**Before the**
**FEDERAL COMMUNICATIONS COMMISSION**
**Washington, DC 20554**

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| **In the Matter of:** | ) | |
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| **Bell Operating Companies** | ) | **Transmittal No. 22** |
| **Tariff FCC No. 1** | ) | |
| | ) | |

# WORLDCOM PETITION TO REJECT OR, IN THE ALTERNATIVE, SUSPEND AND INVESTIGATE

WorldCom, Inc. (WorldCom), pursuant to Section 1.773 of the Commission's Rules, hereby petitions the Commission to reject or, in the alternative, suspend and investigate the above-captioned transmittal filed by the Bell Operating Companies (BOCs) on November 15, 2002.[1]

In Transmittal No. 22, the BOCs propose substantial increases in the rates for the SMS/800 database service. Among other things, the BOCs are proposing a 15.78 percent increase in the Customer Record Administration (CRA) charge, from $0.2219 per number per month to $0.2569 per month. The proposed tariff change, if permitted to go into effect, would mark the second rate increase in less than a year – prior to the BOCs'

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[1] Rejection of a proposed tariff or proposed changes to an existing tariff is warranted when the proposal is prima facie unlawful in that it can be demonstrated that it conflicts with the Communications Act or a Commission rule, regulation, or order. See, e.g., American Broadcasting Companies, Inc v. FCC, 633 F.2d 133, 138 (D.C. Cir. 1980); Associated Press v. FCC, 448 F.2d 1095, 1103 (D.C. Cir. 1971); MCI v. AT&T, 94 FCC 2d 332, 340-341 (1983); AT&T, 67 FCC 2d 1134, 1158 (1978); recon denied, 70 FCC 2d 2031 (1979)

Suspension and investigation of a proposed tariff or tariff modification is warranted when significant questions of lawfulness arise in connection with the tariff. See AT&T Transmittal No. 148, Memorandum Opinion and Order, FCC 84-421 (released Sept. 19, 1984); ITT, 73 FCC 2d 709, 719 (1979);

last SMS/800 filing, in June of 2001, the CRA charge was only $0.2106 per number per month.

As an initial matter, the Commission should reject or, in the alternative, suspend and investigate Transmittal No. 22 because the BOCs have failed to comply with Section 61.38(b)(1) of the Commission's rules, which requires the BOCs to provide "complete explanations of the bases for the estimates."[2] In particular, the BOCs have failed to provide a "complete explanation" for their claim that bad debt is anticipated to increase to $455,000 per month.

Contrary to the BOCs' claims, the fact that "actual bad debt expense during the first nine months of 2002 averaged $671,500" does not, by itself, constitute an adequate explanation for the projected bad debt figure. As an initial matter, it is unclear whether the $671,500 per month figure cited by the BOCs is a gross bad debt amount, or whether it reflects (as it should) any amounts that may later be recovered during bankruptcy proceedings. More importantly, projections based on a simple extrapolation of the BOCs' recent bad debt experience are likely to be in error. Much of the BOCs' recent bad debt experience is associated with an unusually high number of bankruptcies seen in the telecommunications industry in early- and mid-2002. Given that those bankruptcies are one-time events, it would be unreasonable to extrapolate from the bad debt experience of mid-2002. In this respect, Transmittal No. 22 raises the same issues as NECA Transmittal No. 952, which the Commission has suspended and set for investigation.[3]

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AT&T, 46 FCC 2d 81, 86 (1974); see also Arrow Transportation Company v. Southern Railway Company, 372 U.S. 658 (1963).

[2] 47 C.F.R. § 61.38(b)(1).

[3] National Exchange Carrier Association, Inc., Tariff FCC No. 5, Transmittal No. 952, Order, WC Docket No. 02-356, released November 8, 2002, at ¶ 8.

The Commission should also reject or, in the alternative, suspend and investigate Transmittal No. 22 because the BOCs have significantly underestimated the demand for SMS/800 services. Indeed, the underestimation of demand is the primary cause of the unprecedented increase in SMS/800 rates proposed in Transmittal No. 22.

In essence, the BOCs have developed their demand projections by assuming that the unprecedented decline in demand for 800 numbers experienced in the summer of 2002 is likely to continue for at least another year.[4] As an initial matter, the four-month period of declining demand, from May to August, 2002, is far too short to draw any conclusions about future declines, particularly in the context of a long-term trend of growing demand for 800 numbers. Moreover, the BOCs' econometric approach to forecasting demand is invalid for the simple reason that the recent decline in demand for 800 numbers is, like the increase in bad debt, tied to one-time events that are unlikely to recur. Had the BOCs conducted a careful analysis of the decline in demand for 800 numbers, they would have determined that the decline in demand can be attributed to restructurings at a limited number of carriers. Because the decline in demand was not an industrywide development resulting from fundamental changes in customers' use of 800 numbers, the decline in demand for 800 numbers must be regarded as a temporary phenomenon that cannot be extrapolated into the future.

For the reasons stated herein, the Commission should reject or, in the alternative, suspend and investigate the BOC/SMS tariff.

Respectfully submitted
WORLDCOM, INC.

/s/ Alan Buzacott

Alan Buzacott
1133 19th St. NW
Washington, DC 20036
(202) 887-3204
FAX: (202) 736-6492

November 22, 2002

[4] Transmittal No. 22, D&J, Attachment A at 10.

Statement of Verification

I have read the foregoing and, to the best of my knowledge, information, and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on November 22, 2002.


/s/ Alan Buzacott
Alan Buzacott
1133 19th Street, NW
Washington, DC 20036
(202) 887-3204

**CERTIFICATE OF SERVICE**

I, **Alan Buzacott, do hereby certify that copies of the foregoing Petition to Suspend and Investigate were sent via first class mail, postage paid, and by facsimile*, to the following on this 22nd day of November, 2002.**

Tamara Preiss**
Chief, Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th St. SW
Washington, DC 20554

Judy Nitsche**
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th St. SW
Washington, DC 20554

Qualex International**
c/o FCC
445 12th Street, SW
Room CY-B402
Washington, DC 20554

Ellen Oteo*
SMS/800 Point of Contact
SMS/800 Management Team
P.O. Box 8122
Bridgewater, NJ 08807-8122
**FAX: (732) 336-3295**

/s/ Alan Buzacott
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Alan Buzacott