

APPROVED
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ORIGINAL

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Approved as Recommended
and so Ordered

By the Commission

SESSION DEC 16 1998

Debra Renner

DEBRA RENNER

Acting Secretary

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

ISSUED &
EFFECTIVE DEC 17 1998

December 7, 1998

TO: THE COMMISSION

FROM: COMMUNICATIONS DIVISION

SUBJECT: CASE 98-C-1765 - Ordinary Tariff Filing of MCI
Telecommunications Corporation to Introduce a General
Service Description and Rates for MCI's Maximum
Security Rate Plan for the New York Department of
Corrections.

RECOMMENDATION: It is recommended that the tariff revisions
shown on Attachment 1 be permitted to become
effective, and that the requirement of Section
92(2) of the Public Service Law concerning
newspaper publication be waived.

SUMMARY

MCI Telecommunications Corporation (MCI) has filed tariff revisions to introduce the Maximum Security Rate Plan, a service which MCI provides pursuant to a contract with the New York State Department of Correctional Services (DOCS). Under the contract, MCI is the exclusive provider of phone service to all state and county correctional facilities in New York. MCI's contract with DOCS began on April 1, 1996, and expires March 31, 1999, with the possibility of two one-year extensions. MCI had initially tariffed the rates it would charge under the contract as a Special Pricing Arrangement, and has now filed the rates as a standard tariff offering. Staff recommends that the tariff be approved as filed, and that the newspaper publication requirement of 16NYCRR, Section 92(2) be waived.

BACKGROUND

On October 30, 1998, MCI filed a tariff to introduce its Maximum Security Rate Plan for the New York State Department of Corrections. The tariff sets forth the per minute rates and per call surcharges that apply to collect and person-to-person collect calls made from correctional facilities. The rates contained in the tariff filing were established in a contract between MCI and DOCS, which took effect on April 1, 1996. MCI had initially filed these rates in a Special Pricing Arrangement tariff, which was not reviewed by the Commission. This format would have been appropriate as a summary of the contract between MCI and DOCS. However, since the rates contained therein are ultimately charged to recipients of collect calls from inmates, who are not parties to the contract, Staff and MCI agreed that the rates should be contained in MCI's intrastate telephone tariff and approved by the Commission. MCI has not proposed any rate changes with this filing.

MCI's contract with DOCS sets forth the terms and conditions under which MCI will provide calling services to correctional facilities in New York for a three year period. DOCS has the right to renew the contract for two additional one year periods. Under the terms of the contract, MCI provides collect and person-to-person collect calling to inmates of the correctional facilities, and provides DOCS with a number of security features not traditionally associated with collect calling. MCI's systems can be programmed by date and time to turn on and off, limit inmate calls to a specific length, limit the number of calls and recipients of calls available to each inmate, and restrict certain classes of service (such as 800 or 900 calls). DOCS also requires MCI to provide monitoring and recording capability, including all equipment necessary to perform these functions. Because of these additional costs, MCI asks that its Maximum Security service be treated as a unique service not subject to the rate caps applicable to standard Alternate Operator Service.

DISCUSSION

The service provided by MCI and DOCS is more than just the provision of collect call service. The service permits the selective blocking and passage of certain calls from the inmates, allows for the ability to monitor and record conversations, includes some 150 high capacity T-1 facilities to handle the traffic from 3500 phones, and provides for maintenance and repair of the telephones. We should also note that the FCC has elected to forbear from imposing rate caps or benchmarks on interstate calls from prisons. The FCC reasoned that the communications equipment employed for legitimate security reasons could result in higher rates on collect calls from inmates in prisons than the rates from ordinary locations.

CONCLUSION

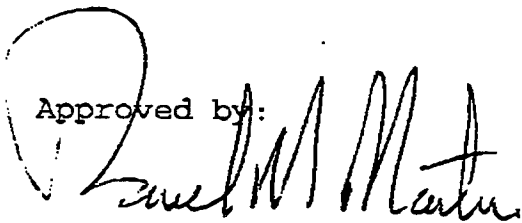
MCI's provision of service to the Department of Correctional Services should be considered a unique service, with costs that would not be incurred in the provision of standard alternate operator services. Rates for this service should therefore not be subject to the cap imposed on AOS providers. The rates proposed by MCI for this service are reasonable, and should be permitted to remain in effect. MCI has requested that the Commission waive the newspaper publication requirements of Section 92(2) of 16NYCRR, as all affected parties have been notified of this tariffed offering. This request is reasonable, and should be approved.

Respectfully submitted,



PEGGY RUBINO
Senior Valuation Engineer

Approved by:



DANIEL M. MARTIN, Chief
Tariff & Rates
Communications Division

ADMINISTRATIVE DETAILS

Filing by: MCI Telecommunications Corporation
Revisions to: P.S.C. No. 1 - Telephone
6th Revised Leaf No. 3.M
Original Leaf No., 3.N

Issued: October 30, 1998 Effective: December 1, 1998*

*Postponed to December 31, 1998 by Supplement No. 29.

SPO: 98-C-1765SP2

PUBLIC NOTICE: Newspaper publication waived; customers notified
individually.