



DAC Overhaul Talking Points

American Public Communications Council
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The Current System

- A. Last facilities-based carrier pays
 - 1. IXC's
 - 2. SBR's
 - 3. Switchless resellers paid for by IXC or SBR
- B. Payphone specific coding digits used to track payphone calls
 - 1. Implemented at LEC level in each CO
 - 2. Passed from LEC → IXC → SBR
- C. Payments quarterly based on match of payphone ANIs to LEC ANI lists
 - 1. Generally through PSP and IXC/SBR clearinghouses
- D. Reporting requirements: Completing Carrier Reports, CFO certifications, and Intermediate Carrier Reports
- E. Audits

The Current System

- F. Problems at every phase
 - 1. Data
 - a. Processing voluminous data an enormous burden
 - 2. Tracking
 - a. Payphone specific coding digits often not passed
 - b. Qwest Consent Decree illustrative; similar problems LEC → IXC
 - c. Coding digits not passed on VoIP leg of many calls
 - d. Multiple potential points of failure
 - 3. Payment
 - a. Three potential payors; for a given call, PSPs cannot tell who is responsible
 - b. Matching to LEC lists difficult, clearinghouse issues, etc.
 - 4. Reporting
 - a. Revised reports a major disruption

“Overhaul” of DAC System

- A. LEC (or other dial-tone provider) pays on *all* toll-free and access code calls at some percentage of \$.494 per-call rate
- B. Fractional rate set based on completion percentage
- C. How should LECs recover the DAC? 3 Options
 - 1. Option 1: Access recovery
 - a. Spread across all access minutes
 - b. LECs would provide reports to PSPs including basic CDR of DAC calls by ANI from LEC switch
 - c. Payment in form of monthly credit on LEC bill to PSP
 - d. All other current requirements eliminated
 - 2. Option 2: Per call charge
 - a. LECs would provide reports to PSPs including basic CDR of DAC calls by ANI from LEC switch
 - b. Payment in form of monthly credit on LEC bill to PSP

“Overhaul” of DAC System

- C. How should LECs recover the DAC? 3 Options (contd.)
 - 2. Option 2: Per call charge (contd.)
 - c. LEC bills reduced payphone charge to CIC IXC
 - d. IXC and SBR have discretion on how to rebill
 - e. In order to relieve payphone coding digits requirement and allow identifying calls for real-time debiting, use tracking by ANI
 - 1) Track by matching ANIs against “resident” at platform or “remote” data base of “LEC ANI lists”
 - i. Only necessary for prepaid card calls
 - ii. Small number of payphones makes real-time database check feasible
 - 2) Already being done for “post-pay”
 - i. Some carriers already using this method for non-“real time” billing
 - f. Data base compilation by gathering LEC lists
 - 1) Only remaining clearinghouse function

“Overhaul” of DAC System

C. How should LECs recover the DAC? 3 Options (contd.)

3. Option 3: Other????

“Overhaul” of DAC System

- D. Carrier burdens substantially eliminated:
 - 1. Carrier reporting requirements eliminated
 - a. No audits or CFO certifications
 - b. No Completing Carrier or Intermediate Carrier Reports
 - 2. Payphone specific coding digits may be eliminated
 - a. No need for carriers to track by coding digits
 - b. No need for carriers to maintain and pass coding digits
 - c. Each carrier controls its access to data for tracking
 - 3. Elimination or huge reduction of most clearinghouse fees and costs
 - 4. No matching PSP ANI lists and clearinghouse LEC lists
 - 5. Carrier “bookkeeping” related to payphone calls and compensation greatly reduced

	Carriers Currently Required to Perform Function	Carriers Required to Perform Function Under Option 1	Carriers Required to Perform Function Under Option 2	Carriers Required to Perform Function Under Option 3
Payphone Coding Digits Generated	LEC	None	None	?
Payphone Coding Digits Transmitted	LEC, IXC*, SBR	None	None	?
Track by Coding Digits	IXC, SBR	None	None	?
Completing Carrier Report	LEC, IXC, SBR	None	None	?
Intermediate Carrier Report	IXC*	None	None	?
CFO Certification	LEC, IXC, SBR	None	None	?
Audit	LEC, IXC, SBR	None	None	?
Clearinghouse Matching of PSP ANI Lists and LEC ANI Lists	IXC, SBR	None	None	?
Other Clearinghouse Functions Paid by LECs, IXCs, SBRs	Multiple and varied	None	Compile LEC ANI lists for database	?
Processing Fees Paid by PSPs	Yes	No	No	?
Track by ANI	Optional	None	Optional for IXC, SBR	?
Intercarrier Billing for Per Call	None	None	Optional, but likely	?
End User Billed for Per Call	Yes	No	Optional, but likely	?

* There could be several IC reports for a single call