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September 19, 1988

Mr. Harvey G. Hubbs, Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: Case No. TA-88-218, et al.

Dear Mr. Hubbs:

Enclosed for filing in the above-referenced case please find the original and fourteen copies of the Hearing Memorandum. Please "file" stamp the extra enclosed copy and return it to this office.

The Hearing Memorandum is being submitted in an unsigned form due to the fact that many of the parties are represented by out-of-town attorneys. The parties have agreed to meet and sign the Hearing Memorandum on Tuesday, September 20, prior to the commencement of the Hearing.

A change has been made in the previous Section V (Order of Witnesses) discussed at the Prehearing Conference by inserting the testimony of Gary L. Pace on behalf of the Midwest Independent Coin Payphone Association after the testimony of ITI and before the testimony of Staff witness John Van Eschen. This change is made in order to reflect current Commission practices providing that all testimony of the proponents be presented at one time.

Thank you for your attention to this matter.

Very truly yours,

Mark D. Wheatley
Assistant Public Counsel

MDW:kl
Enclosures

cc: Counsel of record

FILED

SEP 19 1988

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of)
American Operator Services, Inc. for a)
certificate of service authority to) Case No. TA-88-218
provide Intrastate Operator-Assisted)
Resold Telecommunications Services.)

In the matter of Teleconnect Company)
for authority to file tariff sheets)
designed to establish Operator Services) Case No. TR-88-282
within its certificated service area)
in the State of Missouri.)

In the matter of Dial U.S. for)
authority to file tariff sheets)
designed to establish Operator Services) Case No. TR-88-283
within its certificated service area)
in the State of Missouri.)

In the matter of Dial U.S.A. for)
authority to file tariff sheets)
designed to establish Operator Services) Case No. TR-88-284
within its certificated service area)
in the State of Missouri.)

In the matter of International)
Telecharge, Inc. for authority to file)
tariff sheets designed to establish) Case No. TR-89-6
Operator Services within its)
certificated service area in the State)
of Missouri.)

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PUBLIC SERVICE COMMISSION

HEARING MEMORANDUM

I. PROCEDURAL HISTORY

On February 26, 1988, American Operator Services, Inc. (AOSI) filed an application for a certificate of public convenience and necessity with the Commission seeking authority to provide operator-assisted long distance services to the public from facilities provided by institutional customers within the State of Missouri. The application of AOSI is pending as Case No. TA-88-218.

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By order of the Commission in Case No. TA-86-114, Teleconnect Company (Teleconnect) received a certificate of public convenience and necessity to provide intrastate intraLATA and interLATA toll telecommunications service effective June 1, 1987. On May 27, 1988, Teleconnect filed proposed tariffs with the Commission pursuant to which Teleconnect desires to establish and provide operator services within Missouri. On June 17, 1988, the Commission entered its Order suspending Teleconnect's proposed tariffs in order to determine if such services are in the public interest. Teleconnect's proposed tariffs are now pending as Case No. TR-88-282.

By order of the Commission in Case No. TO-84-223, Dial U.S. received a certificate of public convenience and necessity to provide intrastate intraLATA and interLATA toll telecommunications service effective August 26, 1986. On June 3, 1988, Dial U.S. filed proposed tariffs with the Commission designed to establish and provide alternative operator services within Missouri. On June 17, 1988, the Commission entered its Order suspending the tariffs proposed by Dial U.S. in order to determine if such services are in the public interest. The proposed tariffs of Dial U.S. are now pending before the Commission as Case No. TR-88-283.

By order of the Commission in Case No. TO-84-223, Dial U.S.A. received a certificate of public convenience and necessity to provide intrastate intraLATA and interLATA toll telecommunications service effective August 26, 1986. On June 3, 1988, Dial U.S.A. filed proposed tariffs with the Commission designed to establish and provide operator services within the State of Missouri. On June 17, 1988, the Commission entered its Order suspending the tariffs proposed by Dial

U.S.A. in order to determine if such services are in the public interest. The proposed tariffs of Dial U.S.A. are pending before the Commission as Case No. TR-88-284.

By order of the Commission in Case No. TA-88-12, International Telecharge, Inc. (ITI) received a certificate of public convenience and necessity to provide intrastate intraLATA and interLATA toll telecommunications service effective October 15, 1987. On October 14, 1987, ITI filed proposed tariffs with the Commission pursuant to which ITI desired to establish and provide operator services within the State of Missouri. ITI subsequently extended the effective date of the tariffs to July 1, 1988. On June 24, 1988, the Office of the Public Counsel (Public Counsel) filed with the Commission a Motion to Suspend, requesting that the Commission enter its Order suspending ITI's proposed tariffs pending further investigation by the Commission. On July 15, 1988, the Commission entered its Order suspending ITI's proposed tariffs in order to determine if such services are in the public interest. ITI's proposed tariffs are now pending as Case No. TR-89-6.

On June 29, 1988, Public Counsel filed with the Commission its Motion to Consolidate which requested the Commission to consolidate the tariff cases of Teleconnect, Dial U.S., Dial U.S.A., and ITI with the certification application case of AOSI, TA-88-218, for the reasons that the cases involve related questions of law and fact and that their consolidation would allow the Commission to develop a uniform general policy regarding AOS providers.

On July 15, 1988, the Commission entered its Order granting Public Counsel's Motion to Consolidate and consolidating all of the

above cases into Case No. TA-88-218, which was designated as the primary case file in the consolidated case.

II. INTERVENORS

Numerous companies and organizations have filed timely applications to intervene in the consolidated case. The following companies and organizations have been granted leave to intervene in the case by the Commission:

- AT&T Communications of the Southwest, Inc.
- Citizens Telephone Company of Higginsville, Missouri
- Competitive Telecommunications Association of Missouri
- Contel of Missouri, Inc.
- Contel System of Missouri, Inc.
- Eastern Missouri Telephone Company
- Fidelity Telephone Company
- GTE North Incorporated
- MCI Telecommunications Corporation
- Mid-Missouri Telephone Company
- Midwest Independent Coin Payphone Association
- Missouri Hotel and Motel Association
- Missouri Telephone Company
- Northeast Missouri Rural Telephone Company
- Southwestern Bell Telephone Company
- United Telephone Company of Missouri
- Webster County Telephone Company

III. PREHEARING CONFERENCE

A prehearing conference was held on Wednesday, September 14, 1988 for the purposes of defining the issues and scheduling the witnesses to be presented at the hearing. Representatives of the following parties were present at the prehearing conference:

- Staff of the Missouri Public Service Commission
- Office of the Public Counsel
- International Telecharge, Inc.
- Teleconnect Company
- American Operator Services, Inc.
- GTE North Incorporated
- AT&T Communications of the Southwest, Inc.
- MCI Telecommunications Corporation

Southwestern Bell Telephone Company
United Telephone Company of Missouri
Midwest Independent Coin Payphone Association
Contel of Missouri, Inc.
Contel System of Missouri, Inc.
Webster County Telephone Company
Missouri Telephone Company
Eastern Missouri Telephone Company
Mid-Missouri Telephone Company
Fidelity Telephone Company
Citizens Telephone Company of Higginsville, Missouri
Northeast Missouri Rural Telephone Company

IV. ISSUES

A. IS THE PUBLIC INTEREST SERVED BY THE PROVISION OF OPERATOR SERVICES BY AOSI, DIAL U.S., DIAL U.S.A., TELECONNECT, AND ITI WITHIN THE STATE OF MISSOURI?

Position of the Office of the Public Counsel

No. The provision of AOS benefits only the host companies, such as hotels, motel, and payphone providers, through the collection of surcharges and commissions, but does not benefit the end user as evidenced by the excessive rates, additional surcharges, lack of choice, confusion, and hampered emergency services. As a result, the provision of AOS is not in the public interest.

Position of the Staff of the Missouri Public Service Commission

The Commission has previously indicated that additional competition for toll services is in the public interest. In order to compete, interexchange carriers may find it necessary to offer operator services on a complementary service in order to be a "full service" provider. Companies which solely provide operator services are likewise appropriate if, for instance, the interexchange carrier would prefer to contract for such services rather than to employ their own operator staff.

Staff, therefore, recommends that applicant AOSI be granted its requested certificate of service authority. This certificate, however, should be conditioned upon AOSI submitting appropriate percentage of interstate/intrastate interLATA and intraLATA use reports to appropriate local exchange companies and to the Commission Staff within thirty days of their certificate being approved. This treatment would be consistent with prior Commission treatment of other qualified certificated operator service providers.

As to the remaining applicants, Staff recommends that each comply with the requirements specified in Staff's direct testimony before the Commission approves their respective tariffs. These requirements are designed to minimize customers' confusion and complaints and should be made applicable to all operator service providers within the State. To accomplish this, a spin-off rulemaking docket may be required.

Position of American Operator Services Inc.

AOSI believes that the provision of operator services in Missouri by AOSI and the other Applicants is in the public interest. Competitive operator services will bring important benefits to the public in Missouri, including competition to AT&T in one of its last monopoly markets, provision to end users of new options in access to inter-exchange carriers other than AT&T and in how to charge their calls, provision of new services tailored to the transient caller, promotion of new payphone locations by sharing call revenues with payphone owners, and offering traffic aggregators such as hotels and airports shared revenues to help defray the cost of their telecommunications systems.

Position of Teleconnect Company

Yes, Teleconnect provision of operator services is in the public interest. Teleconnect is, however, seeking only approval of a tariff change for its service. No other certification is necessary for Teleconnect.

Position of International Telecharge, Inc.

The provision of operator services by ITI in Missouri with appropriate regulatory guidelines is in the public interest. This is treated at length in ITI's prefiled testimony. The following comment is not intended to completely summarize that testimony but only to emphasize certain essential elements.

ITI is prepared to abide by all of the lawful rules and regulations imposed by this Commission. The advent of competition has already resulted in benefits to both end users of operator services as well as those who own customer premise equipment (CPE) and make it available for the public use. For example, ITI has pioneered important innovations in emergency services and provides important customer services to owners of COCOTS and to the hospitality industry. In response to competition, AT&T, the monopoly provider of operator services, has begun to expand the services which it makes available to its customers.

Position of GTE North Incorporated

GTE North takes no position on this issue.

Position of AT&T

AT&T supports competition in the provision of operator services and therefore does not oppose the provision of such services by

Applicants AOSI, Dial U.S., Dial U.S.A., Teleconnect, and ITI within the State of Missouri.

Position of MCI

The competitive provision of operator-assisted long distance services will result in greater efficiency, lower prices and innovative features, and therefore will further the public interest. MCI supports Commission action which will facilitate the development of a truly competitive market for operator-assisted long distance services in Missouri.

Position of Southwestern Bell Telephone Company

The public interest is served to the extent the benefits of competition can be experienced from the provision of operator services.

Position of Midwest Independent Coin Payphone Association

The Applicants have the financial stability and professional capability to provide the highest quality of operator services. The competition they will provide to other current providers will ultimately benefit the public users with better service and more services at the same or lower cost.

Position of the Independent Telephone Company Group

The provision of Operator Services by AOSI, Dial U.S., Dial U.S.A., Teleconnect and ITI is not detrimental to the public interest so long as such services are subject to terms and conditions that protect the interests of the end user.

Position of Operator Assistance Network

OAN's participation in this proceeding is limited to the generic issues raised in connection with the provision of operator services in Missouri, and it therefore does not take a position with regard to the

merits of the particular applications for certificates of public convenience and necessity which have been filed in this proceeding.

B. IN THE EVENT THE COMMISSION DETERMINES THAT THE PROVISION OF OPERATOR SERVICES BY THE APPLICANTS WITHIN THE STATE OF MISSOURI SERVES THE PUBLIC INTEREST, WHAT REQUIREMENTS SHOULD BE MADE OF THE APPLICANTS REGARDING THE FOLLOWING MATTERS:

Position of MCI

As offered by certificated IXCs, operator services simply constitute an additional, complementary group of long distance services for customers. As such, the extent of Commission regulation of such services should be consistent with the degree of regulation applied to other services offered by such IXCs. Limited regulation, as currently applied by the Commission to carriers like MCI, is therefore appropriate for new entrants in the operator-assisted long distance market. Further, any regulatory requirements for new entrants in the operator-assisted long distance market should be stated in a manner which is sufficiently flexible to permit competitive market forces to function efficiently and to allow for individualized approaches by such IXCs.

1. ACCESS TO LOCAL EMERGENCY SERVICES FOR END USERS:

Position of the Office of the Public Counsel

All emergency zero minus (0-) calls must be routed in the quickest possible way to the proper local emergency service provider. As a

result, all 0- calls should be handled by the local exchange company or AT&T.

Position of the Staff of the Missouri Public Service Commission

Applicants should eventually be able to process "0-" traffic if emergency calls can be handled in an expeditious and efficient manner. Applicants must be able to connect the caller to the appropriate emergency service agency, at no charge to the caller, and without requiring the caller to redial. The operator should be required to stay with the call until the call has terminated. However, further investigation is needed, particularly in the area of the time required to establish an operator connection after the caller dials "0". Until such an investigation can be completed, Staff recommends that all "0-" calls be handled by AT&T or local exchange companies.

Position of American Operator Services, Inc.

Calls for emergency services should be processed and delivered to the appropriate emergency service provider as quickly as possible. Before being authorized to provide "0-" dialed service, an operator services provider should be required to demonstrate that it can quickly and efficiently connect end users to local emergency services.

Position of Teleconnect Company

Immediate access should be provided (and is, indeed, provided by Teleconnect) to the appropriate emergency service for any operator assisted emergency calls. Teleconnect requires its host-business customers to configure their CPE to deliver "0-" calls to the LEC. Any "00-" calls which slip through to Teleconnect are immediately routed to the emergency service provider with a single keystroke by the operator.

Position of International Telecharge, Inc.

ITI believes that the provision of emergency services to end users is an extremely important matter. For that reason, ITI has invested substantial resources in developing an innovative state of the art emergency service system. That system is described at length in ITI's testimony. ITI supports Staff position on the provision of emergency services.

Position of GTE North Incorporated

GTE North Incorporated takes no specific position on this issue in its prefiled direct and rebuttal testimony.

Position of AT&T

No comment.

Position of Southwestern Bell Telephone Company

All carriers who provide operator service should be required to have the ability to provide emergency services.

Position of Midwest Independent Coin Payphone Association

Applicant should demonstrate ability to access emergency calls in a timely manner.

Position of the Independent Telephone Company Group

A provider of AOS must have the capability of routing all emergency calls to proper emergency service providers in an expeditious manner.

Position of Operator Assistance Network

The Commission should establish reasonable, measurable standards for the handling of emergency calls, including "911" and "0-" calls, and each operator service provider, including AT&T and the local exchange carriers, should be evaluated on their individual ability to

meet that standard. If the provider cannot demonstrate that it can comply with reasonable standards for handling of emergency calls, "0-" and "911" calls should be routed to the LEC, assuming the LEC can comply with those same standards. If a "0-" call routed to the LEC under these circumstances is determined to be not an emergency call but rather a long distance call, however, it should be redirected by the LEC to the equipment owner's presubscribed carrier, not reflexively to AT&T.

2. RATES TO BE CHARGED BY THE APPLICANTS;

Position of the Office of the Public Counsel

The Applicants must charge just and reasonable rates which, for example, should be at or below the present AT&T rates. In addition, the Applicants should charge only their approved tariff rates and should not be able to charge or collect for any customer surcharges added by the host company.

Position of the Staff of the Missouri Public Service Commission

Staff has no objections to the Applicants' proposed rates. All of the Applicants' proposed rates are either identical or nearly the same as AT&T's or Southwestern Bell's rates. Staff believes that the rates of rate-base regulated telecommunications companies should not necessarily be used as rate ceilings for other companies.

Position of American Operator Services, Inc.

Operator service providers should be required to file and observe tariffs. These tariffs should be treated as presumptively lawful, as market competition will insure that just and reasonable rates are charged. AOSI believes that no arbitrary cap should be placed on the

rates charged by operator service providers. Cost structures and service offerings may differ from one company to the next, so imposition of a cap on rates equivalent to local exchange company or AT&T rates, for example, would not fairly reflect the cost or value of service.

Position of Teleconnect Company

Rates should be determined at or below AT&T rates. Exceptions may be granted on a showing by the company that the rate is cost-based and reasonable. Teleconnect proposes rates at AT&T rate levels with no host business surcharges.

Position of International Telecharge, Inc.

ITI believes that competition rather than regulation should govern its rates. ITI supports the Staff analysis of that issue.

The rates charged by ITI are listed in ITI's proposed tariff and are intended to mirror rates charged by AT&T and SWB.

ITI also provides a service by collecting service fees for its customers who own CPE and make that equipment available to end users. Currently charges by CPE owners, such as hotels, appear on a guest's hotel bill while the tariffed call charges appear on the carrier's bill. All ITI is proposing is to have both charges appear on one bill--not to impose additional surcharges. Because that fee is set by the owner of the CPE and not by ITI, ITI does not tariff the fee. All billing for ITI is done by contract with LECs and major credit card companies. ITI understands that those billing agents cannot currently segregate charges by ITI and charges by the CPE owner on the bills.

Position of GTE North Incorporated

GTE does not believe Applicants' rates should be regulated. Rates for Applicant operator service providers and traditional operator service providers, including GTE, should be established based on the cost structure of the service provider and the market.

Position of AT&T

The rates charged by the individual Applicants should be determined by the marketplace.

Position of Southwestern Bell Telephone Company

Rates should be charged as set forth in tariffs filed with and approved by the PSC.

Position of Midwest Independent Coin Payphone Association

Regulated by the Commission considering the Applicants costs and not with regard to rates charged by rated-based regulated telecommunication carrier.

Position of the Independent Telephone Company Group

The rates to be charged by AOS providers should be tariffed and subject to a reasonableness review by the Commission. The degree of Commission scrutiny will be dependent on the classification of operator services as non-competitive, transitionally competitive or competitive.

Position of Operator Assistance Network

Intrastate rates should be based upon the costs of providing services and not upon any arbitrary formula or amount -- particularly not one based on the rates charged by the dominant carrier(s). OAN submits that competition in the marketplace is the most effective means by which to regulate rates for competitive services and believes that the substantial downward movement of rate levels in the OSP industry

over the past months demonstrates that such competitive pressures do affect rates.

3. PROPER METHOD OF ACCESSING THE APPLICANTS;

Position of the Office of the Public Counsel

A study should be conducted regarding the technical ability to access different providers through different access codes (i.e. 01 = AOSI, 02 = ITI, 03 = AT&T, etc.). Such a method would provide choice for the end user and promote true competition among the AOS providers. In the meantime, all 0- traffic should be routed to the local exchange company and instructions should be posted and displayed by the telephone to inform the end user how to reach other authorized carriers.

Position of the Staff of the Missouri Public Service Commission

Applicants can be accessed on a "0+" basis, however further investigation is needed before the applicants could be accessed on a "0-" basis (see Staff's response to Issue A).

Position of American Operator Services, Inc.

As interexchange carriers, competitive operator service providers are entitled to the full benefit of presubscription. Thus, all calls originating with the dialing of the "0" digit, including both "0-" and "0+" traffic, should be directed to the operator service provider selected by the telephone owner to be the interexchange carrier. However, "0-" traffic should be directed to the operator service provider only if the carrier can properly handle "0-" emergency calls.

Position of Teleconnect Company

Applicants should be accessed through standard dialing procedures. (0 + long distance number; 10835 + 0; 00)

Position of International Telecharge, Inc.

ITI believes that the end user should be able to access ITI by simply dialing "0" or "8+0" from phones which are subscribed to ITI's interexchange and operator services.

Position of GTE North Incorporated

GTE takes no specific issue on this issue.

Position of AT&T

No comment.

Position of Southwestern Bell Telephone Company

The method employed should allow the end user to access a carrier of choice.

Position of Midwest Independent Coin Payphone Association

Access through the "0+/-" button. Alternate dialing method only favors the entrenched providers. Any other method is discriminatory and contra to free open competitive market.

Position of the Independent Telephone Company Group

The Independent Telephone Company Group takes no position at this time.

Position of Operator Assistance Network

All providers of operator services, including AT&T and the LECs, should be permitted to be accessed by users in the same manner. Moreover, all operator service providers, including AT&T, should be required to provide access to other carriers by means of "800", "950", or other reasonable forms of access. In formulating such a require-

ment, the Commission should be aware that, in some instances, technology may dictate the preferred means of such alternate access. For example, "10XXX" access is often blocked by hotels, hospitals and similar facilities due to legitimate concerns about fraud. Because of the potential for fraud, the Operator Service Providers of America ("OSPA") has urged AT&T to adopt access arrangements other than "10XXX" from such facilities. Therefore, the Commission should simply ensure that the consumer has reasonable access to other carriers; it should not specify the exact means of that access.

4. PROVISION OF NOTICE TO POTENTIAL END USERS OF
THE APPLICANT'S NAME, RATES, AND COMPLAINT
PROCEDURES

Position of the Office of the Public Counsel

The AOS provider must identify the provider's company to the caller upon connection with the caller, at the end of the operator contact and, on collect calls and third number billed calls, to the party accepting the charges. Upon request and at no additional charge, the operator must quote rate charges to the caller or person accepting the call, including the rate to be charged for the first minute and additional minutes and any additional charges including host company surcharges and commissions. Information signs or tent cards must be placed on or near the telephone setting forth complaint procedures including the name, address and 800 number of the AOS provider. In addition, the operator must provide complaint information upon request.

Position of the Staff of the Missouri Public Service Commission

On each call, the operator service provider must provide identification of the operator's company to the caller during the initial verbal contact as well as to the billed party on third number billed calls and collect calls. Upon request, the operator service provider must provide rate quotes, at no charge, which include the rates associated with the initial minute and additional minutes (or other appropriate rate structure), operator surcharge, and any additional charges.

Staff encourages the use of tent cards, signs and stickers which could be placed near or on phones informing callers of this information as well as complaint procedures.

Position of American Operator Services, Inc.

Operator service providers should be required to identify themselves to the caller ("brand"). For calls in which operators actually speak to callers, the operators should identify the service provider upon answering the calls. In the case of calls processed through direct entry of calling card codes, the service provider should identify itself before completing the calls, allowing callers the opportunity to terminate calls before incurring any charges. Providers should quote rates on request from a caller, at no charge. Finally, operator service providers should respond to caller complaints as quickly as possible, and operators should be able to inform callers on how to file complaints.

Position of Teleconnect Company

Teleconnect's name is given at the beginning of each operator assisted call. Rates will be provided upon request. (Initially, a statement that the rates equal those of AT&T will be made.) A

toll-free number will be given upon request for billing inquiries, complaints or any other questions the end-user may have.

Position of International Telecharge, Inc.

ITI supports the Staff recommendations on branding of calls, provision of rates on request and the adequacy of a complaint procedure.

ITI believes that every provider of operator service should identify itself to every individual who comes into contact with its operators whether that be an end user placing the call, a party accepting charges for a collect call, or a third party who is contacted by an ITI operator to approve charges for a call. That is ITI's current practice.

ITI believes that the rates for its services should be made available by its operators upon request. That is ITI's current practice.

ITI believes that all bills should carry the name of the actual service provider and that those bills should accurately reflect the nature of the service rendered. ITI emphasizes that billing is provided to ITI by SWB and others under contract.

Position of GTE North Incorporated

It is GTE's position that Applicants should provide appropriate notice to enable the end user to be fully advised of the identity of the carrier handling the call and the applicable rates upon request.

Position of AT&T

To avoid confusion among customers, Applicants should be willing to notify the end user in one way or another that they are providing the service so that end user can decide whether or not to use that

company for the call. Applicants should also be willing to quote their rates to the end user at all times when the end user requests such information. Finally, Applicants should be willing to provide a toll free number that will allow end users to contact them with complaints.

Position of Southwestern Bell Telephone Company

Branding should be required sometime before the customer is committed to being billed for the service. Rates should be quoted upon request at no charge. For service complaints, dialing the operator for assistance should be sufficient.

Position of Midwest Independent Coin Payphone Association

A.O.S. should announce themselves during the processing of calls at least once, probably at the initiation. Rates should be quoted upon request. 1-800-XXX-XXXX should be on the billing pages for inquiries.

Position of the Independent Telephone Company Group

To the extent possible, AOS providers should take appropriate steps to notify end users of their identity.

Position of Operator Assistance Network

GAN agrees with the Code of Responsibility promulgated by OSPA that the operator service industry's obligation to the public includes:

- identification of the operator service provider;
- provision of pricing and billing information upon request;
- competitive pricing in accordance with established tariffs and regulatory requirements; and
- prompt resolution of caller concerns and complaints.

To implement that obligation, GAN believes that a provider should be required to identify itself to a caller by call branding or some other

form of reasonable notice to allow users to make an informed choice of service prior to incurring charges for the call. Rates should also be supplied by the provider upon the request of the caller.

In addition, the applicable procedures for directing a billing inquiry or complaint should be provided on the customer's bill for service. There is no reason, however, for a requirement specifying that a caller must be directed to the operator service provider itself or that the provider's name be listed on the bill. Many carriers contract for billing inquiry service from the LEC and those who use a billing agency may also have inquiries handled by that agent. The important information to the consumer, therefore, is the means of directing an inquiry, not the name of the carrier who completed the call. Accordingly, notice to consumers should only be required to direct users to the appropriate means of resolving disputes, not necessarily to the service provider itself. Moreover, given the fact that LEC billing systems are currently unable to include the name of a billing agent and its individual carriers on a bill, OAN submits that such requirement is infeasible as well as unnecessary.

5. BILLING AND COLLECTION PRACTICES TO BE USED BY THE APPLICANTS, INCLUDING THE FOLLOWING:
 - a. DISCONNECTION OF END USERS BY LOCAL EXCHANGE CARRIERS FOR NONPAYMENT OF CHARGES;

Position of the Office of the Public Counsel

Disconnection should not be allowed except in the case of the approved tariff charges of certificated providers. Such charges must not include surcharges added by the AOS provider or host company.

Position of the Staff of the Missouri Public Service Commission

Only charges established by parties which have both a Missouri certificate of service authority and have submitted rates to the Commission may be combined into a single charge on a customer's local exchange bill and also receive discontinuance of service for nonpayment. Staff recommends that the Commission direct the Staff, Office of the Public Counsel, and the local exchange industry to construct appropriate tariff provisions which would implement this intent before any other types of charges would be separately added to the local exchange bill. After these tariff provisions have been made, other charges could then be added to a local exchange bill. However, these charges must be separately identified and specifically associated with each call and service should not be disconnected for nonpayment.

Position of American Operator Services, Inc.

AOSI intends to utilize the billing and collection services of local exchange companies for its provision of operator services in Missouri. If local exchange companies are allowed to disconnect an end user's local exchange service for failure to pay any charges to an inter-

exchange carrier, the local exchange company should also be allowed to disconnect local exchange service for failure to pay operator service provider charges. To do otherwise is a violation of the Modified Final Judgment.

Position of Teleconnect Company

Whatever treatment is afforded to LEC B&C practices for AT&T should be allowed for the tariffed rates of Teleconnect.

Position of International Telecharge, Inc.

ITI concurs with the Staff position that disconnection of local service for nonpayment of untariffed charges should not be permitted.

Position of GTE North Incorporated

It is GTE's position that current Missouri Public Service Commission rules and regulations as written should continue to govern the disconnection of end users for nonpayment of charges.

Position of AT&T

No comment.

Position of Southwestern Bell Telephone Company

The requirements of certification and approved tariffs should allow disconnection for non-payment of charges pursuant to 4 CSR 240-33.070.

Position of Midwest Independent Coin Payphone Association

Yes; if investigation proves call is made, then charges should be collected or disconnection follows, same as LEC procedure for non-payment of IXC bills.

Position of the Independent Telephone Company Group

LECs should be permitted to disconnect end users for non-payment of charges which reflect tariffed rates which have been approved by the Commission.

Position of Operator Assistance Network

The Commission should impose the same disconnection standards for all providers of operator services, including AT&T.

- b. BILLING PRACTICES FOR INCOMPLETED CALLS;
AND

Position of the Office of the Public Counsel

The AOS provider must not bill for incomPLETED calls. To this end, answer supervision ability should be required of all providers.

Position of the Staff of the Missouri Public Service Commission

The operator service provider must not knowingly bill for any incomplete calls.

Position of American Operator Services, Inc.

AOSI believes that operator service providers should not knowingly charge callers for calls which are not completed. If bills are inadvertently rendered for incomplete calls, operator services providers should be required to issue appropriate credits or refunds upon reasonable request by the end user.

Position of Teleconnect Company

Teleconnect does not bill for incomPLETED calls.

Position of International Telecharge, Inc.

ITI agrees with Staff that end users should not be billed for incomplete calls. The Commission should recognize the network

problems which exist with areas in which Feature Group D is not available to operator service providers. Inadvertent billing of incomplete calls may occur in those circumstances.

Position of GTE North Incorporated

It is GTE's position that Applicants should not bill end users for incompleted calls.

Position of AT&T

No comment.

Position of Southwestern Bell Telephone Company

Applicants should make it a practice not to charge a customer for an incomplete call.

Position of Midwest Independent Coin Payphone Association

Incomplete calls should not knowingly be billed but if it occurs should be adjusted without conflict.

Position of the Independent Telephone Company Group

The Independent Telephone Company Group takes no position at this time.

Position of Operator Assistance Network

The Commission should impose the same standards for all providers of operator services, including AT&T and the LECs.

c. NOTIFICATION AND PROCEDURE TO BE REQUIRED IF THE END USER DESIRES TO CHARGE THE CALL TO ANOTHER CARRIER'S TELEPHONE CALLING CARD.

Position of the Office of the Public Counsel

Public Counsel questions the legality of allowing an AOS provider to make charges to the telephone calling card of another carrier. Notwithstanding this concern, the end user should be notified that the rates charged by the AOS provider may be different from the rates charged by the carrier which provided the calling card to the end user.

Position of the Staff of the Missouri Public Service Commission

The operator service provider must appropriately bill for these charges which includes listing the charge as a calling card call and correctly identifying the caller's location and the called party's location. The operator service provider must utilize reasonable calling card verification procedures, which are acceptable to the company issuing the calling cards.

Position of American Operator Services, Inc.

If an end user indicates to an operator services provider that he wishes to use a calling card issued by another IXC, the operator services provider should indicate to the end user that the call will be billed by the operator services provider at rates which may differ from those of the card-issuing IXC. No explanation should be required in acceptance of LEC-issued call cards.

Position of Teleconnect Company

Treatment equal to that provided among the LECs and various subsidiaries of AT&T should be allowed for Teleconnect.

Position of International Telecharge, Inc.

ITI identifies itself to every caller. ITI has billing arrangements with the RBOCs, including SWB, and accepts the SWB calling card for billing purposes. ITI is not authorized to accept AT&T, MCI, or Sprint calling cards and does not do so. Instead, the ITI operator asks for an alternate billing method such as a major credit card or asks for permission to bill to a third phone number.

Position of GTE North Incorporated

While GTE takes no specific position on this issue, GTE advocates that consumers should be able to choose which carrier will handle their operator service calls and the rate(s) they are willing to pay.

Position of AT&T

To avoid confusion among customers, when the caller indicates he or she is using an AT&T calling card, the Applicants should inform the caller that the Applicant, not AT&T, will be carrying, rating, and billing the call.

Position of Southwestern Bell Telephone Company

As referenced in 4, a customer should be informed of the identity and of the rates charged by the carrier that completes and bills the call.

Position of Midwest Independent Coin Payphone Association

All parties who provide operator services should be required to accept the legitimate recognized calling cards and issuer should be required to verify standing of user.

Position of the Independent Telephone Company Group

The Independent Telephone Company Group takes no position at this time.

Position of Operator Assistance Network

By call branding and/or notice to users, the caller will be aware of which carrier is providing service, just as callers are made aware by branding that AT&T is completing a call, rather than a Bell Operating Company whose card is being used for billing purposes. Moreover, if the call is being handled by a carrier other than the carrier issuing the user's calling card, the caller can request rate information if they so desire. The availability of this information allows the consumer to make an informed choice. (As described in response to Issue (3), OSPs should also be required to provide access to other carriers. OAN believes this is a reasonable requirement to ensure consumer choice.)

6. THE MANNER OF HANDLING END USERS' COMPLAINTS;

Position of the Office of the Public Counsel

In addition to the complaint provisions set forth in paragraph 4 above, all billing statements should include the name, address and toll free telephone number of the AOS provider as well as similar information regarding any billing agent used by the provider.

Position of the Staff of the Missouri Public Service Commission

Staff has not suggested any special provisions for handling end users' complaints but rather would expect the same requirements, which would include complaint procedures, to be similar for all

operator service providers. Staff would not object to the use of billing agents for the purposes of billing inquiry.

Position of American Operator Services, Inc.

Complaints should be handled as quickly as possible. Every operator services provider should have a direct contact person for caller complaints, and that contact person's telephone number should be available from the company's operators and should appear on the caller's bills.

Position of Teleconnect Company

Teleconnect's current tariffed procedures will be followed. These procedures provide for customer service representatives available 24 hours per day, seven days per week on toll-free numbers.

Position of International Telecharge, Inc.

As described in ITI's testimony, ITI believes that end users should be given adequate notice informing them that, if they wish to make a complaint, they should contact ITI at a specified toll free number or by simply accessing an ITI operator. For complaints on billing, ITI billing agents (LECs) are given discretion to handle sums under \$10 with the remainder referred to an ITI toll free number.

Position of GTE North Incorporated

It is GTE's position that customers should be provided with a telephone number(s) to call concerning AOS complaints. Timely responsive action, consistent with Commission rules, should be taken by Applicants or their billing agents to correct charges for improperly billed calls, i.e., calls not placed by the customer or incompletd calls, and to respond to complaints concerning rates or other aspects of Applicants' service.

Position of AT&T

No comment.

Position of Southwestern Bell Telephone Company

A contact number should be on the bill for a customer to call regarding a complaint and the manner of handling complaints should be equally required of all.

Position of Midwest Independent Coin Payphone Association

Push "0" and talk with the operator. 1-800-XXX-XXXX should be on the billing pages for inquiries.

Position of the Independent Telephone Company Group

AOS providers should keep the Commission informed of their procedures for handling complaints.

Position of Operator Assistance Network

The bill to end users should clearly indicate the procedure for directing a billing inquiry or complaint. See OAN response to Issue 4.

7. THE QUALITY OF SERVICE TO BE PROVIDED, INCLUDING THE TIME NECESSARY TO PROCESS END USERS' CALLS.

Position of the Office of the Public Counsel

AOS providers, at a minimum, must meet established state and national guidelines dealing with, but not limited to, operator response and call processing time.

Position of the Staff of the Missouri Public Service Commission

Staff believes that the same requirements, which would include quality of service standards, should be applied to all providers of operator services.

Position of American Operator Services, Inc.

There are no prescribed industry quality standards, but AOSI believes that callers have the right to expect service of the highest quality, including prompt completion of calls. If an operator services provider does not meet standards of high quality, competition will eventually force that company out of the market.

Position of Teleconnect Company

Existing Commission rules provide good minimal standards. Teleconnect's answer time for operators is under three seconds with over 95% of all calls answered in that amount of time. Teleconnect calls are completed on a network that is 95% digital, providing state-of-the-art quality connections.

Position of International Telecharge, Inc.

ITI supports the highest level of quality of service and believes that all calls should be answered and processed promptly and efficiently. Quality of service standards are particularly important in the area of emergency services. See comments to issue B.1.

Position of GTE North Incorporated

It is GTE's position that MPSC quality of service standards should apply equally to Applicants, as well as all other operator service providers, including interexchange carriers and local exchange companies. Also, it is GTE's position that the connection time for operator assisted calls handled by Applicants should be comparable to the connection time for calls handled by LECs and other IXC's.

Position of AT&T

No comment.

Position of Southwestern Bell Telephone Company

Quality of service should be required in a manner equal to standards imposed on all providers.

Position of Midwest Independent Coin Payphone Association

Commission should set standards to insure quality thru rule making proceedings.

Position of the Independent Telephone Company Group

The Independent Telephone Company Group takes no position at this time.

Position of Operator Assistance Network

In general, market competition will ensure that operator service quality will be maintained at reasonable and acceptable levels. In certain instances, such as emergency call handling, the Commission should set reasonable standards, applicable to all providers, including AT&T and LECs.

8. PROCEDURES FOR ACCESS TO OTHER CARRIERS AND FOR CONNECTING TO AND BILLING FOR CALLS HANDED OFF TO ANOTHER CARRIER.

Position of the Office of the Public Counsel

In addition to the access code method described in paragraph B(3) above, AOS providers must be able to transfer (splash) calls to the carrier of the end user's choice. Such calls should be billed from the end user's location and not from the AOS provider's remote location where the call is handed off.

Position of the Staff of the Missouri Public Service Commission

Staff's requirements for operator service providers do not include a requirement to connect and hand off calls to other carriers. Staff believes that the same requirements should be applied to all providers of operator services. If calls are handed off to another carrier, they should be appropriately billed (see Staff's response to Issue 5(c)).

Position of American Operator Services, Inc.

No regulation of service quality is necessary. Operator services provider subscribers are sophisticated telecommunications consumers which will quickly terminate the services of any operator services provider if poor service is rendered. Consequently, market forces will insure that service quality is good.

Position of Teleconnect Company

Industry standards should be developed by the ICCF for "splashing".

Position of International Telecharge, Inc.

End users should be provided access to their carrier of choice. ITI provides access to other carriers in basically two ways. End users wishing access to a LEC or AT&T operator are delivered directly to that carrier by "splash back," a process discussed in the testimony. End users desiring to reach another carrier, e.g., MCI, receive instructions from the ITI operator as to how to reach that carrier. ITI does pay originating access for all calls, including those from callers desiring another carrier. ITI absorbs the cost of the access for those calls and does not bill those end users who request and receive a different carrier.

Position of GTE North Incorporated

GTE takes no specific position on this issue. However, GTE advocates that consumers should be able to choose which carrier will handle their operator service calls and the rate(s) they are willing to pay.

Position of AT&T

AT&T favors the ability to access all carriers providing operator services from both public telephone locations and aggregate locations through the use of carrier access codes (i.e. 10XXX) and other dialing protocols with the specific mode determined by the IXC.

AT&T does not believe it is appropriate for Applicants to transfer calls to another operator service provider unless the call can be transferred to that provider at a location which serves the calling telephone. If transfers are permitted to other carriers at distant points, and AT&T strongly disfavors that policy, the Applicants should be required, at a minimum, to inform the end user that the transfer will occur at that point and that the call will be carried, rated and billed by the receiving carrier from that location. This will help minimize customer confusion.

Position of MCI

It is MCI's position that the availability of access to competing IXCs, as well as end user awareness of such availability, are important to permit a competitive operator services market to develop and function efficiently. To ensure these conditions prevail in situations where operator-assisted long distance services are provided to end users through a "traffic aggregator" (e.g., hotel, private pay phone, etc.), the Commission should require that end users have access to all

serving certificated IXCs through 950-10XX, 800-950-10XX and 10XXX dialing arrangements. In such situations the Commission should require the serving operator services provider to inform end users, upon request, of the identity of other available IXCs and the dialing arrangements for accessing such IXCs.

Position of Southwestern Bell Telephone Company

Applicants should not block access to other carriers. (see 3.) If access to other carriers is provided "splashing" then billing should reflect charges for the call from the point of origination.

Position of Midwest Independent Coin Payphone Association

From the pay phones position this should be done by 950-XXXX or 1-800-XXX-XXXX numbers. "Splashback" will continue to cause "point of origination" confusion. Unless AT&T is required to provide 800 or 950 access.

Position of the Independent Telephone Company Group

In any case where it hands off a call to another provider of operator service or any other carrier, an AOS provider must be required to do so in such a way that the correct point of origin (i.e. the calling party's location) is reflected in the call records that are used for billing purposes. This is necessary to avoid customer confusion caused by inaccurate recording and to avoid incorrect rating of operator assisted calls.

Position of Operator Assistance Network

As stated in response to Issue 3, OAN believes that operator service providers, including AT&T, should be required to permit callers to access other carriers through "950" or "800" or other toll-free access arrangements. Such access is preferable to

transferring a call to another carrier, which, due to technical limitations, might bill the user as if the call originated at the operator service provider's operator center, not the caller's location.

9. OTHER:

Position of the Staff of the Missouri Public Service Commission

The operator service provider's name should be listed on the local exchange bill rather than the billing agent's name.

Position of GTE North Incorporated

It is GTE's position that its provision of billing and collection services to Applicants and other operator service providers is consistent with its Facilities for IntraState Access Tariff, P.S.C. Mo. No. 2, Section 8, approved by the Missouri Public Service Commission.

V. ORDER OF WITNESSES

At the prehearing conference the parties agreed that the witnesses for the hearing would be presented in the following order commencing on Tuesday, September 20 and continuing through Wednesday, September 21, 1988:

Tuesday, September 20, 1988

9:00 A.M. -- Marking of exhibits

10:00 A.M. -- Opening statements (10 minute time limit per party)

<u>Party</u>	<u>Witness</u>	<u>Testimony</u>
American Operator Services, Inc.	James F. Bryan	Direct and Rebuttal
Teleconnect Company	Dennis L. Ricca	Direct and Rebuttal
International Telecharge, Inc.	Paul Freels Dennis Thomas	Direct and Rebuttal Rebuttal
Midwest Independent Coin Payphone Association *	Gary L. Pace	Direct
Staff of the Missouri Public Service Commission	John B. Van Eschen	Direct
Office of the Public Counsel	M. Dianne Drainer	Direct and Rebuttal
Contel of Missouri, Inc. Contel System of Missouri, Inc. Webster County Telephone Company	Thomas E. Schmersahl	Direct and Rebuttal
Missouri Telephone Company Eastern Missouri Telephone Company	B. Wayne Clark	Direct
Southwestern Bell Telephone Telephone Company	William C. Bailey	Direct and Rebuttal
GTE North Incorporated	Meade C. Seaman	Direct and Rebuttal

VI. ORDER OF CROSS-EXAMINATION

At the prehearing conference the parties agreed that cross-examination of the witnesses would be conducted in the following order:

*The testimony of Gary L. Pace has been inserted in this position to reflect the Commission's practice of having all testimony of the proponents presented at one time.

Cross-Examination of Applicants' Witnesses

American Operator Services, Inc. (AOSI)
Teleconnect Company (Teleconnect)
International Telecharge, Inc. (ITI)
Staff of the Missouri Public Service Commission (Staff)
Operator Assistance Network (OAN)
Midwest Independent Coin Payphone Association (MICPA)
Missouri Hotel and Motel Association (Mo Hotel)
Contel of Missouri, Inc.; Contel System of Missouri, Inc.;
Webster County Telephone Company; Missouri Telephone
Company; Eastern Missouri Telephone Company; Citizens
Telephone of Higginsville, Missouri; Mid-Missouri Telephone
Company; Fidelity Telephone Company; Northeast Missouri Rural
Telephone Company (Independent Telephone Company Group)
Southwestern Bell Telephone Company (SWBT)
GTE North Incorporated (GTE)
United Telephone Company of Missouri (United)
MCI Telecommunications Corporation (MCI)
AT&T Communications of the Southwest, Inc. (AT&T)
Office of the Public Counsel (Public Counsel)

Cross-Examination of Staff Witness

AOSI
Teleconnect
ITI
OAN
MICPA
Mo Hotel
Independent Telcos.
SWBT
GTE
United
MCI
AT&T
Public Counsel

Cross-Examination of Public Counsel Witness

OAN
MICPA
Mo Hotel
Independent Telcos.
SWBT
GTE
United
MCI
AT&T
Staff
AOSI
Teleconnect
ITI

Cross-Examination of Intervenors' Witnesses

OAN
MICPA
Mo Hotel
Independent Telcos.
SWBT
GTE
United
MCI
AT&T
Staff
Public Counsel
AOSI
Teleconnect
ITI

Respectfully submitted,

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