Inc.
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Joseph A. McGlothlin

(PUBLIC VERSION)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY AND EXHIBITS

OF SANDRA SEAY

ON BEHALF OF MCI, AT&T, AND FIXCA

DOCKET NOS. 930330-TP & 960658-TL

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8 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

9 **A.** My name is Sandra Seay. My business address is 780 Johnson Ferry
10 Road, Suite 700, Atlanta, Georgia 30342.

11 **Q. BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY?**

12 **A.** I am employed by MCI Telecommunications Corporation ("MCI") as a
13 Regional Support Manager, in the Southeastern Region, Law and Public
14 Policy group.

15 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

16 **A.** I am testifying on behalf of MCI, AT&T Communications of the Southern
17 States, Inc. (AT&T) and the Florida Interexchange Carriers Association
18 ("FIXCA"), of which MCI is a member.

19 **Q. PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND AND RELATED**
20 **EXPERIENCE.**

21 **A.** I received a B.A. degree in psychology from Kent State University in
22 1986. I joined MCI in 1988 as an entry level In-Bound Customer Service
23 Representative. My major responsibilities were to answer calls from
24 existing MCI residential customers, as well as potential customers.

1 When I started in this customer service position, the telecommunications
2 industry was still in the process of converting to equal access for
3 interLATA competition. The majority of the calls handled in my service
4 center were from residential customers working their way through
5 interLATA competition for the first time. This exposed me to the types
6 of questions and concerns on the minds of customers in an environment
7 in which they are presented with a choice of carriers.

8 I was promoted to supervisor of a team of twelve to sixteen
9 inbound customer service representatives in 1989. In this position, the
10 experience of providing guidance and coaching for my team allowed me
11 to expand upon the training and experience I obtained as a
12 representative. In order to minimize customer confusion and
13 accompanying dissatisfaction, MCI's customer service representatives
14 undergo continual monitoring and training to ensure that they supply
15 accurate information to customers.

16 In 1991, I became a Manager I. In that position I managed the
17 group which handles all FCC and state Public Service Commission
18 complaints filed by customers. Through this experience I gained an
19 appreciation of the variety of issues which are raised by business
20 customers, as well as residential customers. Working with both the
21 state Commissions and the local telephone companies, I supervised the
22 investigation and resolution of customer complaints.

1 In 1994, I was promoted to a Manager II in the Southern Region
2 Carrier Management organization. One of the main functions of my
3 department was to build relationships with the various local telephone
4 companies in the BellSouth and Southwestern Bell states in order to
5 provide better service to our mutual customers. This required me to
6 work with my counterparts at other companies to craft resolutions to a
7 number of service issues. It gave me a greater exposure to the
8 capabilities of the MCI network, including billing systems and customer
9 order processing, and the interaction of each of these MCI systems with
10 those of the local exchange companies. -

11 In my current position, which I have held since April 1996, among
12 other duties, I research and help formulate MCI's responses to issues
13 raised by the various Public Service Commissions in the BellSouth states,
14 as well as support our director and the attorneys in locating information
15 needed for pending cases.

16 **Q. IN YOUR PREVIOUS POSITION, WERE YOU EXPOSED TO THE ISSUES**
17 **RAISED BY MCI, AT&T AND FIXCA IN THE JOINT COMPLAINT IN THIS**
18 **PROCEEDING?**

19 **A. Yes.** During 1995, when MCI, other IXC's, and LECs were working
20 through intraLATA equal access implementation issues in several
21 southern states, I was MCI's main point of contact for BellSouth, GTE,
22 Southwestern Bell, Bell Atlantic and the independent local exchange

1 companies. I worked with various groups within each local exchange
2 telephone company as the individual state commissions ordered
3 implementation of intraLATA equal access. Each final order has some
4 variation, so many discussions have taken place to ensure that the
5 companies understand their required interactions and what is required to
6 provide a seamless implementation for customers.

7 With regard to BellSouth, I participated in a series of industry
8 workshops held to identify and resolve implementation issues. We were
9 successful in working through many areas of concern. Those which
10 could not be resolved are the subject of the Joint Complaint. A similar
11 complaint was filed by MCI, AT&T, LDDS/Worldcom, and Sprint against
12 BellSouth in Kentucky in September 1995. I testified on behalf of MCI
13 in that proceeding.

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 **A.** Certain of the business office practices which BellSouth plans to follow
16 in the implementation of intraLATA equal access are unreasonable and
17 will have an anti-competitive result. The overall effect of the proposed
18 measures is to use BellSouth's position as incumbent provider of local
19 exchange services as leverage with which to advantage its own
20 intraLATA toll service relative to those of its competitors in the course
21 of implementing the Commission's decision to require 1 + intraLATA
22 dialing parity. Instead of adopting the neutral approach followed in the

1 interLATA market, BellSouth plans to use each encounter with customers
2 as an opportunity to market its intraLATA services. While there is
3 nothing wrong with such BellSouth marketing on an independent basis,
4 separate from customer contact which results from its position as the
5 incumbent monopoly provider of local exchange service, BellSouth should
6 not be allowed to use that position unfairly to disadvantage its
7 competitors and hinder new entrants in the intraLATA equal access
8 market. The Commission should direct BellSouth to implement only
9 competitively neutral measures, as recommended below in my testimony.

10 **Q. IN WHAT WAYS DOES BELL SOUTH INTEND TO ABUSE ITS ROLE OF**
11 **INCUMBENT, DOMINANT LEC AND HINDER THE DEVELOPMENT OF**
12 **FAIR 1 + INTRALATA COMPETITION?**

13 **A.** The practices and measures which led the Complainants to bring this
14 proceeding can be considered as falling into the following categories:

- 15 1. References in advertisements and bill stuffers designed to imply to
16 customers that BellSouth has a claim to intraLATA traffic superior
17 to those of its competitors.
- 18 2. Communications to new customers designed to favor the selection
19 of BellSouth's intraLATA toll service and to capture the service of
20 undecided new customers when 1 + equal access presubscription
21 is first made available.
- 22 3. Measures designed to prevent or impede existing customers from

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exercising their right to change intraLATA carriers.

- 4. Tariff provisions which unreasonably hinder the exercise of a customer's right to choose a carrier other than BellSouth to carry 1 + intraLATA traffic on a presubscribed basis.

With respect to the first category, I am informed that during meetings with Staff the Complainants and BellSouth reached an agreement in principle which they intend to incorporate in a written stipulation. If and when approved by the Commission, this agreement would resolve this portion of the Joint Complaint. However, since that has not been accomplished as of the time I am preparing this testimony, I will regard the issue as unresolved for the purpose of my testimony.

Q. WITH RESPECT TO THE FIRST CATEGORY THAT YOU IDENTIFIED, HOW DOES BELLSOUTH PLAN TO DESCRIBE THE INTRALATA CALLING AREA TO CONSUMERS?

A. As shown on Exhibit 1, which is a copy of a planned bill insert, BellSouth has identified the intraLATA calling area as the "BellSouth Calling Zone" on messages to be sent to customers. Its proposed manner of description is also set forth in following formal developed for inclusion in Florida directories:

A Calling Zone is a geographic area in which BellSouth provides local telephone service, local toll calls (long

1 distance calls within the BellSouth
2 Calling Zone), plus access to the local
3 network.

4 Beginning (DATE), other
5 telecommunications companies can
6 compete with BellSouth by offering
7 their services for local toll calls made
8 inside your BellSouth Calling Zone....

9 (emphasis added).

10 A copy of this excerpt is attached as Exhibit 2 to my testimony.
11 Examples of the intraLATA business office practices proposed by
12 BellSouth in the Kentucky proceeding, which were attached to the joint
13 complaint as Exhibit B are attached as Exhibit 3 to my testimony. That
14 exhibit, which was supplied by BellSouth after the Kentucky hearing,
15 refers to plans for the state of Kentucky. Documents produced by
16 BellSouth in discovery in this case confirm that it has similar plans for
17 Florida. A copy of the Florida plan is attached hereto to my testimony
18 as Exhibit 4. On pages ___ of Exhibit 4, the intraLATA calling area is
19 referred to as the

20 In Exhibit 4, on page 6, BellSouth proposes for its customer
21 service representatives to describe the intraLATA calling area to
22 customers as

1 are defined on that page as

2
3 In addition, at page 9 of Exhibit 4, the existing interLATA equal
4 access disclosure statement is set forth. In light of Kentucky's
5 implementation of intraLATA equal access, this script needs to be
6 adjusted to reflect the new environment. The opening portion of the
7 script states:

8
9 ." These inaccurate sentences should be
10 eliminated.

11 **Q. WHY DO MCI, AT&T AND FIXCA OBJECT TO CONSUMERS BEING**
12 **TOLD THAT THE INTRALATA CALLING AREA IS THE "BELLSOUTH**
13 **CALLING ZONE"?**

14 **A.** Because this is an inaccurate, misleading, and anti-competitive title.
15 BellSouth does not own the intraLATA calling area or zone. Identifying
16 "BellSouth" as part of the name for the calling zone, however, suggests
17 that it does.

18 The effect of identifying the intraLATA calling area as the
19 "BellSouth Calling Zone" is that consumers can be deceived into thinking
20 that calls within that calling area are carried only by BellSouth. In that
21 situation, consumers will not understand that they have a choice of
22 carriers. The implicit message could cause customers to believe that

1 BellSouth is entitled to their intraLATA calls. To the extent that mention
2 is later made of a choice of carriers, this still sends a confusing, mixed
3 message even to an educated, sophisticated consumer. One might
4 wonder, why, if a choice of carriers is allowed, is the calling area
5 identified as belonging to only one, BellSouth. The message would
6 discourage the development of fair, presubscription-based intraLATA
7 competition.

8 The Kentucky Public Service Commission agreed with this concern
9 in its recent order in the intraLATA business office practices case to
10 which I referred earlier. A copy of the Kentucky PSC's order is attached
11 hereto as Exhibit 5. At page 8 the Kentucky Commission stated:

12 The Commission has opened the intraLATA market
13 to competition. Customers have to contact
14 BellSouth for local service. BellSouth's identification
15 of itself with intraLATA toll calling harms other
16 providers who do not have such a natural entre.
17 BellSouth must therefore change its description of
18 the calling area to ensure that it does not unfairly
19 advance its own intraLATA toll service. Accordingly,
20 BellSouth should submit new language to the
21 Commission for approval. The Commission declines
22 to submit specific language to BellSouth for its use.

1 Order of the Kentucky Public Service Commission, entered in Case
2 Nos. 95-285 and 96-396 on dated August 13, 1996 at page 8.
3 BellSouth was ordered to "...immediately discontinue use of such
4 phrases as 'BellSouth's calling zone' or 'BellSouth's calling area' in its
5 marketing of intraLATA services." Id., at page 10.

6 **Q. WHAT DO YOU RECOMMEND AS A COMPETITIVELY NEUTRAL TITLE**
7 **AND DESCRIPTION FOR THE CALLING AREA NOW OPEN TO**
8 **COMPETITION?**

9 **A.** To eliminate the confusion generated by this misleading title, and to
10 promote competition, a competitively neutral description must be offered.
11 I suggest identifying these calls as "intraLATA calls" and describing them
12 as "long distance calls inside your local toll calling area." In a similar
13 situation, this was the approach adopted by the Minnesota Public Service
14 Commission in its Order Establishing US West's Business Practices for
15 IntraLATA Presubscription, January 12, 1996, Docket No. P-999/CI-87-
16 697, at page 10. A copy of this order is attached hereto as Exhibit 6.

17 **Q. WHY DO COMPLAINANTS OBJECT TO THE DESCRIPTION OF THE**
18 **INTRALATA CALLING AREA SET FORTH IN THE BELLSOUTH**
19 **CUSTOMER REPRESENTATIVE'S SCRIPT?**

20 **A.** The script is problematic because it associates the calling area with the
21 types of services only BellSouth can provide. It is an inadequate
22 definition of the intraLATA calling area, in that

1 is a limiting description, sounding close to being
2 only local calls.

3 **Q. WHAT DO YOU RECOMMEND AS AN ACCURATE DESCRIPTION TO**
4 **INCLUDE IN THE BELLSOUTH CUSTOMER SERVICE REPRESENTATIVE'S**
5 **SCRIPT?**

6 **A.** The script should describe intraLATA calls as calls "outside of the basic
7 local calling area." It should be changed, on the first paragraph of page
8 6 of Exhibit 4, to read:

9 Mr./Mrs. Customer, due to recent changes in the competitive
10 area/environment, you now need to choose a carrier to carry long
11 distance calls you make outside of the basic local calling area.

12 This is an accurate, clear description of the choice before the
13 customer, which allows consumers to make a more informed decision,
14 while also being fair to new entrants in the intraLATA equal access
15 market.

16 **Q. WHAT ARE THE CONCERNS OF MCI, AT&T AND FIXCA WITH REGARD**
17 **TO BELLSOUTH'S PROPOSED INTRALATA PRESUBSCRIPTION**
18 **BUSINESS OFFICE PRACTICES AS THEY RELATE TO NEW AND**
19 **EXISTING CUSTOMERS?**

20 **A.** As both the incumbent monopoly 1 + /0 + intraLATA toll provider and the
21 local exchange company for most Floridians, BellSouth is in the unique
22 position of having customer contacts which give it an advantage over

1 new entrants in the intraLATA presubscription market in this State. To
2 encourage the growth of fair competition and avoid customer confusion,
3 the manner in which BellSouth provides information pertaining to
4 intraLATA service options must be handled in the same neutral manner
5 with which it handles information concerning interLATA competition.
6 Similarly, when existing customers contact BellSouth for reasons
7 unrelated to intraLATA toll service, it should not use such occasions as
8 opportunities to market its intraLATA service unless the customer
9 initiates the subject. This does not mean that BellSouth cannot market
10 its own services; that is entirely appropriate and to be expected. Such
11 efforts, however, must be separate and distinct from its role as the
12 dominant provider of local exchange services. Otherwise, BellSouth will
13 have an unfair competitive advantage.

14 BellSouth's proposed intraLATA presubscription practices are not
15 neutral and will operate to give it an unfair competitive advantage. The
16 earlier draft of those practices that was attached to the Joint Complaint,
17 and is now Exhibit 3 to my testimony, illustrates the problems which led
18 to the filing of the Joint Complaint. In specific instances and as an
19 overall tone, Exhibit 3 encourages BellSouth customer service
20 representatives to make a "sales pitch" on every call with potential or
21 existing local exchange service customers that they should select or
22 retain BellSouth as their intraLATA carrier. No other competitor is in a

1 position to first tout its company and then make a sales pitch. BellSouth
2 alone has this advantage, because it is the local exchange company with
3 the gateway to the customer ordering a variety of services.

4 The discovery of BellSouth's updated plans in this docket shows
5 that Complainants' concerns continue to be well founded. In what
6 appears to be the most current version of BellSouth's "1 + Local Toll
7 (IntraLATA) Presubscription FLORIDA Operating Standards 06/96", the
8 methods and procedures manual for BellSouth Service Centers, a copy
9 of which is attached hereto as Exhibit 7, it is apparent that BellSouth
10 remains intent on taking advantage of its incumbent monopoly position
11 as the gateway to customers. The following excerpt from Exhibit 7
12 reveals the emphasis placed on turning what should be a neutral
13 customer service representative into an opportunity to steer the
14 customer to BellSouth:

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Exhibit 7 at Bates stamp page 000545. The emphasis on leveraging continues with the instructions for how to handle new customers:

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Exhibit 7 at Bates stamp page 000548.

As a business practice, BellSouth intends that its customer representatives who, in the capacity of the customer's contact at the local exchange company responsible for apprising them of their rights and implementing their choice of competitors,

This abusive use of a customer contact arising from BellSouth's role as the gateway to competitive services would give BellSouth an enormous unfair advantage and would stifle the development of evenhanded intraLATA competition.

Even more egregious procedures are planned for existing customers. If the customer calls with the affirmative request to change intraLATA carriers, the BellSouth representative must . This is another example of how BellSouth intends to take advantage of its gateway position to persuade the customer to change his mind. The description of demonstrates it is in the nature of a sales pitch:

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Exhibit 7 at Bates stamp page 000549.

This issue is of particular concern given the Commission's decision that no balloting be done; instead, carriers will obtain new customers through their own marketing efforts. This was a consensus opinion expressed by the industry taking into account a number of factors, including local exchange company fears that balloting would result in the loss of many customers, the expense of balloting, and possible customer confusion. The success of the approach depends upon fair, neutral business office practices by the local exchange companies.

Q. PLEASE IDENTIFY THE SPECIFIC PORTIONS OF BELLSOUTH'S PROPOSED INTRALATA BUSINESS OFFICE PRACTICES FOR EXISTING CUSTOMERS WHICH PROMOTE BELLSOUTH AT THE EXPENSE OF NEW ENTRANTS IN THE INTRALATA PRESUBSCRIPTION MARKET.

A. As previously explained, the proposed approach for existing customers who call BellSouth with inquiries about intraLATA service does not promote a neutral approach. Indeed its very language requires the customer service representative to
, even if the customer requests to be
changed to a specific carrier.

1 MCI and FIXCA object to this procedure because it is an
2 impediment to the customer's exercise of his right to change carriers.
3 It is not a consumer friendly approach and is anti-competitive with regard
4 to new entrants in the intraLATA market. Consumers are used to calling
5 their local telephone company to make a change in their interLATA
6 carrier. BellSouth does this routinely and charges MCI, AT&T,
7 Worldcom, and other carriers a fee to do so. To now adopt a different
8 posture in the intraLATA environment will be frustrating and confusing
9 to consumers. Under BellSouth's scenario, they must

10 only to be told that they have to make
11 another call, this time to the carrier of their choice.

12 Further confusion and unfairness arises from BellSouth's plan to
13 go ahead and take the order anyway . It is
14 unclear what this means. The customer obviously wants BellSouth to
15 take the order; that is why he called BellSouth in the first place. The
16 measures the customer must take to overcome BellSouth's attempt to
17 refer the customer to the other carrier and indicate he would rather
18 BellSouth take the order than start the whole process over again with the
19 carrier of his choice is unspecified.

20 The plan suggests, however, that the orders of assertive and
21 determined customers will be accepted and processed by BellSouth,
22 while customers who are by nature less confrontational, or possibly less

1 sophisticated with respect to their knowledge of their options will have
2 to go through an extra step to select a carrier other than BellSouth.
3 BellSouth's practice appears to introduce an element of discrimination
4 based on the relative degree of the customer's assertiveness. This is
5 anathema to the concept of "equal access" 1 + presubscription.

6 **Q. WHAT CHANGES SHOULD BE MADE IN THE PROPOSED PROCEDURES**
7 **FOR EXISTING CUSTOMERS?**

8 **A.** With regard to the previous issue, BellSouth should be required to treat
9 all customers equally and simply act on the customer's request to change
10 carriers.

11 Procedures which include a "sales pitch" or the
12 should be eliminated. If an existing customer calls
13 in with a generic request for information, he should be told he has a
14 choice of carriers, followed by an offer to read the list of available
15 carriers. When an existing customer calls to request to be switched to
16 a specific carrier, that request should be honored, not challenged.
17 BellSouth's plan to

18
19 , Exhibit 5, page 7, should be prohibited. For the same
20 reason, BellSouth should be prohibited from initiating the subject of its
21 intraLATA service to existing customers who contact BellSouth as their
22 LEC for reasons unrelated to intraLATA toll service. During our

1 discussions, BellSouth declined to regard all such contacts (repair
2 requests, billing inquiries, etc.) as off limits to their intraLATA toll
3 marketing efforts.

4 **Q. WHAT ARE THE FLAWS IN THE PROPOSED PROCEDURES FOR NEW**
5 **CUSTOMERS WHICH PROMOTE BELL SOUTH AT THE EXPENSE OF NEW**
6 **ENTRANTS IN THE INTRALATA MARKET?**

7 **A.** The procedure for how to handle new customers is set forth on Bates
8 stamp page 000548 of Exhibit 7. Its flaw is that it allows the BellSouth
9 customer service representative to market its intraLATA services upfront,
10 in an effort to influence the customer to stay with BellSouth, before the
11 customer has time to reflect on whether he wants to change carriers.
12 Thus, although the customer service representative will mention in his
13 spiel that he can read a list of other carriers who offer intraLATA toll
14 service, as the customer is considering how to respond to that offer the
15 representative

16
17 This gives an unfair advantage to BellSouth. Because it is the
18 monopoly local exchange company for most Floridians, it is the only
19 company a consumer can call for new service. In this captive situation,
20 when the customer is signing up for different services, BellSouth has a
21 tremendous edge in having the customer on the telephone with its
22 representatives. Recognizing this, BellSouth has its representatives

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in order to take advantage of this

unique opportunity to influence the customer.

Q. WHAT CHANGES DO YOU RECOMMEND TO BELLSOUTH'S PROPOSED INTRALATA BUSINESS OFFICE PRACTICES FOR NEW CUSTOMERS?

A. BellSouth's proposed script should be changed to level its advantage to a presentation which is fair to the customer and all carriers. BellSouth will not be disadvantaged; it should simply be placed on the same footing as all carriers. BellSouth should be prohibited from

. It would be permissible for the representative to advise: "I have a list of the companies which can carry these calls. Would you like me to read this list to you?" If the customer says, yes, then the list should be read. If the response is no, then the representative should ask the customer to identify the carrier of his choice. If he cannot, and also if the initial response is, "I'm not sure", then the customer should be advised that he must dial an access code to reach his intraLATA carrier each time he makes an intraLATA until he selects a presubscribed carrier. This point is addressed more fully in my testimony at page ___.

Q. ARE MCI, AT&T, AND FIXCA ADVOCATING THAT IXCs CAN MARKET THEIR SERVICES, WHILE BELLSOUTH AND OTHER LECs MUST BE PROHIBITED FROM PROACTIVELY MARKETING THEIR SERVICES?

A. No. Because of its unique position as the gatekeeper for intraLATA

1 service, BellSouth's initial customer contact must be neutral. It cannot
2 steer the customer toward its own service. Once past that step,
3 however, if a customer requests information about BellSouth's service,
4 it should be able to market itself to the interested customer. In that
5 situation, the customer initiated and expressed the interest without
6 prompting or pushing or promoting in that direction by BellSouth. In
7 addition, BellSouth is free to market in whatever way it chooses outside
8 of that initial customer contact. This would include television, radio and
9 written advertisements.

10 MCI, AT&T, and FIXCA are simply saying that BellSouth must
11 respond to customer inquiries regarding intraLATA carriers and intraLATA
12 service in the same competitively neutral manner with which it responds
13 to the same inquiries on an interLATA basis.

14 BellSouth has been ordered to adopt this fair approach in
15 Kentucky, where the Commission decided that "[w]hen a new customer
16 makes its initial contact to BellSouth or an existing customer contacts
17 BellSouth for a non-toll-related service, BellSouth should not market its
18 toll services unless the subject is introduced by the customer. When
19 marketing its toll services, BellSouth shall not refer to its intraLATA
20 services prior to advising the customer that other choices of intraLATA
21 carriers exist." Exhibit 5 at pages 8 - 9.

22 **Q. WHY SHOULD A NEUTRAL PROCESS WHICH REQUIRES UNDECIDED**

1 OR NO-PIC CUSTOMERS TO DIAL A CARRIER ACCESS CODE BE
2 IMPLEMENTED, AS OPPOSED TO BELLSOUTH'S PLAN TO DEFAULT
3 ALL OF THOSE CUSTOMERS TO ITSELF?

4 A. The practice of defaulting undecided customers to BellSouth would
5 create an artificial inertia to the exercise of the customer's choice,
6 contrary to the fundamental concept of "equal access" 1 + intraLATA
7 presubscription. The FCC agrees. A neutral approach is required by the
8 FCC in its Second Report and Order, issued on August 8, 1996, in
9 Docket No. 96-98, 95-185, 96-8, and 92-237. At paragraph 81, the
10 FCC declares:

11 ... "dial-tone providers" should not be permitted automatically to
12 assign to themselves new customers who do not affirmatively
13 choose a toll provider. New customers of a telephone exchange
14 service provider who fail affirmatively to select a provider of
15 telephone toll service, after being given a reasonable opportunity
16 to do so, should not be assigned automatically to the customer's
17 dial-tone provider or the customer's preselected interLATA toll or
18 interstate toll carrier. Rather, we find that consistent with current
19 practices in the interLATA toll market, such nonselecting
20 customers should dial a carrier access code to route their
21 intraLATA toll or intrastate toll calls to the carrier of their choice
22 until they make a permanent, affirmative selection.

1 The mechanism prescribed by the FCC is technically feasible, and should
2 be followed in Florida. BellSouth has maintained that this is not
3 technically feasible because to do so requires an additional CIC code,
4 which BellSouth claims it cannot obtain from BellCore due to a shortage
5 of CIC codes. MCI has learned, however, that Kathleen M.H. Wallman,
6 Chief of the Common Carrier Bureau of the FCC, has instructed the
7 Director of NANP Administration at BellCore to release CIC codes to
8 requesting carriers who need them specifically for the purpose of
9 intraLATA presubscription. The letter from Ms. Wallman to BellCore,
10 dated September 26, 1995, in which she directed BellCore to make
11 additional CICs available, is attached to my testimony as Exhibit B. MCI
12 is advised that under the authority of that letter, other RBOCs, such as
13 Bell Atlantic, have obtained CIC codes for the purpose of implementing
14 intraLATA equal access in their territories.

15 **Q. WHY DO MCI, AT&T, AND FIXCA OPPOSE BELLSOUTH'S PLAN TO**
16 **CHARGE A PRIMARY INTEREXCHANGE CARRIER ("PIC") CHANGE FEE**
17 **TO EXISTING CUSTOMERS WHO INITIALLY SELECTS AN INTRALATA**
18 **CARRIER OTHER THAN BELLSOUTH DURING PRESUBSCRIPTION, AS**
19 **WELL AS TWO PIC CHANGE CHARGES WHEN THE CUSTOMER**
20 **SELECTS AN INTERLATA AND INTRALATA CARRIER AT THE SAME**
21 **TIME?**

22 **A. This approach unjustly incents customers to remain with BellSouth. This**

1 proposal penalizes existing customers for making a choice which is just
2 now available to them, charging them a fee to handle a request which
3 could not have been made at the time service was established. It goes
4 against the spirit of the Commission's intraLATA order, in which
5 competition is promoted.

6 For interLATA services, customers are able to select their toll
7 carrier at no charge upon equal access conversion or when establishing
8 service. The same approach is appropriate for intraLATA service. The
9 same logic applies.

10 Similarly, it is unreasonable for BellSouth to impose two PIC
11 change charges on a customer who wishes to change interLATA and
12 intraLATA carriers in a single transaction. The Kentucky Commission
13 agreed. In its recent order it ruled that BellSouth can only assess one
14 PIC change charge when a customer changes interLATA and intraLATA
15 PICs in the same transaction. Exhibit 2 at page 10.

16 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

17 **A.** The changes to BellSouth's proposed intraLATA equal access business
18 office practices that I have described are needed to ensure that
19 BellSouth responds to customer inquiries in the same neutral manner
20 with which it responds to interLATA inquiries. An inquiring customer
21 should be advised that he has a choice of carriers and then told what
22 that choice is, if he so desires. BellSouth's efforts to market its

1 intraLATA service or "Attempt to Save Service" when customers call to
2 establish service or change carriers should be prohibited by the
3 Commission. In order to promote competition in a market where
4 BellSouth starts with all of the presubscribed customers, with no
5 customer balloting, a competitively neutral approach is essential to the
6 objective of fair and healthy intraLATA competition.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A. Yes.**

DOCKET NO. 960658-TL
WITNESS SANDRA SEAY
EXHIBIT 1 PAGE 1 OF 1
DOCKET NO. 930330

AN IMPORTANT NOTICE TO FLORIDA BELL SOUTH CUSTOMERS

Effective June 2, 1996, in response to a decision by the Florida Public Service Commission (PSC), other telecommunications companies can compete with BellSouth by offering their services for local toll calls inside your BellSouth Calling Zone.

After implementation, you may continue to use BellSouth for these services, or choose another company. No action is necessary to keep BellSouth as your provider for these local toll calls.

BellSouth will continue to provide local telephone service and all local toll calls on BellSouth pay telephones.

You may receive information from long distance companies marketing their services. If you want to select another company to handle your local toll calls, you should call that company anytime after the date shown next to your telephone prefix on the reverse side of this notice. There may be a charge for each change you make in long distance companies.

REGULATORY DIVISION

 **BELLSOUTH**

June 1996

10-001

Revised 8/7/95

IntraLATA Presubscription
Florida Directory "Front Pages"

CALLING ZONES- CHANGE TO READ

A Calling Zone is a geographic area in which Southern Bell provides local telephone service, local toll calls (long distance calls within the Southern Bell Calling Zone), plus access to the local network.

Beginning (DATE), other telecommunications companies may compete with Southern Bell by offering their services for local toll calls made inside your Southern Bell Calling Zone. Due to the need to convert existing technical systems, this statewide implementation will be gradual, beginning on (DATE) and ending on (DATE).

You may continue to use Southern Bell for these services, or choose another company. No action is necessary if you want to keep Southern Bell as your provider for these local toll calls.

If you decide to select another company to handle your local toll calls within your Calling Zone, you should call that company or your Southern Bell Business Office anytime after (date). There may be a charge for each change in long distance carriers.

Southern Bell will continue to provide your local telephone service. Your selected long distance company will handle calls made between the Calling Zones.

EQUAL ACCESS

Choosing a long distance company

1st Paragraph: CHANGE TO READ

Customers in this area may select a telecommunications company for "1+" and "0+" calls, both inside and outside the Southern Bell Calling Zone. No action is necessary if you want to keep Southern Bell as your provider for local toll calls inside your Southern Bell Calling Zone. There may be a charge for each change made in long distance carriers.

2nd Paragraph: CHANGE TO READ

Location providers for Southern Bell pay telephones may select long distance companies for carrying "0+" calls (such as collect and credit card calls) to points outside Southern Bell's Calling Zones. Southern Bell will continue to handle calls inside the Calling Zone

on Southern Bell pay telephones.

Independent pay phone providers may select a long distance company for carrying "0+" calls to points inside the Southern Bell Calling Zone.

3rd Paragraph Delete
Company Code Dialing - LEAVE AS IS

Pay Telephone Dialing - LEAVE AS IS

International dialing - LEAVE AS IS

DOCKET NO. 060658-TL
WITNESS SANDRA SEAY
EXHIBIT 3 PAGE 1 OF 22
DOCKET NO. 930330

EXHIBIT B

INFORMATION PROVIDED BY BELLSOUTH DURING
KENTUCKY PSC PROCEEDING ON FEBRUARY 15, 1996

Kentucky PSC Data Request
Oral Requests From The Hearing Dated February 15, 1996
February 29, 1996
Item No. 1
Page 1 of 1

REQUEST: Provide an updated copy of On-Line Documentation, used by the BellSouth Business Office representatives, for use in discussions with customers relative to IntraLATA Presubscription.

RESPONSE: See attached.

Exhibit 1

Overview (GA,KY)

Toll Calls dialed as 1+ or 0+ within the intraLATA calling zone were previously carried by the local exchange companies i.e. BellSouth. To place calls using another carrier it was necessary to dial that carrier's access code.

On 12/29/94, the first Public Service Commission (PSC) order requiring the local exchange companies to provide other carriers equal access for intraLATA toll without the use of an access code was issued in Kentucky. Similar orders were also issued by the PSC staffs in Florida and Georgia.

Note: BellSouth has decided to use the term ALocal Toll@ when referring to intraLATA service

Search	Repeat Search	Prior Topic'
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PSC Order Presubscription Guidelines (GA,KY)

The PSC orders include the following presubscription guidelines for implementation of local toll presubscription:

- Local Exchange companies will be required to advise ONLY new customers of other companies who carry Local Toll calls.
Note: An existing customer may change Local Toll carriers by contacting their carrier of choice.
- Existing customers will not be balloted. They will be assigned to the local exchange company until they initiate a change of carriers.
- 4 party line Local Toll calls must be carried by the local exchange company and
- A new service choice of undecided will default to the local exchange company.

Customer Options

In states where PSC orders have been issued, customers will have the options of selecting an IntraLATA, as well as, an InterLATA carrier.

Search	Repeat Search	Prior Topic
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Customer Options

In states where PSC orders have been issued, customers will have the options of selecting an IntraLATA, as well as, an InterLATA carrier.

The customer may select:

- the same carrier for each service or
 - a different carrier for each service.
-

Conversion Processes for Local Toll (GA,KY)

Introduction

Prior to customers being able to choose a carrier to handle their Local Toll calls, several different conversion activities must take place.

Search	Repeat Search	Prior Toplo
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OLD States NewDocs UpdDocs More Updates More...

State: KY Book Reference Guide Subject: INTRALATA (;+LOCAL TOLL) PRESUBSCRIPTION (GA,KY)

Network Switch Conversion

Network switches for selected NPA/NXX*'s will convert to Local Toll equal access weekly.

The conversions will take place on Sundays.

The conversion process will continue until the entire state is converted.

This process could take up to two years per state.

The conversion start dates are as follows:

**** RESIZE THIS CHART ****

State	Date
Kentucky	10/22/95
Georgia	12/03/95
Florida	Unknown
Other States	Dates to be announced per PSC orders

Search	Repeat Search	Prior Topic .
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7

New Codes

The following new codes will become effective with each NPA/NXX conversion:

- LPIC - used to reflect the presubscribed interexchange carrier selection and
- LPCA - used to indicate the presubscribed carrier arrangement.

BellSouth LPIC

The BellSouth LPIC is 0377.

Code Sets for LPCA

Two new code sets for LPCA will be added with each conversion:

- UN - is used to denote undecided.

Note: A selection of undecided is only applicable as an initial selection when the customer establishes new service and can not decide on a carrier. When this situation occurs assign the BellSouth LPIC of 0377 and a LPCA of UN.

- DF - is used to denote default to BellSouth.

Note: The code sets BO and FR apply per existing PCA procedures.

Search	Repeat Search	Prior Topic
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Note: There is no LPIC NONE condition with Local Toll. The local exchange company is the default carrier.

Other LPCA Code Sets

Other LPCA code sets input by various groups other than Service Representatives may appear on the customer record.

The code sets are:

**** RESIZE THIS CHART ****

Codeset	Definition
CL	Carrier List
CM	Carrier Mechanized
CP	Carrier Paid - Mechanized
CV	Carrier Verbal - EASC use only
DF	Default - IntraLATA Conversion

Codeset chart cont.

**** RESIZE THIS CHART ****

Search	Repeat Search	Prior Topic
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Codeset	Definition
EA	Equal Access
EB	Electronic Bonding
EP	Electronic Bonding (carrier paid for change)
ES	Expedited Switchback - EASC only
MG	Merger (replaces CL, CM, & MR)
MR	Manual Resolution

Codeset chart cont.

**** RESIZE THIS CHART ****

Codeset	Definition
RT	Right Touch
SE	System External Administrative Management Service (AMS)
SF	Expedite LPIC Switchback - This is a FREEZE code
SI	System Internal Administrative

Search	Repeat Search	Prior Topic
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**** RESIZE THIS CHART ****

Codeset	Definition
RT	Right Touch
SE	System External Administrative Management Service (AMS)
SF	Expedite LPIC Switchback -This is a FREEZE code
SI	System Internal Administrative
SR	Submitted Reseller
UF	UPIC - this is a FREEZE code (used by EASC only)

RNS Enhancements

As each NPA/NXX converts, RNS will be enhanced to provide the list of interexchange presubscribed carriers in random order.

Search	Repeat Search	Prior Topic
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CRIS & SOCS Conversions

CRIS & SOC*s will perform database conversions to add the BellSouth LPIC and default LPCA to embedded base records and pending orders.

The conversions will take place at the end of each month.

Note: Because the Network switch conversions may take place at various times of the month, customer records, as well as, pending orders will not reflect the LPIC information even though the Network switch conversion for that NPA/NXX has taken place. The LPIC information will not be visible until after the CRIS & SOCs conversion at the end of the month.

SOER Edit

A SOER edit requiring the SR to select the LPIC and a LPCA once a NPA/NXX has converted will be put in place.

Search	Repeat Search	Prior Topic.
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The customer's LPIC should be 0377 (BellSouth) and the LPCA should be DF (default) unless a change of carrier is/has been initiated.

The edit condition will exist:

- If the order is issued on or after the NPA/NXX conversion date and
- on all orders with inward activity.

Note: RNS will be enhanced to prompt when the edit condition exists.

Customer Contacts for Local Toll (GA,KY)

Introduction

With the implementation of Local Toll presubscription, some customer contact procedures will change.

Search	Repeat Search	Prior Topic
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New Customers

New customers MUST be advised they have a choice of carriers for their Local Toll calls.

Disclosure Statements

The disclosure statements to new customers do not have to be verbatim but, must include:

- advise that other carriers are available
- an offer to read the list of available carriers and
- a statement advising the customer that BellSouth also provides the service.

Search	Repeat Search	Prior Topic
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//

The following are example of disclosure statements:

- Mr/Mrs Customer, due to the new competitive environment we are entering, you are now required to select a long distance carrier for the Local Toll calls, calls made within your calling zone to nearby communities. I will be glad to advise you of the carriers available, BellSouth is one of these carriers.
- Mr/Mrs. Customer, you are now required to select a company to handle long distance calls made within your LATA, as well as calls made outside your calling LATA. BellSouth would like to be your Local Toll provider for the calls within your calling LATA. We have been handling these type calls for you in the past. Other carriers do offer this service, I will be glad to advise you of the carriers available, or I can make arrangements for BellSouth to be your carrier of choice.

T Order Customers

On all T orders we will advise customers they have a choice as to who carries their 1+ Local toll calls.

Search	Repeat Search	Prior Topic.
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12

T Order Customers

On all T orders we will advise customers they have a choice as to who carries their 1+ Local toll calls.

Note: RNS will display the existing carrier of choice under current services. Unless a different carrier is selected, the carrier shown will be retained on the T order.

On Line Transfer

If the Local Toll and InterLATA carrier choices are the same and the carrier participates in on-line transfer, follow existing **on-line transfer** procedures.

If both carrier choices are not the same do not offer to on-line transfer. Instruct the customer to contact each carrier.

Search	Repeat Search	Prior Topic
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155

If BellSouth is the only Local Toll carrier and the InterLATA carrier is the same on all lines, and the carrier participates in on-line transfer, follow existing on line transfer procedures.

Note: RNS will provide the SR with an OLT message, as well as, the company name and number when it is appropriate to offer on line transfer.

Non- Negotiate

If the Local Toll carrier is non-negotiate follow existing equal access procedures for

non-negotiate.

LPIC Change Requests

When an existing customer calls the Service Center to request a change of carrier only, he/she should be referred to the carrier of choice to place their order.

The customer should be advised that the carrier of choice needs to establish an account for him/her, and provide information about the service.

Search	Repeat Search	Prior Topic
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11

Note: If a customer insists that we issue his/her order, we should issue the order and advise that they still need to contact the carrier to establish an account.

Note: Read the list of carriers only if the customer request.

The customer should also be referred to the carrier to update, change or inquire about their pending mechanized LPIC order.

If the customer's request is for other order activity ie. a T&F and they initiate a change of carrier, select the customer's choice on the service order and refer the customer to the carrier for notification. Follow **on-line transfer** guidelines.

Carrier Information Requests

Requests for carrier information such as rates, calling plans, access codes, etc., should be referred to the carrier.

Unchanged Equal Access Procedures

Several existing unchanged equal access procedures also apply to Local Toll. The procedures include the handling of:

- referral of **unauthorized PIC** changes to the Equal Access Service Center (EASC)

Search	Repeat Search	Prior Topic
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Note: A new BOCRIS LPIC History screen is accessed by entering LPIC in the BOCRIS command field and depressing F4.

- **non-listed/non-published disclosure**
- **PIC verification**
- **bill adjustments**
- **social security number consent** and
- **dialing instructions**

Local Toll Change Charges

Introduction

Customers may change carriers for several different reasons. If change charges are not paid by the carrier, the end user is billed.

Search	Repeat Search	Prior Topic
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16.

LPIC Change Charge

A LPIC change charge of \$1.49 per line applies each time the LPIC is changed with the exception of a change from "UN" (undecided) to a carrier.

There is no charge to change from UN to a carrier.

The LPIC change charge is in addition to charges billed for InterLATA (PIC) changes.

Note: The CRIS billing system will automatically apply the LPIC change charge when applicable.

Other LPIC Change Charge

Orders issued for other work may also incur the LPIC change charge.

Examples of orders written for other work where LPIC change charge applies include:

- a change of LPIC on a regrade of a 2 party line to an individual line (regrade charges may also apply) and
- change of a carrier on a **transfer of contract** order.

Search	Repeat Search	Prior Topic'
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OLD States NewDocs UpdDocs More Updates More...

State: KY Book: Reference Guide Subject: INTRALATA (1+LOCAL TOLL) PRESUBSCRIPTION (GA,KY)

DOCKET NO. 060658-TL
WITNESS SANDRA SEAY
EXHIBIT 3 PAGE 20 OF 22

Order Issuance for Local Toll

Introduction

RNS will be enhanced to support conversion and ongoing order activity including adding Local Toll companies to the Order Control Panel pull down list.

Service Order Effective Date

Service orders to change or add a Local Toll carrier can not be issued prior to the Network switch NPA/NXX conversion date.

Note: The other Local Toll carriers must abide by this same rule.

3270 LPIC Order Entry

For instances where it is necessary to enter LPIC via the 3270 the order entry is:

**** RESIZE THIS CHART ****

11 1PR/PIC XXXX/PCA XX, mm dd yy
/LPIC XXXX/LPCA XX, mm dd yy

Search	Repeat Search	Prior Topic
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Exhibit B
Page 19 of 21

Waive LPIC Charges

In instances where it is necessary to waive LPIC charges via the 3270, the billing instruction entry is

IBI WIPC

Note: This exhibit is not intended to be all inclusive. All other service order entries are the same as those used for PIC.

Due Date Interval

The due date interval for LPIC is the same as it is for PIC.

HOW TO GET HELP

When help is needed, use the following chart:

**** RESIZE THIS CHART ****

If question concerns...	Then press...
Document Format	QAG
Document Content	SME
System Performance Problems	RTOC

Search	Repeat Search	Prior Topic
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19

OLD States NewDocs UpdDocs More Updates More...

State: KY Book Reference Guide Subject: INTRALATA (1+LOCAL TOLL) PRESUBSCRIPTION (GA,KY)

**** RESIZE THIS CHART ****

If question concerns...	Then press...
Document Format	QAG
Document Content	SME
System Performance Problems	RTOC
System Field Support	Systems

021296

END OF SUBJECT

Search	Repeat Search	Prior Topic
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DOCKET NO. 060658-TL
WITNESS SANDRA SEAY
EXHIBIT 3 PAGE 22 OF 22

Exhibit 3
Page 21 of 21

20

Exhibit 4, consisting of the following pages of a document entitled IntraLATA (1 + Local Toll) Presubscription (FL, GA, KY), is asserted by BellSouth to be confidential:

Bates Stamp Nos. F20C01Z 000312, 000325, 000326, 000328,
000386, and 000387



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENCKEL LANE
POST OFFICE BOX 613
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 95-396 and 95-285
BELLSOUTH TELECOMMUNICATIONS, INC.

I, Don Mills, Executive Director of the Public Service Commission, do hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on August 13, 1996.

Parties of Record:

Honorable Holland K. McFeyre, V
Honorable Robin D. Dunson
Honorable C. Kent Hatfield
Honorable Martha Scullin
Honorable Benjamin Flacher
Honorable John F. Hughes
Honorable Thomas A. Marshall
Mr. Fred Garving
Honorable Creighton E. Merabon, Sr.
Honorable Fred J. McCallum, Jr.
Mr. Edward Kasevich
Mr. Gene V. Coker
Honorable Joe W. Foster

Don Mills
Executive Director

DM /lv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF OF SOUTH CENTRAL BELL) TELEPHONE COMPANY REGARDING) IMPLEMENTATION OF INTRALATA 1+)	CASE NO. 95-285
AT&T COMMUNICATIONS OF THE SOUTH) CENTRAL STATES, INC., MCI TELE-) COMMUNICATIONS CORPORATION,) SPRINT COMMUNICATIONS COMPANY,) AND WORLDCOM, INC. D/B/A LDDS) WORLDCOM)	CASE NO. 95-396
v.)	
BELLSOUTH TELECOMMUNICATIONS,) INC., D/B/A SOUTH CENTRAL BELL) TELEPHONE COMPANY)	

ORDER

Payphone presubscription is common to both of these proceedings, thus they were consolidated for hearing and resolution by Commission Order on January 3, 1996.

Case No. 95-285

On June 2, 1995, BellSouth Telecommunications, Inc. ("BellSouth") filed tariff revisions concerning its non-traffic sensitive revenue requirement and intraLATA equal access cost recovery. The purpose of the proposed tariff was to recover the cost of 1+ intraLATA presubscription in compliance with the Commission's December 29, 1994 Order in Administrative Case No. 323.¹ AT&T Communications of the South Central States, Inc.

¹ Administrative Case No. 323, Phase I, An Inquiry Into IntraLATA Toll Competition, An Appropriate Compensation Scheme For Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality. Order Dated December 29, 1994.

("AT&T"), Sprint Communications Company ("Sprint"), MCI Telecommunications Corporation ("MCI"), and GTE South Incorporated ("GTE") intervened in the proceeding. The long-distance carriers objected to BellSouth's tariff, which proposed that intraLATA presubscribed carriers for public and semi-public payphones be determined by the respective owners of the payphones. Currently, the interLATA presubscribed carrier for public and semi-public payphones is selected by the owner of the premises where the payphone is located. By Order dated June 30, 1995, the Commission accepted the proposed tariff, subject to further findings in this proceeding.

Case No. 95-396

On September 6, 1995, AT&T, MCI, Sprint and WorldCom, Inc. d/b/a LDDS WorldCom ("LDDS"), ("Complainants") filed a joint complaint against BellSouth alleging anti-competitive business office methods and procedures adopted by BellSouth regarding the implementation of intraLATA presubscription. The Commission ordered BellSouth to satisfy or answer the complaint. On September 28, 1995, BellSouth denied each allegation of anti-competitive practices.

Complainants assert that BellSouth intends to leverage its monopoly position to discriminate in favor of its own competitive services. The specific alleged anti-competitive practices include: (1) implementing procedures in its "IntraLATA Presubscription-Customer Contract Information"² that will unfairly enable it to market its intraLATA services to customers who call BellSouth for new service or additional service

² Joint Complaint, Exhibit A.

prior to advising the customer that other choices of intraLATA carriers exist; (2) placing on customers' bills and in telephone directories messages that imply BellSouth is the owner of intraLATA toll traffic; (3) charging each existing customer a primary interexchange carrier ("PIC") change fee to select an initial intraLATA carrier other than BellSouth; (4) being the default carrier for those customers who are undecided or who choose no PIC option; and (5) implementing discriminatory operator call completion procedures if the customer wishes to place an intraLATA operator assisted toll call. Complainants allege that these procedures are discriminatory in that BellSouth does not intend to inform the customer that the call is intraLATA or to offer the customer the choice of using the customer's presubscribed intraLATA toll carrier.

At the hearing, which was held on February 15, 1996, AT&T, MCI, Sprint, and BellSouth presented witnesses. Briefs were filed on March 22, 1996.

DISCUSSION

There are three issues to be resolved: (1) whether BellSouth should be allowed to presubscribe its payphones to itself; (2) whether BellSouth is improperly charging customers for PIC changes; and (3) whether BellSouth's business office practices regarding the choice of intraLATA toll carrier are appropriate.

BellSouth Payphone Presubscription

The Telecommunications Act of 1996 at §276 codified at 47 United States Code §151 et seq., provides for regulations to promote competition among payphone providers. Included in these regulations are rules that provide that all payphone service providers have the right to negotiate with the location provider to select and contract with

the carriers that will carry intraLATA calls from their payphones. *Id.* at §276(b)(1)(E). The regulations would also allow Bell operating company payphone service providers the same right as independent payphone providers to negotiate with the location provider on the selection of carriers for interLATA calls from their payphones unless the Federal Communications Commission ("FCC") determines in its rulemaking that this is not in the public interest. *Id.* at §276(b)(1)(D). The FCC must promulgate regulations by November 1996.

Complainants argue that BellSouth's tariff runs counter to the intent of Congress and this Commission to open the intraLATA toll market to competition.³ They allege that intraLATA toll competition is hindered because BellSouth will not allow a premises owner to presubscribe a BellSouth payphone to an intraLATA toll carrier other than itself. Complainants acknowledge that premises owners have the power to choose the presubscribed toll carrier through the negotiation process with a payphone provider. AT&T acknowledged that it does not allow a different interLATA toll carrier to be presubscribed to its payphones.⁴

Complainants contend that placement of payphones by a local exchange carrier ("LEC") differs from those employed by an interexchange carrier ("IXC") because of the IXC's primary emphasis on the toll market, rather than the local exchange market. They argue that because BellSouth has so many payphones throughout its territory, its refusal

³ See Order in Administrative Case No. 323, dated December 29, 1994 and the Telecommunications Act of 1996, § 276, respectively.

⁴ Transcript of Evidence ("T.E.") at 13-14.

to allow premises owners to presubscribe its payphones to a different intraLATA toll carrier obstructs competition.

BellSouth maintains that the presubscription practices in its proposed tariff are the same as those employed by Complainants and are consistent with the Telecommunications Act of 1996, which allows for equal treatment between Bell operating companies and independent payphone providers regarding payphone presubscription.⁵

The Telecommunications Act of 1996 clearly preserves the right of premises owners to determine the intraLATA carrier and interLATA carrier presubscribed to payphones located on their property. The payphone installation is a negotiated transaction between the payphone provider and the premises owner. The law does not require BellSouth to presubscribe its payphones to other intraLATA toll carriers. Property owners are free to negotiate with any other payphone provider. Consequently, the Commission finds that BellSouth's payphone presubscription practices are consistent with its past Orders and with the Telecommunications Act of 1996. BellSouth's tariff should be accepted.

Charges for PIC Changes

In response to the complaint against its practice of charging for a PIC change during the initial selection of an intraLATA carrier of an existing customer, BellSouth cites ordering paragraph 21 of the December 29, 1994 Order which prohibits a charge to

⁵ BellSouth Brief at 3-5 and Telecommunications Act of 1996, § 276(b)(1)(D), (E) and § 276(b)(3).

"new" customers initiating service, but is silent regarding existing customers of the incumbent LEC.

MCI opposes LECs charging a PIC fee to existing customers on the grounds that it inhibits a customer's inclination to change its intraLATA carrier from the incumbent LEC and penalizes existing customers for making a choice previously unavailable to them.⁶ MCI requests that a grace period of six months be imposed for customers to make their initial choice of intraLATA carrier.⁷

InterLATA presubscription policies cannot be applied to the intraLATA market because interLATA presubscription was mandatory, and its costs were recovered through the interstate cost recovery process.⁸ However, when intraLATA equal access is made available, it is the customer's choice whether to switch carriers. Thus, when BellSouth incurs the additional costs of changing an existing customer's intraLATA carrier, it is appropriate for BellSouth to charge a PIC change fee. Furthermore, the Commission did not contemplate a grace period in its final Order in Administrative Case No. 323.

Complainants also raised the issue that BellSouth charges two PIC change fees when both an interLATA and an intraLATA selection are made simultaneously. BellSouth's current intraLATA PIC fee is \$1.49 and is based upon costs incurred in implementing interLATA equal access. The December 29, 1994 Order in Administrative Case No. 323, at ordering paragraph 21, states that the maximum charge for an

⁶ Direct Testimony of MCI at 18 and MCI Brief at 13-14.

⁷ MCI Brief at 14.

⁸ BellSouth Brief at 10 and 11.

intraLATA PIC change shall not exceed the charge for an interLATA PIC change (\$1.49). BellSouth contends it should not be required to provide PIC changes below cost.⁹ The Commission concurs so long as BellSouth remains within the established guidelines. However, when both an interLATA PIC change and intraLATA PIC change are made simultaneously, only the interLATA PIC charge of \$1.49 shall apply, not both.¹⁰

BellSouth Business Office Practices

Complainants allege that many of BellSouth's business office practices regarding intraLATA service are anti-competitive. They argue that these practices enable BellSouth to maintain its existing customer base, and to unfairly market its services in a manner that keeps customers unaware of their intraLATA market choices. In response, BellSouth asserts it has valid reasons for each of its practices.

BellSouth serves as a default carrier when its existing customers choose no intraLATA carrier. The Complainants allege that BellSouth should be required to accommodate a "no PIC" choice for new customers who refuse to designate an intraLATA carrier or who tell the business office that they will call back later with an intraLATA choice. Under the option of "no PIC," BellSouth becomes the default carrier. The current 2-PIC software, which enables customers to select different carriers for the interLATA and intraLATA market, will not accommodate a "no PIC" option without

⁹ BellSouth Prefiled Testimony at 6 and BellSouth Brief at 12.

¹⁰ This position affirms the Commission's decision in Case No. 95-168, Lisa Gail Gamble, Dawn Elizabeth Howard, Teresa Darcel Cope, and Linda Sue Medley, Complainants v. West Kentucky Rural Telephone Cooperative Corporation, Inc., Defendant, Order dated November 27, 1995.

BellSouth incurring additional costs to modify its switches. BellSouth argues it should not have to incur those costs, and that the Commission's intent with the 2-PiC option and the Commission's decision not to require balloting of intraLATA customer choices, was to force the IXCs to actively market customers. Allowing BellSouth and other LECs to designate themselves as the default intraLATA toll carrier when a customer refuses to make an intraLATA choice, for whatever reason, still places the emphasis where the Commission did in Administrative Case No. 323: IXCs will obtain toll customers only through active marketing efforts.

BellSouth currently uses terms such as "BellSouth's calling zone" and refers to a LATA as "local toll service." BellSouth also describes a LATA as the "BellSouth calling area." Complainants contend that these terms and description are misleading because they could lead customers to the mistaken conclusion that BellSouth is the only intraLATA toll carrier in its area.

The Commission has opened the intraLATA market to competition. Customers have to contact BellSouth for local service. BellSouth's identification of itself with intraLATA toll calling harms other providers who do not have such a natural entre. BellSouth must therefore change its description of the calling area to ensure that it does not unfairly advance its own intraLATA toll service. Accordingly, BellSouth should submit new language to the Commission for approval. The Commission declines to supply specific language to BellSouth for its use.

When a new customer makes its initial contact to BellSouth or an existing customer contacts BellSouth for a non-toll-related service, BellSouth should not market

its toll services unless the subject is introduced by the customer. When marketing its toll services, BellSouth shall not refer to its intraLATA services prior to advising the customer that other choices of intraLATA carriers exist. BellSouth shall not describe itself as the owner of intraLATA toll traffic either during phone conversations with customers, or in customer bills, or telephone directories. Thus, BellSouth shall immediately cease from using the phrase, "BellSouth's calling zone" or "BellSouth's calling area" when referring to the intraLATA toll calling area. These principles shall be followed by BellSouth in all of its contacts with customers.

Finally, when a customer does not designate BellSouth as its intraLATA toll provider, yet makes a 0+ or 0- intraLATA call, BellSouth operators handle the call. Complainants allege this use of intraLATA toll operators is anti-competitive. If a customer has selected another carrier for intraLATA calls, then the customer should be required to dial "00" to reach his presubscribed carrier, according to BellSouth. Complainants want BellSouth to be required to inform 0+ or 0- callers that they have a choice of carriers to complete their calls. If a competitive carrier is then chosen, Complainants argue that BellSouth should transfer the call to the designated carrier. The Commission finds that this is a marketing issue and that Complainants may address the perceived problem by marketing efforts which include instructions for completing all types of calls, including intraLATA 0+ or 0- calls. Consequently, the Commission finds that BellSouth need not change its intraLATA toll operator procedures.

The Commission contemplates that it may have to address additional complaints regarding carriers' marketing practices on a case-by-case basis in the future.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission HEREBY ORDERS that:

1. BellSouth may freely negotiate with a payphone premises provider for the provision of intraLATA traffic. Should the premises provider select an intraLATA toll carrier other than BellSouth, BellSouth may remove the payphone from the premises. Accordingly BellSouth's tariff is accepted.
2. BellSouth may assess a PIC charge to its intraLATA customers making an initial selection for an intraLATA toll provider other than BellSouth.
3. BellSouth may only assess an interLATA PIC charge when its customers change the interLATA PIC and the intraLATA PIC in the same transaction.
4. BellSouth is not required to accommodate a "no PIC" option for customers who refuse to make an intraLATA carrier designation and BellSouth may default the customer to itself.
5. BellSouth shall immediately discontinue use of such phrases as "BellSouth's calling zone" or "BellSouth's calling area" in its marketing of intraLATA services.
6. BellSouth shall use the following principles in marketing intraLATA services:
 - a. When a new customer makes its initial contact to BellSouth or when an existing customer contacts BellSouth for a non-toll-related service, BellSouth shall not market its toll services unless the subject is introduced by the customer.

b. When marketing its toll services, BellSouth shall not refer to its intraLATA services prior to advising the customer that other choices of intraLATA carriers exist.

c. BellSouth shall not identify itself as the owner of intraLATA toll traffic during telephone conversations with customers, or in customer bills, or telephone directories.

7. BellSouth may provide intraLATA toll operator services for customers who have selected another provider yet make a 0+ or 0- intraLATA call.

8. BellSouth shall submit, within 30 days of the date of this Order, its proposed changes for its business office practices related to the marketing of intraLATA toll service.

Done at Frankfort, Kentucky, this 13th day of August, 1996.

By the Commission

ATTEST:


Executive Director

Exhibit 7, consisting of the following pages of a document entitled 1 + Local Toll
(IntraLATA) Presubscription FLORIDA Operating Standards 06/96 is asserted by
BellSouth to be confidential:

Bates Stamp Nos. F20C01Z 000525 - 000561

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

IN REPLY REFER TO:

September 26, 1995

Mr. Ronald R. Conners
Director of NANP Administration
LCC 1B-255
290 West Mt. Pleasant Avenue
Livingston, New Jersey 07039

Dear Mr. Conners:

On March 17 the Commission's Common Carrier Bureau, at your request, instructed you to impose a limit of one three-digit or four-digit Carrier Identification Code (CIC) assignment for each new applicant. The Bureau took this action based on your recommendation that this limit would protect against depletion of the only codes available for assignment until switches and PBXs throughout the country have installed the software needed to recognize all possible four digit CICs, a multi-year effort. Our motivation has been to assure that the maximum number of carriers could receive at least one CIC during this transition period. We now conclude that the restriction on code assignment can be relaxed to some extent without endangering that goal.

As you are aware, CICs are needed when an entry purchases Feature Group B (FG B) or Feature Group D (FG D) from a Local Exchange Carrier (LEC). Traditionally, the LEC uses a CIC in three ways: (1) to identify a customer's chosen PIC (primary interexchange carrier, i.e., long distance carrier of choice) under equal-access (i.e., presubscription) when the customer dials 1+ a ten digit telephone number; or (2) to identify a carrier when a customer has dialed a five digit Carrier Access Code (CAC) (i.e., 10XXX plus 10 digit telephone number, where XXX is the carrier's CIC) to reach a long distance carrier other than his/her presubscribed carrier; and (3) to bill the long distance carrier for the access charges associated with FG B or FG D traffic.

There are approximately 970 combination of three digits that can be used as CICs. By the late 1980's, more than 70 percent of these codes had been assigned. This prompted the industry, under the auspices of the Industry Carrier Compatibility Forum (ICCF), to develop a plan to replace three digit CICs with four digit CICs. In 1983, the industry adopted a two-phased approach for this transition. In the first phase, FG B and FG D CICs were split by the North American Numbering Plan Administrator (NANPA) into two separate pools of

Mr. Ronald R. Conners
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numbers. Previously, a carrier used one CIC for either FG B or FG D access, but under Phase One, a carrier needed to apply separately for either a FG B or FG D CIC. During the first phase, FG B CICs automatically expanded to four digits by adding a 0 as the first digit of the CIC (e.g., the CIC 234 would become 0234). In the second phase, however, the digits dialed by the customer (i.e., the CAC) must expanded from five (10XXX) to seven (101XXXX) for FG D CICs. The plan defined a "transition period" during which a customer could dial either a five digit and seven digit CAC to reach her desired carrier. For technical reasons, only CICs in the range of 5,000 and 6,000 would be assigned during this transition period. The industry, however, could not reach consensus on the length of this transition period and asked the Commission to intervene. In a Notice of Proposed Rulemaking (NPRM), *In the Matter of Administration of the North American Numbering Plan* (CC Docket No. 92-237), we sought public comment on the appropriate length of the permissive dialing period. We continue to review the record in this proceeding.

Since our last correspondence in March, however, it has been brought to our attention that there may be some instances in which there may be good cause for a carrier to receive an additional CIC. Several states are now requiring intrastate intraLATA toll parity (i.e., intraLATA presubscription). This type of presubscription will allow a customer to pick the carrier of her choice to carry her intrastate, intraLATA toll traffic. Previously that traffic had been carried only by the originating LEC. In order to compete on equal terms with other entities, some carriers in these states require a separate CIC to route and bill their presubscribed intraLATA customer traffic. We find that assigning an additional CIC to entities who meet certain criteria outlined below would promote competition in that arena.

This letter directs Bellcore to assign to a carrier one four-digit CIC per entity requesting a CIC specifically for the purpose of being able to compete in the presubscription process in any state that mandates intrastate intraLATA presubscription after January 1, 1996 (e.g., through final order by state public utility or service commission or state legislation), provided that the carrier requesting the CIC certifies to Bellcore that it cannot use a CIC currently assigned to it for this purpose and will use the newly assigned CIC only for intraLATA presubscription. The same CIC shall be used in all states in which that carrier participates in intraLATA presubscription service. This letter modifies the one CIC per entity measure only in this limited manner. Thus, a carrier not yet assigned a CIC will be eligible to apply for two CICs: one under the one CIC per entity requirement still in effect and one for purposes of intraLATA presubscription. Those entities already assigned one or more CICs will be eligible to receive an additional CIC if it is used for intraLATA presubscription.

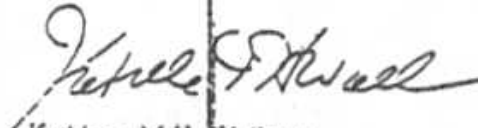
We further direct you kindly to send, by fax, a copy of all letters issued after 12:01 a.m., eastern time, September 26, 1995, in which you approved the assignment of a new CIC. In cases where you have denied assignment of CICs, we direct that for each denial you provide us with the name of the company whose request you denied, the point of contact within that company and the reason why the CIC was not assigned. Please transmit by fax to Mary De Luca at 202/418-2345 a list containing this information for all denials occurring in each calendar month by Friday of the first complete week of the following month. Any

ions you may have should also be directed to Ms. De Luca at 202/418-2334.

We intend that the requirements imposed both by this letter and by our March 17, 1995 letter transfer to the new NANP that the North American Numbering Council will select.

Thank you for your continued support and attention to this matter.

Sincerely,



Kathleen M.H. Wallman
Chief, Common Carrier Bureau

cc: Marian Gordon, FCC
Wendy Messer, Bellcore