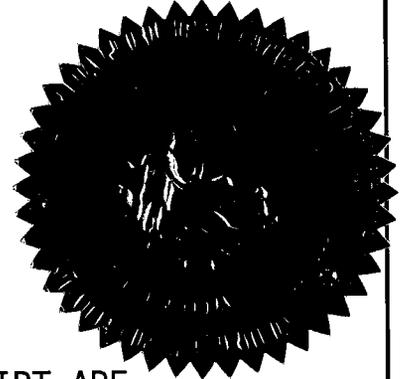


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. UNDOCKETED

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In the Matter of
PAY TELEPHONE PROBLEMS IN
CONFINEMENT FACILITIES.



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A CONVENIENCE COPY ONLY AND ARE NOT
THE OFFICIAL TRANSCRIPT OF THE HEARING,
THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

PROCEEDINGS: WORKSHOP

CONDUCTED BY: MARY ANNE HELTON
 RICHARD MOSES
 RAY KENNEDY

DATE: Wednesday, August 29, 2001

TIME: Commenced at 9:30 a.m.
 Concluded at 10:47 a.m.

PLACE: Betty Easley Conference Center
 Room 152
 4075 Esplanade Way
 Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
 Chief, Office of Hearing Reporter Services
 FPSC Division of Commission Clerk and
 Administrative Services
 (850) 413-6732

1 IN ATTENDANCE:

2 MARY ANNE HELTON, FPSC Division of Legal
3 Services.

4 RICK MOSES and RAY KENNEDY, FPSC Division
5 of Competitive Services.

6 DONNA McNULTY, CHUCK PARRISH and LISA
7 WINSTEAD, representing WorldCom.

8 VICKI GORDAN KAUFMAN and MARVA JOHNSON,
9 representing KMC Telecom.

10 ANGELA GREEN, representing Florida Pay
11 Telephone.

12 VINCENT TOWNSEND, representing Paytel
13 Communications.

14 NANCY SIMS, representing BellSouth
15 Telecommunications.

16 MIKE SMITH and CAYCE KOVACS, representing
17 Evercom.

18 HARVEY SPEARS and BEVERLY HARVEY,
19 representing Sprint.

20 JACKIE MITCHELL, representing Bill
21 Concepts.

22 DAVID CHRISTIAN, SHEILA McKINNON and VERA
23 FRAZIER, representing Verizon Communications.

24 TOM McCABE, representing TDS Telecom.

25 LINDA GASTIN, representing Tel, Inc.

P R O C E E D I N G S

1
2 MS. HELTON: Pursuant to notice published in the
3 Florida Administrative Weekly on July 27th, 2001, and issued by
4 the Commission on July 18th, 2001, this workshop is called for
5 this time and place. The purpose of the workshop is more fully
6 set forth in the notice.

7 We are going to have the workshop transcribed today,
8 so it is very important that if you plan on speaking you need
9 to be sitting at one of the seats with the microphone, and you
10 need to speak into the microphone so that our court reporter
11 can capture your words.

12 We will go around the room and take appearances and
13 then Mr. Moses will go ahead and get started. I'm Mary Anne
14 Helton, and I am an attorney on the staff here at the
15 Commission.

16 MR. KENNEDY: Good morning. My name is Ray Kennedy.
17 I am with staff of the Commission.

18 MR. MOSES: I'm Rick Moses with staff.

19 Go ahead, Donna.

20 Ms. McNULTY: Donna McNulty on behalf of WorldCom.
21 Also with us today we have Chuck Parrish and Lisa Winstead just
22 to respond to questions, if necessary.

23 MS. KAUFMAN: I'm Vicki Gordon Kaufman. I'm with the
24 McWhirter Reeves law firm. I'm here on behalf of KMC Telecom,
25 and I should have some people from KMC calling in.

1 MS. JOHNSON: This is Marva Johnson, I am with the
2 carrier compliance division, I work for KMC Telecom
3 (inaudible).

4 MS. KAUFMAN: Hi, Marva.

5 MS. GREEN: I'm Angela Green. I'm with the Florida
6 Pay Telephone Association.

7 MR. TOWNSEND: I'm Vincent Townsend, I am with Paytel
8 Communications.

9 MS. SIMS: Nancy Sims with BellSouth.

10 MR. SMITH: Mike Smith with Evercom.

11 MS. HELTON: There is a sign-up sheet, too, there on
12 the table, so everyone please before you leave make sure that
13 you put your name on the sign-up sheet.

14 MR. SPEARS: Harvey Spears with Sprint and Beverly
15 Harvey with Sprint.

16 MS. MITCHELL: Jackie Mitchell with Billing Concepts.

17 MS. HELTON: Jackie who?

18 MS. MITCHELL: Mitchell.

19 MR. CHRISTIAN: David Christian with Verizon
20 Communications. And with me is Sheila McKinnon and Vera
21 Frazier.

22 MR. McCABE: Tom McCabe, TDS Telecom.

23 MS. KOVACS: Cayce Kovacs, Evercom.

24 MS. GASTIN: Linda Gastin with Global Tel, Inc.

25 MR. MOSES: And who else do we have on the phone?

1 Nobody. Okay.

2 MS. HELTON: Let me just say this, Rick, and then I
3 will pass it on to you. I don't think that our court reporter
4 can remember everybody's name who just came up. So if you plan
5 on speaking, please identify yourself before you do so for the
6 purposes of having a clear record.

7 MR. MOSES: Well, let me give you a little bit of
8 background as to what has brought us to the table today. We
9 received a complaint from a law firm that was not receiving
10 some telephone calls from their clients in inmate facilities.
11 And when we began investigating it, we found that the calls
12 were not being processed because of the inability to bill for
13 the calls.

14 And since the time that we decided to go ahead and
15 have this workshop to work through the situation, we have found
16 that it is not just unique to inmate facilities, it is
17 happening from just about every type of telephone. And we
18 didn't even know about it until about two months ago. And come
19 to find out from talking to various people that this has been
20 an on-going issue for several years that hasn't been able to be
21 resolved.

22 So we are more than willing to get in the middle of
23 it, try to resolve it as best we can. We look forward to
24 hearing from you. We need your input on this because you are
25 the technical folks that know how this stuff works a lot more

1 than we do. We are going to be asking you a lot of questions.
2 Bear with us, because we are intending on taking the
3 information that we gather today and also through your written
4 comments that we will talk about later on, and try to bring
5 something before the Commission that they can issue an order to
6 get something resolved and then possibly go to rulemaking after
7 that. It just depends on how it turns out.

8 From that, I would like to turn it over to
9 Mr. Vincent Townsend of Paytel. He has been gracious enough to
10 put a package together that kind of lays out the situation as
11 they see it and some of the problems. And then we will open it
12 for discussion from that point forward to each of the different
13 types of companies as to what you think can be done to resolve
14 the problem, the pros and cons of what we are doing.

15 And from that, Mr. Townsend, if you will take it.

16 MR. TOWNSEND: Great. Thank you, Rick. First of
17 all, I wanted to commend you all for tackling this issue. As I
18 expressed to you last week, you know, we have been attempting
19 to get this done at a federal level for several years and have
20 just not been able to have them grab ahold of it and tackle it.
21 And we certainly appreciate you dedicating the time and
22 resources to looking at this issue.

23 We have got some handouts that we want to pass out
24 today. I hope everyone has already picked up a set of the
25 slides that I'm going to be showing with the projector here in

1 a second. But, Mike, if you will go ahead and hand out the
2 first handout.

3 MS. JOHNSON: Question. Did you send any of those
4 things electronically or (inaudible) -- I'm sorry.

5 MS. KAUFMAN: Marva, we're having a hard time hearing
6 you. I don't know if you can --

7 MS. JOHNSON: Okay. If anyone who is not speaking
8 except for you guys could put me on mute, that might help. I
9 asked if any of those documents had been sent electronically so
10 that we could follow along, or if somebody could send them
11 electronically at the break.

12 MR. TOWNSEND: We can send her -- I can make a phone
13 call and have the presentation sent to her electronically, the
14 one that I'm going to be giving now, if she will give us her
15 e-mail.

16 MS. JOHNSON: I am at marva.johnson@kmctelecom.com.

17 MR. TOWNSEND: We will go ahead and contact my office
18 and have someone go ahead and e-mail the presentation to her.
19 The other exhibits that we have today, I don't have an e-mail
20 version that I could send her, but we can certainly provide
21 additional copies.

22 The first handout, basically, is just showing the
23 different steps that are involved in completing inmate collect
24 calls. And there is two portions of it that are highlighted,
25 screened that talk about the validation query and what happens

1 in the process. But the purpose of providing this exhibits was
2 just to explain that a lot of people have a perception that
3 this is a fairly easy and simple process, but in reality it is
4 complicated. And when you look inside of the handout you see
5 the various different steps that we have to go through on a
6 daily basis in order to complete the calls. And the steps that
7 are screened on the handout that I have just given you are the
8 ones that we are going to be talking about today and how they
9 relate to this issue. Okay.

10 Angela, if you would go ahead with the presentation.

11 Our goal in any business is to make money. And the
12 way we make our money is we complete every call. And what
13 we're going to do now is run through the steps tied back to the
14 agenda that was forwarded to us laid out hopefully in a manner
15 that ties with the way you had the agenda laid out. In this
16 first slide what we are going to be talking about is how an
17 inmate collect call is processed and sent to the consumer. And
18 in the first example we do not know whether or not the end
19 customer is using a LEC or an ALEC.

20 And essentially what happens is the inmate picks up
21 the phone, the automated call processor tells them to dial the
22 number and state their name, then we go out to determine
23 whether or not this call is billable. Okay. And when we dip
24 LIDB today here in the southeast, what we are receiving is an
25 answer that comes back that is driven off of the NPA/NXX and

1 not the ten digit end user number. So consequently if you
2 follow with me up to arrow four, what will happen is the number
3 will be validated and we will get back the OCN number, the
4 operating company number for the ILEC, because it is based on
5 the NPA/NXX. So we don't really know for sure who it is. It
6 may well be the ILEC, but also there is a possibility it may be
7 an ALEC.

8 Now, what happens based on that validation, we go
9 ahead and complete the call. Again when you go to arrow five,
10 we don't know who we are -- you know, is it going to an ALEC or
11 a LEC, comes down, goes to the called parties.

12 MR. MOSES: Vince, let me just slow you down just a
13 little bit. The court reporter is having to record all of
14 this, so slow down just a little.

15 MR. TOWNSEND: I apologize. Once the call reaches
16 the called party, then they are going to receive voice prompts
17 giving them instructions whether to accept the call or deny the
18 call.

19 Now, the second handout that we are going to pass out
20 also ties in and shows what actually happens when we go through
21 this process of a LIDB validation. So, Rick, if you will -- I
22 mean, Mike, if you will go ahead and pass out the second
23 handout.

24 What happens when we dip LIDB today, right now in the
25 southeast, we will get back a data stream that tells us

1 information. And when you receive this document here, on this
2 document is an actual example of a call that was placed on July
3 16th, and was validated and the data stream in the middle of
4 the page shows the information that we got back on that LIDB
5 dip. And basically you will see from the highlighting that
6 what we got back is an 050 right sort of in the middle of that,
7 okay, and basically that's telling us that there is no billing
8 restrictions on that number.

9 And then the important digit we got back on the far
10 right side as you look at the page, the screen, is the
11 operating company number of what we perceive to be the company
12 responsible for billing the call. In this case, the operating
13 company number that we got back was Sprint United Florida,
14 Operating Company Number 341. So that's what we learned on
15 that LIDB dip, when we dip LIDB on this particular call.

16 If you follow with me to the next slide, what we have
17 attempted to do, again, in following the format laid out in the
18 agenda is to lay out the process that happens when it relates
19 to a payphone. And essentially it is a very similar process.
20 The call goes from the payphone to an operator service provider
21 at arrow one, then the operator service provider likewise needs
22 to determine whether the call is billable. They likewise would
23 then dip LIDB. And the information that they are going to get
24 back from LIDB would parallel what I just shared with you.
25 They will get back a validation that right now is based on the

1 NPA/NXX and not the ten-digit line number.

2 So they would receive back a good validation in arrow
3 four with in this case right now, the OCN number would be the
4 number of the ILEC, the LIDB owner. In this state it would be
5 either BellSouth, or Sprint, or Verizon, depending upon the
6 service area would be the main LIDB owners. And then based on
7 that information, they forward the call out, the call is
8 completed, and then that is the process of how the call is
9 completed.

10 MS. HELTON: Mr. Townsend, can you tell me what is
11 LIDB?

12 MR. TOWNSEND: LIDB is the line information database
13 that is established to help identify various things through the
14 process. In this case we are looking to identify who the
15 account owner is on the call. And so one of the things that it
16 is giving us, this last number here in the sequence of numbers
17 is the account owner for the number, okay. When you look at
18 the data stream -- and I don't have it broken out exactly --
19 but you can see the numbers over here in this section actually
20 are the phone number itself of the called party, and each one
21 of these series of numbers break out to about 14 different
22 categories that they are representing.

23 And when you dip LIDB, what you are trying to do is
24 determine information about the number that you are getting
25 ready to make a call on or make a call for. You are trying to

1 determine are there any toll billing reconstructions on the
2 number, you are trying to determine whether or not -- who the
3 owner of the account is, so you know where to send the billing
4 record to have it billed. And that's what we are trying to
5 learn when we dip LIDB.

6 MS. HELTON: So it's like a universal database that
7 is used by all ALECs or ILECs?

8 MR. TOWNSEND: It is used by all -- the LIDB owners
9 are the LECs who have that information and populate LIDB with
10 the data. And then a carrier, an interexchange carrier, or in
11 my case an inmate phone service provider, would access that
12 information. Now, the information that is put into LIDB is put
13 into LIDB by the ILEC as well as by the ALEC.

14 MS. HELTON: Is there a requirement somewhere to put
15 that information in LIDB, or is it just voluntarily done?

16 MR. TOWNSEND: We sure hope that is going to happen
17 coming out of this proceeding. The answer is no, to my
18 knowledge there is no requirement today that that information
19 be populated. And so basically what is happening with this in
20 the example we just discussed, we validated the number, and we
21 have gotten back a stream of information that tells us there is
22 no billing restrictions on the number, the 050, and it has
23 given us an OCN number, in this case Sprint's OCN number for
24 Florida.

25 MR. MOSES: You had made a comment about the ALECs

1 have the ability to populate LIDB, that is only the case if
2 they are facility-based, is that correct?

3 MR. TOWNSEND: I'm not 100 percent certain on that,
4 but I think that is the case.

5 MR. MOSES: Does anybody have information on that?

6 MS. SIMS: This is Nancy Sims with BellSouth. I was
7 going to bring this up later, I'm not real up to date on LIDB,
8 but I was told that starting about in three weeks the LIDB
9 database that we populate will have an OCN field in it and it
10 will be populated with resale as well as facilities-based OCN.

11 MR. MOSES: But do you populate that when there is a
12 change in reseller or does the ALEC --

13 MS. SIMS: I'm not sure who is going to populate it,
14 but there will be a code on the number. And, of course, that
15 code will drive it to whatever ALEC there is. Now, the other
16 facilities-based, if they dip into -- I don't know if they dip
17 into Impact (phonetic) or not, but Impact has the information
18 on the ported numbers which are facilities-based.

19 MR. MOSES: Thank you.

20 MS. GREEN: This is Angela Green. To answer your
21 question directly, Rick, as far as right now no one is doing it
22 for the CLECs.

23 MR. MOSES: Okay. Vicki, did you have something?

24 MS. KAUFMAN: I was just going to ask what about
25 ALECs that provide service using UNEs, how does that work?

1 MS. SIMS: That's facilities-based.

2 MS. KAUFMAN: Okay.

3 MS. SIMS: It is supposed to -- the way they have
4 told me is that in three weeks when they add the OCN field it
5 will be all ALECs whether they are resale or facilities-based.

6 MR. TOWNSEND: Okay. Moving on, and we will move
7 into the process it goes through to bill these calls. In the
8 example that we are using here on screen four, we are looking
9 at the billing process for an inmate collect call that we know
10 is actually going to a LEC customer.

11 In this case the inmate phone service provider in the
12 bottom left is creating a billing record in the MI format and
13 forwarding that on to the ILEC. And we receive the ILEC OCN
14 when we did the LIDB dip. And what the ILEC then does, moving
15 to arrow two, they create a bill for the customer, and in the
16 back of that bill is a bill page, a separate bill page that
17 would have the inmate collect call on that bill page. In my
18 case, if it was my company, it would be a bill page that was
19 specific to my company or to whatever company was handling the
20 call.

21 The bill is then sent to the customer in arrow three
22 where the customer has the bill to pay, and then they would pay
23 their regular monthly LEC bill back to the LEC in arrow four.
24 The LEC then takes those payments and creates settlement
25 statements that are produced for each carrier. And then they

1 process those settlement statements on a monthly basis back to
2 the inmate phone service provider or the interexchange carrier.

3 Okay. If you follow with me on to five is now where
4 we get into the challenge, okay. And this is the billing
5 process for an inmate local collect call to an ALEC customer.
6 Now, what happened in this situation is very similar to what we
7 just saw in that we have created the billing record in the EMI
8 format, we forward it on to where we think we are supposed to
9 send it, which is the ILEC OCN. We send it to the ILEC OCN.
10 And then based on how quickly they are committed to turning
11 around the information, it may be the next day, it may be the
12 next week, it may be the next month, they send it back to us
13 and tell us, oh, no, it's not our call, it is somebody else's
14 call.

15 So they return it to us as a reject. And it is
16 called a Code 50 reject that is right down there at arrow
17 three. And basically what they are telling us at that point is
18 they do not own the account, they cannot bill it and they are
19 returning it to us.

20 MR. MOSES: Okay. Let me ask this, then.

21 Nancy, in the situation you just said where they can
22 populate that number, that will now be populated with an OCN
23 that this will not happen, is that right?

24 MS. SIMS: Well, it will be populated with an OCN, so
25 he will know what carrier has the account, but there is another

1 twist which he is getting ready to tell you about, is that if
2 they don't have billing and collection, you are still stuck.

3 MR. TOWNSEND: Right.

4 MR. MOSES: I'm just trying to break it down into
5 piece-parts. This is too complicated for me to handle
6 otherwise.

7 MR. TOWNSEND: What would actually happen, Rick, in
8 this case, and we do commend BellSouth for where they stand on
9 this issue in getting this to this point, what would happen
10 initially, going back three or three slides, is when we
11 validated the very first time, we would find out when BellSouth
12 populates the LIDB with the OCN value for the ability to put in
13 the ALEC number, we would actually find out -- we wouldn't get
14 BellSouth's number here on the end, we would find out right up
15 front that it was hopefully KMC or whoever was the owner of the
16 call, so it would give us better ability right then to try to
17 find where to bill the call.

18 The problem now is we don't know that when we
19 validate. So we process that call. But we not only process
20 that call, we are continuing to process call, after call, after
21 call until this billing record comes back and the data is
22 returned to us. So, our challenges are several. One is who is
23 the operating company, what is the operating company number?
24 It is not always provided. How do we identify the ILEC? You
25 know if the ILEC doesn't give it to us, we don't have any clue.

1 Does the ALEC have a billing and collection agreement? And,
2 this is a very sad part of this process. The ALECs are not
3 willing to give billing and collection agreements.

4 And then if we want to try to bill it ourselves, here
5 is a real challenge, how do we get the bill name and address.
6 The ILEC does not have the information anymore. And
7 regrettably the ALECs will not provide it. We tried to get
8 that information. And so it is a very, very difficult
9 situation for us to learn how to process and bill the calls.

10 Going on to the process, billing process of billing a
11 collect call from a public payphone. A very similar process.
12 If it is going to an ILEC customer, it's the same identical
13 process we went through previously on an inmate call. Because
14 it is going to the ILEC, the billing process flows in the
15 normal fashion and processes the billing properly.

16 In the next slide we show back to the same problem we
17 had before. If we are at a public payphone and the record goes
18 out and it comes back as a Code 50 reject, then from a public
19 payphone we have the same identical problems. How do we find
20 out who the ALEC is, will the ALEC provide us billing and
21 collection, how do we get bill name and address when the ILEC
22 can't give us the information and the ALEC will not.

23 Now, let's talk now about an inmate local collect
24 call to a known ALEC customer. In other words, we want to make
25 an effort, as we have said to bill, every single call. That is

1 what our rule says here and that is what we want to do because
2 that is the way we make our money. What is happening to us
3 now, we now know because of a database we built internally that
4 this is a number that is not billable. So when the inmate
5 picks up the phone and is going to make this call, when we go
6 to arrow two, we already know that it is not billable. We
7 don't have a way to bill it, because we have already been given
8 a Code 50 reject.

9 What we attempt to do now is contact the customer,
10 see if the customer will provide us the bill name and address,
11 see if we can set up a direct bill account and then we hope
12 that the process works in a way that they get their calls and
13 we get paid. Regrettably, the uncollectibles have been very,
14 very high in this process. And what is important to emphasize
15 here for us, it represents a significant time commitment.
16 Staff having to repeatedly call numbers to try to find somebody
17 to tell us who they are. It is just very time consuming. It's
18 very unreliable for us to even attempt to do this. And after
19 we have dedicated all of this additional effort and time to do
20 it, the uncollectibles are horrendous. So it's a real
21 challenge for us.

22 Then the other option that happens to us on a regular
23 basis is we will make an attempt to contact the customer to
24 arrange billing, and the customer will either not provide us
25 bill name and address or they will give us false information.

1 And at that point we feel we are forced with no other option
2 but to block future calls going to that number. And that sadly
3 happens a great deal. And that is tied to the fraud side of
4 this issue.

5 MR. KENNEDY: I have a question.

6 MR. TOWNSEND: Yes, sir.

7 MR. KENNEDY: If BellSouth populates the database
8 with OCNs for the ALECs, and you have these prepaid ALECs where
9 they have bill number screening, that will now be in that
10 database so that will be a blocked call, is that true?

11 MR. TOWNSEND: That is correct.

12 MR. KENNEDY: So that would solve a lot of the
13 prepaid problems.

14 MR. TOWNSEND: That is correct. That would solve the
15 problems on the prepaid. You are absolutely right. So, again,
16 on the right we are talking about our goal is to bill every
17 call. But our problem is how do we bill the call and have any
18 chance of collecting the revenue unless we have a way to, you
19 know, identify how to bill it.

20 Going on to Slide 9, it is essentially the same. The
21 problem in terms of what of the OSPs do today -- and I can't
22 speak for an OSP, because I'm not an operator service provider,
23 but in reality I think a good number of them, some of them are
24 still completing the calls, some of them are blocking them, it
25 just really depends upon their availability to the information.

1 And I do want to emphasize that this is a major problem, as I
2 view it, from a consumer standpoint. Because absent this
3 information, absent the knowledge, this can create challenges
4 for people who want to receive the calls. And if they don't
5 know that their number doesn't allow that or their service
6 doesn't allow it, it does create a real problem.

7 Going on to 10. What has happened here, because of
8 this gap in the system you have an open invitation to fraud.
9 And I will give you an example of what happens on the prepaid
10 side. The customer buys prepaid service. During week one they
11 run up several hundred dollars worth of in-bound collect
12 out-bound one-plus. We finally find out in week two back from
13 the ILEC that the number is an ALEC number. We make an attempt
14 to contact the customer. The customer will not give us the
15 bill name and address. They provide us false bill name and
16 address. We are forced to block the call, and then the whole
17 process starts over again.

18 We had on one address, to give you an example, eight
19 different numbers in 22 days, \$3,400 worth of uncollectible
20 charges. So these folks knows there is a gap that are intent
21 on doing this. And I want to make this statement right up
22 front, there are a lot of credible customers, people who have a
23 desire to want to pay the bill, but the challenge is, there is
24 also a whole lot of folks that understand this gap and they
25 want to try to take advantage of the system.

1 Another example that is not with the prepaid, but is
2 just with a regular service, they subscribe to ABC ALEC, ABC
3 ALEC does not provide billing and collection of the calls. ABC
4 ALEC does not populate with the appropriate toll billing
5 restrictions. And another thing that is important to
6 understand here is ABC ALEC doesn't tell their customer what
7 they can and cannot do with their service. So what happens is
8 their customer accepts a large number of collect calls, we
9 contact them to do the billing, and then the customer is
10 confused. You know, why are these calls not on my local
11 service bill. And they are hesitant, why do we need to set up
12 a billing arrangement with you. Anyway, we attempt to do that.

13 And regrettably what happens today over a period of
14 time, for example, if they are accepting calls from Johnny and
15 Johnny gets out of jail, they won't pay the bill. So when we
16 talked about how high these uncollectibles were earlier, they
17 are very high. Not just from a fraud perspective of people
18 knowing going in they are going to fraud us, but a lot of
19 people end up not paying the bill and they just drop because
20 they don't have any need for the service going forward.

21 How big is this problem? It is huge. One billion
22 dollars based on proprietary data submitted to the OBF billing
23 committee based on year 2000 proprietary data over one billion
24 dollars. And I think it is important to understand something
25 here is who ultimately pays that. We all do. As consumers we

1 are having to bear the burden of this debt on the network
2 because of this gap in the system. And it is regrettable.

3 I will give you an idea of some of the impact that
4 this has had back on our industry. These are a list of some of
5 the companies that were in business, in the inmate telephone
6 business in 1996 when this whole problem sort of originated.
7 And these are all companies that have either gone out of
8 business or they have been sold. And it is, in one way,
9 indicative of the fact that the single biggest problem our
10 industry has faced coming out of the Telecom Act is the problem
11 that we are here today discussing, and it impacted all of these
12 companies.

13 Bankruptcies, you can ask the question is it getting
14 better or is it getting worse. The obvious answer is it is
15 getting worse. OPUS Telecom, a major inmate provider, provided
16 service to state correctional facilities. Teltrust, a major
17 OSP. At one point Teltrust was the OSP of choice of BellSouth
18 Public. They also had an inmate division. They went bankrupt
19 earlier this year. OAN, a billing and collection clearinghouse
20 for inmate phone service providers and one-plus carriers went
21 bankrupt in June. You know, the problem gets worse every day
22 you have more ALEC customers, and it just gets worse and worse.

23 What I think is important to understand, that there
24 are some very significant industry forums that are taking place
25 today in trying to address this issue in the OBF, the NIIF, the

1 T1S1, there is just a whole series of industry forums that are
2 out there that are looking at this. Two issues that are on the
3 telecommunications fraud prevention committee, which I serve on
4 and have served on since 1990, there is one issue that is Issue
5 58, fraud prevention for local resale. It was submitted in May
6 of 1998. It was submitted by a lady that is with Billing
7 Concepts, who is represented here today by Jackie Mitchell.

8 But read the issue statement with me, if you would.
9 Local resale presents significant opportunities for fraudulent
10 activities since there is no way to identify the billing
11 company at the time casually billed direct dialed or
12 alternatively billed calls are made. Now, one thing that is
13 important and I want to emphasize here, this issue was
14 introduced in 1998. We have actively worked this issue for the
15 last three years.

16 You say why has it taking so long? Our normal
17 timetable at TFPC is to get an issue done in a year because we
18 want to try to come up with a resolution and get it out the
19 door. I will say in all candor, in 1998, the fall of '98, one
20 of the ILEC representatives came to me and said, "You know,
21 Vince, as a fraud prevention professional, I respect what you
22 are doing, I believe we ought to do it, I have run it up the
23 pole at my company and they are telling us we are not going to
24 be able to fix it unless somebody tells"-- this is talking
25 about fixing LIDB -- "unless somebody orders us to do it." And

1 that was very regrettable. And so we have been fighting this
2 issue for the last three years trying to get people to do
3 what's right and regrettably it hasn't gotten done.

4 Just this past fall we initiated another issue, Issue
5 65, guarding against fraud from prepaid local service accounts.
6 Essentially the same issue, but reading the last sentence in
7 that paragraph, "When customers purchase service from these
8 prepaid providers, abuse of other carriers is a regular
9 occurrence." So we have the issue, it's a major one. We have
10 got industry focus on it, and I'm really again happy that you
11 all are looking at it today.

12 Let's follow in, if this problem is so bad, why have
13 the LECs not fixed it? Well, the real question comes up do
14 they have the problem. If you go in the next handout, we'll
15 just give you an actual copy of this OBF issue, but all the way
16 back in 1997, OBF Issue 1553, the issue had to do with -- if
17 you read the issue statement -- when an alternatively billed
18 message is directed incorrectly to the incumbent company due to
19 a billing validation database timeout for failure, the
20 incumbent company should forward the message to the appropriate
21 company.

22 Now, if that happened, that would be great, okay.
23 When you turn with me to the next page -- oh, also look at
24 closure. Look how quickly this one was closed. It started in
25 '97, it was closed in '98. Actually it started in August and

1 is actually just a little bit over a year. If you follow with
2 me and you see what has happened here in the issue resolution,
3 special processing requirements for returns due to change in
4 local service Return Code 50. Exchange carrier calls.

5 Traditionally, exchange carrier calls that bill
6 outside the originating exchange carrier territory are sent to
7 the perceived exchange carrier. If the calls are unbillable
8 solely as a result of the change in the local service provider,
9 it is the responsibility of the perceived exchange carrier to
10 forward the calls to the correct local service provider and not
11 return them to the originating company for reason defined as
12 Return Code 50. So from the exchange carrier's standpoint,
13 they don't have that problem. They handle it in a different
14 way.

15 Following with me to the next slide talking about
16 interexchange carriers, interexchange carriers that are billed
17 by an EC will be sent to the perceived billing EC. If the
18 customer has changed local service providers and the
19 interexchange carrier does not know the true billing local
20 service provider, the perceived local service provider will
21 return the calls to the interexchange carrier using Return Code
22 50.

23 If you recall back what we are talking about is this
24 50, what they are doing is they are returning them back to us
25 as Return Code 50. And to me that is a definite example of

1 discrimination. They fix their own issue, but they don't
2 address it and allow us to fix it in the same manner.

3 So what do we need to do? The bottom line is if we
4 want to complete every call with the ability to bill the call
5 and receive the revenue, what we need to do is fix LIDB. And
6 that is very, very important to do that.

7 The next handout, we will pass that out. In 1998, in
8 the fall of 1998 there was a summit held hosted by Billing
9 Concepts, a LIDB and local competition summit. And at that
10 meeting there were several presentations, but three of them
11 that were focused on this issue. The first one was, "LIDB Is
12 Not Broken," by a gentleman by the name of Dave Clippard, who
13 is the LIDB manager for SBC.

14 There was another presentation given that we are
15 passing out right now that was by Stephanie Cowart with
16 BellSouth, "OBF Message Processing Requirements For Validation
17 Databases In An LNP Environment."

18 And the last presentation was a presentation that I
19 gave that related specifically to inmate calls.

20 What I would like for you -- what this presentation
21 is by Stephanie, and it is an excellent presentation, it goes
22 through in the early part of it and explains the technical
23 background of how these calls are processed in a way where the
24 messages are actually processed and reach the person
25 responsible for billing it, okay.

1 If you flip to the tab which is on Page 13, you will
2 basically see where it is emphasizing where Return Code 50, and
3 as it says in the first line of that slide, the problem is
4 specific to IXCs. The reject code used by the LEC when the end
5 user's account has moved to a different LEC. And it just
6 reinforces -- one, it provides you the technical background in
7 the front part of the piece on exactly how those calls are
8 processed by the LEC today. When they are their calls and then
9 it refers to what happens to it when they are calls to us as
10 inmate phone service providers or as IXCs.

11 If you follow on with me to what has happened, the
12 question is can LIDB be fixed. If you will go ahead, Mike, and
13 hand out the next -- I'm making him work. At that
14 presentation -- I have not given you in this handout the entire
15 presentation by Dave Clippard, but I have just given the back
16 part of it that had to do with solutions. And I can make a
17 full copy of it available, if you would like.

18 But what is important to recognize at this meeting
19 Mr. Clippard, who is the national LIDB product team manager, he
20 works with all of the LIDB owners in developing and improving
21 LIDB for all LIDB providers. So not just SBC, but all ILECs.
22 What he did at this meeting in 1998, he pointed out what he
23 referred to as a partial solution, which is the tabbed part in
24 the back of this presentation on Pages 25 and 26. And
25 basically what he pointed out as far as giving us knowledge,

1 giving the carriers knowledge of the fact that there was a
2 potential billing challenge on a call record, SBC populated
3 LIDB in the record status indicator field back in 1996 so that
4 we had access to data as far back as 1996 that would tell us
5 either one, it's an SBC call, or, no, it's not an SBC call. So
6 it really gave us a heads up to be able to try to look for
7 different avenues of ways to bill calls and they had this in
8 place back in '96.

9 At this same meeting in 1998 he laid out what
10 amounted to the partial solution, which I shared with you, an
11 interim solution, a long-term solution, and a full solution.
12 And all of those things were outlined in this document right
13 here, okay.

14 What needs to be done, you need to require all LIDB
15 owners to deploy data screening capabilities so the companies
16 launching LIDB queries will be able to identify the account
17 owner of the end user customer and receive toll billing
18 restrictions. And that goes right back to the little example
19 that I passed out earlier, Handout 2. We are looking for the
20 right number in the far right side of the data stream, and we
21 are looking for correct information in the middle so we know
22 whether or not there is any type of toll billing restrictions.

23 And what needs to happen is the owners of LIDB need
24 to fix their LIDB so that data can be put into LIDB. And that
25 is exactly what Ms. Sims was talking about a few minutes ago.

1 And then what needs to happen is you need to require all local
2 providers, not just LECs, but ALECs to populate the account
3 owner field in LIDB at the ten-digit line level with the
4 correct operating company number which will identify the
5 company currently billing the end user.

6 Now, can this happen? It happened as far back as
7 1999 when SBC fixed this. Today all SBC service areas,
8 Southwestern Bell, PacBell, Ameritech, SONNET, all the
9 Illuminet areas provide this information that we are talking
10 about.

11 MS. JOHNSON: I have a question for clarification.
12 It's hard to follow along because I'm not looking at the
13 documents, so I'm trying to imagine what you're talking about.
14 How is the information you are asking for different than the
15 CPN and ANI information that is required in the SS7 and billing
16 records today?

17 MR. TOWNSEND: I don't know for sure if I understand
18 the question. How is it different than the information
19 provided in the billing records?

20 MS. JOHNSON: Right. As I understand what you are
21 saying, and I'm trying to follow along, you are asking for
22 additional information to be added in the LIDB. And as I
23 understand it, as calls are processed some of the information
24 that you are looking for in LIDB or is not exactly the
25 information you are looking for in LIDB is already included in

1 the call record. That's how we bill one another as carriers
2 for recip comp and other things.

3 MR. TOWNSEND: Well, when you say it is included in
4 the call record, you're talking about the data stream that
5 comes back that you use when you are send something in on a
6 format.

7 MS. JOHNSON: Basically the AMA record or SS7
8 signaling record, whatever we are using, and in whatever
9 context you are looking at it.

10 MR. TOWNSEND: Yes. What you're talking about is an
11 EC to EC way that you communicate, which is the way that we
12 just described that the LECs have today to solve the problem.
13 But that data and that same method is not used, is not made
14 available to interexchange carriers or to inmate phone service
15 providers. We don't have the same ability to go
16 carrier-to-carrier, or the way you go today as a CLEC or an
17 ALEC back to the LEC, and the way you exchange messages, we
18 don't have that same ability to do that. That avenue is not
19 available to us.

20 We get -- that's what we're talking about having
21 happen today coming out of this meeting is we want to be able
22 to have access to the data in LIDB in the way that all carriers
23 do that gives us the proper account owner and gives us the
24 appropriate bill number screening.

25 MS. JOHNSON: Yes, and I'm just trying to understand.

1 Because, again, as a carrier we are looking to LIDB to validate
2 information, but we are also getting specific information off
3 of the billing detail records. Specifically, the OCN and CPN
4 or ANI are provided as a part of the call detail record, that's
5 how we know who to bill and, again, for example, recip comp to
6 or access charges to --

7 MR. TOWNSEND: Right. You see -- today you see
8 because you are an in EC to EC exchange method, you see the
9 correct OCN. We do not. When we do a LIDB dip, we get today
10 the ILEC OCN, so we don't know the call is a KMC call when we
11 see it.

12 MS. JOHNSON: And, again, I'm looking at two
13 different sources of information. So you would see it on the
14 call record just as we do, but you're saying you can't validate
15 it because you don't have access to that data in LIDB?

16 MR. TOWNSEND: We don't see -- the only OCN we see is
17 the OCN of the ILEC. And the only billing validation
18 information we see today -- now, I don't know, do you folks
19 populate LIDB with the toll billing restrictions?

20 MS. JOHNSON: I think, again, I'm talking about two
21 different sources of information. You are going to do two
22 things in order to process and validate a call, right? You are
23 going to actually get a call record that says, hey, somebody
24 picked up the phone and placed this call; here is the number
25 that that call originated from, e.g. the ANI or CPN; here is

1 the carrier that processed that call, hence the OCN or CIC
2 code, and you are also in order, as I understand what you're
3 trying to describe, you want to be able to make sure that that
4 information is valid and that's why you want to balance it
5 against LIDB?

6 MR. TOWNSEND: In the case you just described we are
7 the carrier. We have got someone here that might be able to
8 answer that better for you.

9 MS. KOVACS: You're talking about a situation
10 where --

11 MR. MOSES: Would you identify yourself, please.

12 MS. HELTON: Could you identify yourself, please.

13 MS. KOVACS: Oh, I'm sorry. Cayce Kovacs with
14 Evercom. In your situation you're talking about carriers that
15 are -- I'm not sure how to -- identified in the switch as a
16 PIC'd carrier. And that is how the information is getting
17 exchanged at the time the call is being processed, that data is
18 going back and forth.

19 We're talking about alternate operator service
20 providers, inmate service providers, 1010 dial-around where
21 this information is not being passed during the time the call
22 is being processed. It's on the alternate operator service
23 provider or inmate service provider's own network. So the data
24 type stream you're talking about is not available during this
25 type of call. The only thing that alternate operator service

1 providers, or inmate service providers, 1010 networks, the only
2 thing they have access to is LIDB.

3 MS. JOHNSON: And, again, as I understand it LIDB is
4 just really a database. Don't you really need to be able to
5 relate it back to a specific call transaction? So, again, I
6 don't understand where you're getting the level of detail you
7 need related to the specific call.

8 MS. KOVACS: It isn't about a specific call. LIDB is
9 line information database. It is about the account at that ten
10 digit line level. It is not specific call information.

11 MS. JOHNSON: That is my understanding of LIDB, as
12 well. But I guess my point is in order to bill me, you're
13 going to be billing me for a specific call. And as such, you
14 are going to be trying to match information related to a
15 specific call to LIDB. You are going to have to tie those two
16 things together. And I guess I don't understand the source.

17 MR. MOSES: Marva, let me see if I can help. This is
18 Rick Moses. The point I think they are trying to make in LIDB
19 is they won't process the call to begin with if they see it is
20 not a billable call. And if you don't populate LIDB you have
21 got the problem. But you're not going to be able to match the
22 two up unless you process the call. Am I right?

23 MS. JOHNSON: That I understand, as well. I guess my
24 only question, if I could try to clarify it, again, is you are
25 looking at a call record that has something in it. And I want

1 to understand your description of what you think is in that
2 call record. As I understand it, it is just the NPA-NXX, is
3 that correct? I'm sorry.

4 MR. TOWNSEND: No. Today when you do a LIDB dip, the
5 database is such so that the only thing that is read to
6 determine the operating company number is the NPA-NXX. It is
7 not set up to be able to read the ten digits. What BellSouth
8 announced here earlier is that their LIDB is going to be set up
9 so they will actually be able to read the ten digits.

10 So what would happen in that environment is ALECs
11 would need to populate LIDB with their OCN number for each of
12 their ten digit numbers. And at the same time populate LIDB
13 with any bill number screening or toll billing restrictions.
14 And then that would give us the complete information we need in
15 the data stream to, one, identify the ALEC, to send them the
16 bill to help them bill the calls for their customer; and, two,
17 it would let us know if you weren't going to do the billing, it
18 would let us know that there were toll billing restrictions
19 there so we could not process the call.

20 MS. JOHNSON: I guess what is confusing to me is I
21 don't understand -- I think some of that information is in LIDB
22 today. And I'm not getting the gap between -- I keep thinking
23 there is something you would have to do to your systems
24 internally in order to recognize that information.

25 MR. TOWNSEND: I'm sorry, did you say the information

1 is in LIDB today?

2 MS. JOHNSON: Right. We are sending ten-digit
3 information on ANI and CPN.

4 MR. TOWNSEND: Okay. The data is not being populated
5 in LIDB today, is it?

6 MS. SIMS: Well, I think it has ten digits, but it
7 doesn't have the OCN.

8 MR. TOWNSEND: The ten digits are in there, but it
9 doesn't have your OCN. The OCN that we get today when we do a
10 LIDB dip, if it is in a Sprint area, we will get back Sprint's
11 OCN. If it's in a BellSouth area, we will get back BellSouth's
12 OCN. So --

13 MS. JOHNSON: So you are saying, again, that you guys
14 have done the system upgrades that you need. Once the ALECs
15 complete this population of the database with the additional
16 OCN information, your systems are ready and on line to
17 recognize those ten digits?

18 MR. TOWNSEND: Our systems are currently getting and
19 using that data every single day, 24 hours a day, in all SBC
20 service areas. We are ready to get it in Verizon and BellSouth
21 and Sprint the moment it is available to us.

22 MS. JOHNSON: And, Cayce Kovacs, you are on the line
23 from Evercom?

24 MS. KOVACS: Yes.

25 MS. JOHNSON: (Inaudible) even a lot different than

1 what was described to us in conversations that we had with
2 Evercom.

3 MS. KOVACS: I'm sorry, could you repeat that.

4 MS. JOHNSON: I was saying that in the conversations
5 that we had prior to today with Evercom -- and this is Marva
6 with KMC Telecom -- our specific understanding was that even
7 if -- because, for example, we have Illuminet as a third party
8 who also does some SS7 information for us, who have all of our
9 LIDB information, they offered to provide that information
10 specifically to Evercom, but that the issue was that you all
11 needed to do additional in-house systems upgrades in order to
12 read that ten digit information.

13 MS. KOVACS: No.

14 MS. JOHNSON: And that is actually what we
15 documented.

16 MS. KOVACS: Well, KMC Telecom didn't have a billing
17 and collection agreement in place.

18 MS. JOHNSON: But that's like a minor issue. I mean,
19 that is --

20 MS. KOVACS: Well, unfortunately, it wasn't a minor
21 issue. There was no billing and collection agreement in place,
22 and we can identify the OCN and we can route the call.

23 MS. JOHNSON: Okay. Because I had correspondence
24 from Evercom that said that specifically that we wouldn't be
25 given a billing and collection agreement because you couldn't

1 process the ten digits in order to bill us correctly. And
2 that's why we pulled in Illuminet because we were looking to
3 execute an agreement, a billing and collection agreement with
4 Illuminet. But the second part of that that we needed was
5 systems upgrades from Evercom. And, again, I'm trying to
6 understand whether the systems upgrades have been completed.

7 MS. KOVACS: I believe that was in April when we were
8 in the midst of implementing a new billing system and there was
9 this kind of misconception on the telephone calls that we had
10 that had a billing and collection agreement been signed that
11 day, that the next day billing could take place, and it doesn't
12 happen that quickly. It takes time to implement someone into a
13 system that now you can start exchanging data.

14 MS. JOHNSON: Yes. And I guess that's the net of
15 what I'm trying to get to and understand, because specifically
16 our understanding from those conversations -- and, you know,
17 this is kind of how we reduced our minutes even -- was that
18 even if we entered into a billing and collection agreement with
19 Illuminet, that your systems weren't at the stage yet where
20 they could process that ten-digit data.

21 You were doing systems upgrades which you expected to
22 have completed around July, and I'm trying to understand
23 whether or not what you are saying to us today is that those
24 systems upgrades have been completed.

25 MS. KOVACS: We can do the billing with anyone that

1 has a billing and collection agreement.

2 MS. HELTON: Ms. Johnson, it sounds like this is
3 something that you need to maybe be talking to Ms. Kovacs about
4 without everybody else here in the room, so we would like to
5 move forward.

6 MS. JOHNSON: Yes. We can have an additional
7 conversation off line. But, again, I was just really trying to
8 understand what they are communicating here. And, again, the
9 net of the methods does impact everyone. I need to understand
10 if Evercom or the biller's position is that their systems are
11 capable of processing ten-digit ANI? The only deliverable me,
12 as an ALEC, owes is the LIDB update and a billing and
13 collection agreement in order for my calls to be processed?

14 MR. TOWNSEND: Yes. If I'm understanding the
15 question correctly, what we need to have is LIDB upgraded by
16 the ILEC so you can populate the account owner in LIDB and so
17 you can put the appropriate bill number screening or toll
18 billing restrictions in LIDB. And I guess I had a question, do
19 you today have a billing and collection treatment with
20 Illuminet?

21 MS. JOHNSON: Actually we are in the process of
22 closing on one.

23 MR. TOWNSEND: Well, today all of us here in the
24 inmate service business, we bill calls every single day with
25 Illuminet. So if you, in fact, can put into place a billing

1 and collection agreement with Illuminet, that is one of the
2 very suggestions that we are talking about here in a couple of
3 slides.

4 Let me bring closure to --

5 MS. KAUFMAN: Can I just say one thing, Mary Anne, in
6 regard to the KMC situation. I think that even though you are
7 correct, this is a situation between KMC and -- I have already
8 forgotten your company's name, and I apologize for that -- but
9 it is indicative of either misunderstandings, or I don't know
10 what, between the companies. Because KMC has been very
11 involved in this issue and has had many calls, discussions, and
12 whatnot. And as Marva was telling you through her questions,
13 has gotten information very different from what you are being
14 told today.

15 So we are just trying to clarify, you know, what the
16 situation is. And everything has been done that needs to be
17 done from the inmate service providers. I think we all want
18 the same goal, to move forward and get the calls completed.

19 MR. TOWNSEND: Let me, if I may, bring closure to
20 where we think we are. Coming back to the presentation, again,
21 I want to commend BellSouth for their efforts in bringing this
22 to closure. And I am very excited about the fact that they are
23 testing it now. It is actually working in certain areas
24 because we have had it work for us. We have received the
25 proper information where they have been testing it, and we are

1 very pleased with that, and we look forward to that completion.

2 Qwest is now testing it. They anticipate full
3 implementation in November. I spoke with Denise Gilmore with
4 Verizon this morning before I came in. And basically, if I
5 understood her correctly, in the old GTE service areas they are
6 loading this ability to do account owner in the current BVS
7 system, the billing validation systems, and they are testing it
8 today with some of the LIDB hubs. So it appears that they
9 likewise are in the process of testing it and are loading it.

10 There is some question in my mind, based on the
11 discussion, as to whether or not both features will function
12 with one query. In other words, that we will get the account
13 owner, and we will also get the toll billing restrictions with
14 one query. It appears with some of what we discussed that in
15 some of their service areas we would have to do what is called
16 an OLNS query, and also come back in with another query to pick
17 up the toll billing restrictions. So from our standpoint we
18 would have to pay twice, and that is an issue that I think we
19 just need to look into and investigate.

20 But, again, I was very pleased that they are testing
21 it, and it appears that they have some solutions close on the
22 horizon. What wasn't clear is whether or not -- I think she
23 indicated that the data screening piece of it was a piece that
24 was still having to be worked on. But, again, there is
25 definite testing going on right now for Verizon.

1 MR. MOSES: Let me interrupt you just for a second.
2 You have mentioned the major LECs and everything, what about
3 the smaller LECs, do they do LIDB updates, or do they contract
4 with someone else, or --

5 MR. TOWNSEND: The folks that are in Illuminet,
6 currently Illuminet provides account owner and data screening
7 in their service areas. So the ones that are in Illuminet do
8 provide it, yes, sir. In reference to Sprint, regrettably,
9 they have indicated to me that funding for both of these
10 projects, to do account owner -- fix account owner in LIDB as
11 well as do data screening are tentatively in the 2002 budgets,
12 but have not been approved.

13 And obviously I think this would be something you
14 would want to confirm directly with a Sprint person, but I got
15 this from the LIDB product team individual, Lori Niday
16 (phonetic), yesterday in a phone conversation. And I have a
17 tremendous respect for her as a professional, and I think they
18 want to work on it. Their challenge has been that people
19 haven't decided yet to fund it. And I certainly hope that that
20 is something that we might be able to motivate them to do so we
21 can get it fixed.

22 But going on into closure, what we would like to see
23 happen is coming out of this process we would require LIDB
24 owners that do not provide account owner and data screening
25 capabilities in LIDB to immediately implement the partial

1 solution that was implemented by SBC back in 1996. And we also
2 feel it would be appropriate that if they have not done this,
3 that we ought to be reimbursed for our losses.

4 The bottom line is on this LIDB query that I shared
5 with you earlier, we are being provided information which is
6 false information. And we make a business decision based on
7 that false information, and we lose money on it every day. And
8 we continue to lose money on it for days before we get the
9 information back. And it is a very serious problem for us.

10 MS. KAUFMAN: Can I ask a question just so I'm clear?
11 When you keep referring to the owners of LIDB, is that the
12 LECs?

13 MR. TOWNSEND: That's the LECs.

14 MS. KAUFMAN: Bell owns theirs and Sprint owns
15 theirs?

16 MR. TOWNSEND: Right.

17 MS. KAUFMAN: And the ALECs do or don't have the
18 ability to get in and populate that system?

19 MR. TOWNSEND: In two weeks you will have the ability
20 to do it with BellSouth. Sometime hopefully this fall you will
21 have the ability to do it with Verizon. It's up in the air as
22 to when it will happen with Sprint.

23 MS. KAUFMAN: So does the ALEC provide the
24 information to Bell and Bell does it, or does the ALEC -- can
25 the ALEC go right into the database?

1 MS. JOHNSON: My understanding today is that the
2 incumbent usually updates LIDB.

3 MR. TOWNSEND: Again, from my experience on the
4 telecommunications fraud prevention committee, that has been a
5 real serious point of discussion or debate. What we are
6 recommending is that -- and what I think is what is recommended
7 in the industry is that whoever is the actual account owner, if
8 the ALEC owns the number, they update LIDB. If the ILEC owns
9 the number, you know, they update LIDB. But that is, again,
10 something we can discuss today.

11 And now let's -- for the next part of the puzzle,
12 because this just gets us to a point if we fix LIDB, once we
13 fix LIDB then we know now who we need to go to to bill the
14 call. So what must be done next to complete every call.

15 MR. McCABE: Excuse me one second. I just had a
16 question on the last slide. On your -- my name is Tom McCabe
17 with TDS Telecom. Reimburse ISPs for all losses resulting from
18 LIDB owner's failure to provide account owner and data
19 screening capabilities.

20 MR. TOWNSEND: Right.

21 MR. McCABE: One of the things that we find out quite
22 often when we get customers that don't pay their bill on
23 collect inmate calls is that they come back and say we never
24 authorized the collection of local -- I mean, collect calls and
25 we requested to have those calls blocked. And it's always

1 after the bill comes in is the first time we ever hear that
2 they wanted collect call blocking. So I think it's a problem
3 to have a situation where we would have to reimburse you given
4 the fact that in most situations it is the customer who never
5 subscribed to it who now is faced with a \$500 bill saying we
6 never agreed to have that. That's what we have.

7 MR. TOWNSEND: So your challenge is that you have a
8 customer today that you provide service to and then they
9 receive a bill based on a bill that we sent to you, and they
10 say they deny all knowledge of the calls.

11 MR. McCABE: Exactly.

12 MR. TOWNSEND: And I admit that's an issue and that
13 is a challenge. One thing I know we do and I believe the other
14 companies represented here do is we don't allow customers to
15 get that high without notifying them that they are receiving
16 those calls. In other words, we are very concerned about the
17 fact of someone reaching a very high level of a bill because,
18 one, they won't be able to pay it, so it doesn't do us any good
19 in the first place.

20 So I know my company, and I think Mike's does and the
21 other companies here, we actually initiate calls to billed
22 numbers at a certain level to tell them and to contact them to
23 find out whether or not the mother, or the father, or whoever
24 is paying the phone bill wants the calls accepted. Now, in
25 relationship to your problem on how we handle that, we deal

1 with that on a daily basis. And if someone has one or two
2 calls and they are for one or two minutes and they deny
3 knowledge or didn't want them, or whatever number of calls,
4 just short calls, we will automatically credit those off an
5 invoice if that is raised to our attention.

6 But if we have call, after call, after call, after
7 call and they go the full ten minutes or the full 15 minutes,
8 then I think what you have there is you have a customer who
9 accepted a lot of calls, doesn't want to pay for them, and they
10 are going to deny all knowledge and they are going to return
11 them. So, you know, how we choose to address that, that is
12 something we need to work out.

13 MR. McCABE: Sure, I understand that. But we don't
14 get that information in terms of that customer's bill until we
15 get the billing records from Illuminet, for example. So we
16 don't know that the customer ran up a \$700 phone bill this
17 month. And it is after the fact and now that customer is
18 telling us we told you, or the father or somebody says, we told
19 you to put call blocking on there.

20 MR. TOWNSEND: I see what you're saying. You're
21 saying they told you to put blocking on their number and you
22 are now stuck with the situation.

23 MR. McCABE: According to what you would like here is
24 that we would not --

25 MR. TOWNSEND: No, I'm sorry. No, this issue, the

1 thing we're talking about here is an entirely different issue.
2 It's not one in the same, it's an entirely different issue.

3 MR. McCABE: Okay. Now, ALECs must provide billing.
4 What we would like to see coming out of this proceeding is that
5 ALECs would be -- we would require ALECs to provide billing for
6 all third-party charges, collect, one plus casual dialing, and
7 bill to third through billing and collection agreements with
8 clearinghouses or through direct billing and collection
9 agreements with individual service providers.

10 The option that was mentioned by KMC of going through
11 Illuminet is an excellent choice, that is exactly what we find
12 that the agreements that are out there, a lot of them are doing
13 that, or they work directly with a billing and collection
14 clearinghouse is a great way to do it. If the ALECs say they
15 don't want to bill the calls, then what we feel needs to happen
16 is the ALECs need to notify their customers of the services
17 that are not provided.

18 You know, if the basic service the ALEC provides does
19 not give them the ability to receive collect calls because
20 there is no way to bill it, casual dialing, third party, we
21 think that is the only fair way to treat customers, that you
22 need to tell them what your service includes and what it
23 doesn't include.

24 And in addition to telling them that, what we would
25 like to have happen is, again, back to the basic process that

1 the LIDB owners must deploy the screening capabilities to
2 enable to have account owner and toll billing restrictions.
3 And then what we would say is the ALECs then must populate that
4 information and then you would require the ALEC that does not
5 provide this service to populate the appropriate data screening
6 and toll billing restrictions for each customer. And if they
7 fail to do that, then likewise we feel we should be reimbursed
8 for our losses when they fail to populate the account owner or
9 the toll billing restrictions.

10 And lastly, and I appreciate everybody's patience,
11 bottom line our goal is we want to complete every call, that's
12 the way we make our money. We would like for there to be an
13 ability to bill the call and receive the revenue, but we need
14 your help. We need the LIDB owners to deploy data screening
15 for account owner and toll billing restrictions and then we
16 need all providers, that means the LECs, the ILECs, the ALECs,
17 we need all providers to populate the account owner field in
18 LIDB, and we need the ALECs to provide the appropriate billing,
19 provide billing for all services allowed through some type of
20 billing and collection agreement, or we need the ALECs to treat
21 their customers fairly and tell them what services they don't
22 provide and then have the ALECs populate the appropriate toll
23 billing restrictions. That is the only fair thing to do.

24 Again, thank you for your patience. I appreciate
25 your time and, again, commend you for tackling this issue. We

1 are here, we are committed, we want to help work with you to
2 find a solution to this because we think it's the best thing to
3 do for all consumers. Thank you very much.

4 MR. MOSES: Mr. Townsend, I greatly appreciate you
5 giving that presentation. I think that at least lays the
6 framework for the problems out there, and gives us something to
7 discuss from.

8 I would like to hear from the LECs on some of the
9 comments that have been made as far as modifying LIDB in order
10 to accomplish some of the goals that are put in here. We have
11 heard from BellSouth, I think, that you are modifying LIDB
12 already from what I'm hearing. Any of the other LECs present?

13 Verizon.

14 MS. KAUFMAN: Rick, can I just ask a question --

15 MR. MOSES: Sure.

16 MS. KAUFMAN: -- of all the LECs. I guess we asked
17 of this Nancy, and she said she didn't know the answer to it.
18 Maybe they could get back to us. And that is assuming that
19 there is going to be this effort to populate LIDB again, how
20 that is going to be done, if the ALECs are going to have that
21 access or it's going to go through the LECs. You know, how is
22 the process going to work, how quickly or slowly, that sort of
23 thing.

24 MR. MOSES: Okay. Dave.

25 MR. CHRISTIAN: Dave Christian with Verizon

1 Communications. It's my understanding that we are, in fact,
2 doing the upgrades to the LIDB in the GTE territories. I don't
3 have a time frame on when that is going to be completed as far
4 as a date, but it is going to be sometime this year. We do
5 need to clarify the double dip piece, and we will get that
6 clarification to you in our comments.

7 MR. MOSES: What about the ALECs access to LIDB?

8 MR. CHRISTIAN: I will clarify that, as well.

9 MS. JOHNSON: And there may be some contractual
10 issues there, because I know specifically a lot of the business
11 (inaudible) in our interconnect agreement require that the ILEC
12 update LIDB. So clarifying who the LIDB owner is (inaudible).

13 MS. KAUFMAN: I think she said that there may be
14 contractual issues involved as to who updates LIDB, and so it
15 is important to get that clear.

16 MR. MOSES: Sprint, belly-up to the bar. We have got
17 to hear from you.

18 MS. KHAZRAEE: This is Sandi Khazraee with Sprint.
19 And, unfortunately, I don't know the answer this morning to
20 those questions. In fact, I learned more than I knew before I
21 got here from Mr. Townsend, so we will have to find that out.
22 And I guess you're going to have written comments. We will
23 have to provide our responses in written comments.

24 MR. MOSES: And we will require the -- or request the
25 written comments. But, also, when you do the inquiry find out

1 how quickly you can do the upgrade and not just what you are
2 budgeted for, because the order may not coincide with your
3 budget, I mean your budget, so --

4 MS. KHAZRAEE: That does happen sometimes, doesn't
5 it?

6 MR. MOSES: It does. Just to give you a heads up.
7 Any other LECs present? Now, is it my understanding on the
8 small LEC side that this isn't a problem, that this is handled
9 by Illuminet or some other company that is updating LIDB for
10 you, is that correct? I'm treading into ground I know nothing
11 about, so --

12 MS. JOHNSON: I actually missed the question, could
13 you repeat it?

14 MR. MOSES: Yes. What I was inquiring about is the
15 smaller local exchange companies, is there a problem with LIDB
16 with them, or is this being taken care of by another company
17 such as Illuminet?

18 MS. JOHNSON: We use Illuminet for LIDB, and we also
19 use it for (inaudible) porting the ILECs update LIDB on our
20 behalf.

21 MR. MOSES: But you are with KMC, is that correct?

22 MS. JOHNSON: Yes.

23 MR. MOSES: Okay. I'm looking for like the smaller
24 local exchange, the incumbent local exchange companies.

25 MR. McCABE: Unfortunately, I don't have that answer,

1 but I will look into it. I do think we probably do have an
2 issue with resellers in terms of how that information is being
3 populated into LIDB, and I will check into that.

4 MR. MOSES: Okay. And if you could include that in
5 your comments then that would be helpful.

6 MS. MITCHELL: Jackie Mitchell. Rick, perhaps I can
7 answer that question about the ILECs, the small ILECs. Most of
8 the small ILECs are served -- LIDBs are served by either -- are
9 usually served by Illuminet. Their billing and collection
10 contracts are served by either NECA or Illuminet. So they do
11 have a facility that allows them to have access to LIDB.

12 MR. MOSES: But if LIDB needs to be upgraded and
13 there needs to be a change in this data field, is Illuminet and
14 NECA going to do that?

15 MS. MITCHELL: Well, I can't speak for either of
16 those operations, but surely somebody will be responding to
17 your request for comment.

18 MR. MOSES: How are they even going to know we are
19 having this workshop?

20 MS. MITCHELL: We do.

21 MR. MOSES: But NECA and Illuminet don't, do they? I
22 mean, they are not a certificated company.

23 MS. MITCHELL: I'm not sure. But as a billing
24 clearinghouse, and I represent ZPDI in this case, as a
25 representative they are one of our contracting companies that

1 we contract with for billing opportunities into those small
2 local exchange carriers, so we will be delighted to work with
3 both of those companies to let them know.

4 MR. MOSES: Could you find out for us whether they
5 are intending and when they will complete it as far as
6 upgrading it for the ALECs to have the ability to access it for
7 the population, and also if they are going to populate LIDB
8 with these modifications?

9 MS. MITCHELL: I will just ask Vince a question about
10 their representation on the national committees.

11 MR. TOWNSEND: Yes, I was going to say that as far as
12 Illuminet, it is my understanding that they already are doing
13 what needs to be done in all aspects of data screening as well
14 as -- as well as account owner. And I am -- the gentleman, I
15 was going to provide you with a list of the basic contacts.
16 And the gentleman there with Illuminet is a gentleman by the
17 name of Eric Rock (phonetic). But I have e-mails and different
18 numbers for these various people.

19 I do now have a NECA contact. So we can get that
20 NECA contact. And NECA is represented on the TFPC, so we can
21 identify those other contacts and between us we would be happy
22 to contact them.

23 MR. MOSES: Okay, thank you.

24 MS. MITCHELL: Rick, I just have one more comment
25 from a clearinghouse perspective. We represent over 400

1 companies in the United States that we process records for that
2 are then transferred to the local exchange carriers for bill
3 processing. The dilemma is not just an inmate dilemma, it is
4 not a payphone dilemma, it is an operator service and casual
5 carrier problem. Anybody that dials 1010 or anyone that dials
6 a zero for an alternately billed call, those providers are
7 experiencing this.

8 And just from our customers alone we are experiencing
9 about a \$5 million a month problem with Return Code 50. It's a
10 huge issue across the industry for the numbers that do not have
11 a relationship with the carrier providing the service, and that
12 is the 1010 product or any collect or third-number billed
13 product. So there must be a mechanism to either get that call
14 to the proper billing or to not allow the call to occur. And,
15 of course, being in the business to complete calls, we want to
16 see the calls completed.

17 MR. KENNEDY: Do the ALECs have the capability or
18 LECs, either one, to block 1010? You do?

19 MS. SIMS: We have a tariff offering that provides
20 for blocking.

21 MS. GREEN: But, Ray, this is Angela, remember a lot
22 of us are under Commission mandate to keep -- as well as FCC
23 mandates to keep the 10XXX open at all times. We don't have
24 the ability to block it. So that is another -- I mean, there
25 is a lot of little piece-parts to this, and I will have to say

1 I'm really glad to see Mr. Beck in the audience today, because
2 this is a consumer issue. It's not just, you know, an inmate
3 or payphone issue as Ms. Mitchell points out. This is
4 everyone's ability to have a telecommunications system that
5 works for them and works in the way they expect it to work.

6 MR. MOSES: Donna, go ahead.

7 Ms. McNULTY: This is Donna McNulty. I have a
8 question with so many experts in the room here, I just -- maybe
9 this question is basic, but it seems to me there is a
10 discussion today about a number of different LIDB databases,
11 for example, Illuminet and BellSouth. How do you know, if you
12 are a carrier, which of the LIDB databases to dip into when you
13 are processing a call?

14 MR. TOWNSEND: What you do as a carrier is you
15 contract with a hub. In my case, I contract with SNET
16 (phonetic), and SNET is a hub LIDB provider, a hub provider.
17 They are responsible for then when my dip goes to SNET, they
18 identify, oh, we need to send this down to BellSouth, or we
19 need to send it to Sprint, or we need to send it to PacBell.
20 And the hub provider makes that determination as to where the
21 dip needs to go. And that is the role they play in the process
22 of getting the correct LIDB query.

23 Ms. McNULTY: Thank you. Have you ever encountered
24 any problems with that, for example with number pooling or
25 something where you -- at all, I don't know.

1 MR. TOWNSEND: Yes. Number pooling is a whole new
2 opportunity for challenges. So, I don't think we want to --

3 Ms. McNULTY: Well, I mean, I'm just trying to learn
4 about all of this, too, as everybody is working through this
5 just trying to figure out how it works.

6 MR. TOWNSEND: Do you want to take a shot at that
7 one?

8 MS. KOVACS: Cayce Kovacs with Evercom. NeuStar is
9 the national -- is the NPAC (phonetic), the national ported
10 database manager, and so the gateway LIDB providers that Vince
11 was referring to, they hit the NPAC database and can see the
12 ported numbers from that database, and so then hopefully route
13 to the correct LIDB on those ported numbers. If a number
14 doesn't appear to be in NPAC, then the default assumption is
15 you look at the NPA-NXX and go to that incumbent LEC's LIDB.

16 Ms. McNULTY: I'm just trying to figure this out and
17 please bear with me. In a number pooling situation where you
18 have --

19 MS. KOVACS: You have blocks of numbers belonging to
20 somebody.

21 Ms. McNULTY: That's right. And sometimes couldn't
22 BellSouth have one block of NXXs, but have different -- the
23 last four digits and MCI have the same NXX, but different --

24 MS. KOVACS: They are having to go down to seven
25 digits instead of the six digits NPA-NXX.

1 Ms. McNULTY: Okay. And that is done with Neustar?

2 MS. KOVACS: Yes.

3 Ms. McNULTY: Okay. Thank you.

4 MR. MOSES: Okay. Any of the ALECs have any
5 comments, or questions, or anything?

6 MS. KAUFMAN: Marva, do you have any more comments
7 that you want to make?

8 MS. JOHNSON: Actually I was going to say, again,
9 what our deliverable is is to work with the ILECs.

10 MS. HELTON: Let me ask, is she on a speaker phone,
11 maybe she could talk into a phone, maybe it be would be little
12 bit clearer. Because I'm having a real hard time understanding
13 her.

14 MS. KAUFMAN: Marva, are you on your speaker phone?

15 MS. JOHNSON: Yes.

16 MS. KAUFMAN: Maybe if you picked up the phone we
17 could -- you are kind of breaking up a little bit, we're having
18 a hard time understanding you.

19 MS. JOHNSON: It may also be because you are getting
20 feedback from lines that aren't needed.

21 MS. KAUFMAN: That is better already. Go ahead.

22 MS. JOHNSON: I did just want to say that if the
23 requirements from the ALEC community are just to work with the
24 incumbents in order to make sure that the accurate information
25 is in LIDB, that the incumbents have already started the

1 process and our secondary deliverable is really the billing and
2 collection agreements with Illuminet or setting up specific
3 billing and collection agreements with the individual carriers,
4 then that is really good news for KMC. My only concern is
5 timing. Are we talking about three months, six months?

6 MS. KAUFMAN: And I guess some of the LECs are saying
7 that they are going to investigate that and report back.
8 Apparently some of them don't have the exact timing information
9 right now. But I guess your question might be what is going to
10 happen in the interim because KMC has been in this situation
11 where calls have been blocked. And, you know, under your
12 current rules that is not permissible. I'm sorry?

13 MS. JOHNSON: We have a lot of service in Verizon's
14 territory. Besides that, BellSouth was right up front in
15 initiating the LIDB updates, that's good because we cover a lot
16 of their area, as well. But Verizon would be our second
17 largest area.

18 MR. TOWNSEND: Well, I guess my question back to KMC
19 is as soon as you -- from my perspective, and I may be missing
20 something, but if you identify and go ahead and get your
21 billing and collection agreement with Illuminet, then we would
22 know the account owner in the BellSouth area and your question
23 is what we would do in a Verizon area when we don't know for
24 sure the call is yours.

25 Well, when we processed it in the way that we

1 described today and we got it back from Verizon as a Code 50
2 reject, if you, in fact, have already secured a billing and
3 collection agreement with Illuminet then although we would have
4 had to go through that extra hurdle of doing a LIDB dip, not
5 getting the right information, getting the reject back from
6 Verizon, we would have lost a certain period of time there.

7 But if you still have your billing and collection
8 agreement in place with Illuminet, which is in your control,
9 then we would be happy to send the billing records straight on
10 to Illuminet the moment we know it's yours.

11 MS. JOHNSON: Yes, that's great news.

12 MR. TOWNSEND: Whether we get on the first LIDB dip
13 or we get it on the Code 50 reject, you put in place the
14 billing and collection agreement and we will bill for your
15 customers right straight through Illuminet.

16 MS. JOHNSON: That's great news. Because that was
17 one of the things we actually had a call with Evercom and
18 Illuminet and there was still going to be development required
19 by Evercom to support that, but I feel good with the resolution
20 that you have offered now, so we will just rush to get our
21 Illuminet contract finalized.

22 MR. TOWNSEND: Great.

23 MR. MOSES: Okay. With that we would like to have
24 the comments due by September 28th, which is on a Friday. In
25 those comments if you would please address the ability to

1 update the LIDB, the modifications necessary when they can be
2 implemented, any barriers that you may see, you may run into,
3 identify all the problems you possibly can. Because, again, we
4 are going to be using this information to take a recommendation
5 to the Commission.

6 Also, on the ALECs, if you would file similar
7 comments of the necessary billing and collection agreements
8 that you need to enter into. Anything else that you can
9 possibly think of. We have heard so much information today,
10 I'm on information overload, so I'm not sure I'm hitting all of
11 the points. Also, because this not docketed as of yet, if you
12 would send the comments to my attention, to Rick Moses at 2540
13 Shumard Oak Boulevard, Tallahassee, Florida 323 -- what is our
14 zip code? I don't know.

15 MS. HELTON: 32399-0850.

16 MR. MOSES: I don't know why I have a mental block on
17 that zip code.

18 MR. TOWNSEND: Rick, if I might also, there was a
19 good question that you asked earlier, and I think it would be
20 helpful if everybody would address it, would be is to who is
21 going to do what once it is out there. In other words, will
22 the ALEC look to the ILEC to populate LIDB for them, or is the
23 ALEC going to be held accountable for doing it? And what we
24 have proposed here, we felt each owner of the account should be
25 responsible for populating the appropriate account owner and

1 the appropriate toll billing restrictions. But I think that is
2 something that from our perspective it would sure help so we
3 would know, and obviously they would know whose responsibility
4 it is to populate the appropriate data.

5 MR. MOSES: Okay. If you will include that in your
6 comments, please.

7 Well, I didn't think we would be done before 9:00
8 tonight, I'm surprised. This is a shock. Anyone else have any
9 comments?

10 MR. TOWNSEND: Again, just thank you for tackling
11 this. We really appreciate it.

12 MR. MOSES: Be glad to do it. Thank you all for
13 coming. I appreciate all of the input and your cooperation.
14 Thank you very much.

15 (Workshop concluded at 10:47 p.m.)

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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4
5 I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter
6 Services, FPSC Division of Commission Clerk and Administrative
7 Services, do hereby certify that the foregoing proceeding was
8 heard at the time and place herein stated.

9 IT IS FURTHER CERTIFIED that I stenographically
10 reported the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript constitutes a true transcription of my notes of said
13 proceedings.

14 I FURTHER CERTIFY that I am not a relative, employee,
15 attorney or counsel of any of the parties, nor am I a relative
16 or employee of any of the parties' attorney or counsel
17 connected with the action, nor am I financially interested in
18 the action.

19 DATED THIS 18th day of September, 2001.

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JANE FAUROT, RPR
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