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November 30, 1988

Mr. Harvey G. Hubbs, Secretary
Missouri Public Service Commission
5th Floor, 301 West High Street
P.O. Box 360
Jefferson City, MO 65102-0360

Dear Mr. Hubbs:

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

Enclosed for filing please find the original and fourteen copies of
Initial Brief of GTE North Incorporated in this docket.

Carol Bjelland will present an additional copy to be file stamped and
returned for our files.

Sincerely yours,



Attorney for GTE North Incorporated

VCM:som

Enclosures

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PUBLIC SERVICE COMMISSION

H.D.

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 provide Intrastate Operator-Assisted Resold Telecommunications Services.)
)
) Case No. TA-88-218 ✓
)
)

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

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

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

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

INITIAL BRIEF OF
GTE NORTH INCORPORATED

Two broad issues were identified in the Hearing Memorandum.

The first issue relates to whether the Commission should authorize the provision of operator services by Applicants as requested in these dockets.

GTE North Incorporated ("GTE North") does not take a position on this first issue. However, we do believe that the

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public interest is served as a result of competition in the provision of operator services. Consumers benefit when they can make rational choices of how they can purchase a service and at what price -- the key being the ability to make a rational choice. Also, we believe that the record demonstrates that operator services are competitive services in the current telecommunications environment in Missouri, both interLATA and intraLATA. As we will discuss further hereinafter, all operator service providers, including GTE North, should be subject to equal levels of regulation and flexibility in providing the services.

The second broad issue identified in the Hearing Memorandum relates to what requirements may be imposed on Applicants in the event the Commission authorizes them to provide operator services. GTE North is interested in this issue from the competitive aspects of operator services and because GTE North provides Billing and Collection Services ("B&C Services") for operator service providers, as well as for example, inter-exchange carriers.

A. Operator Services Are Competitive Services In Missouri. All Providers, Including GTE North, Should Be Given Equal Regulatory Treatment and Flexibility.

The evidence of record demonstrates that operator services are competitive services in Missouri both on an inter-LATA and intraLATA basis. There are numerous operator service providers operating in Missouri today, and assuming Commission authorization herein, more can be expected. There are

presently three companies other than AT&T and local exchange carriers ("LECs") which have tariffed operator services: U.S. Sprint, LTS and American Communications, Inc. (Exhibit 11, p. 2-3) There are other operator service providers operating in Missouri which have not been either certificated by the Commission or do not have appropriate tariffs on file. GTE North's operator handled revenues and intraLATA toll revenues are being negatively impacted by competing operator service providers (Exhibit 19, p.4). Mr. James Bryan, the Director of Regulatory and Industry Affairs, employed by American Operator Services, Inc. d/b/a National Telephone Services, Inc., an applicant herein, recognized the competition with LECs when he testified in part, on cross-examination:

"Q. On an intraLATA basis, for example, GTE might be one of your competitors for operator services; isn't that true?

"A. Very well may be.

"Q. As well as other LECs on an intraLATA basis?

"A. That's correct." (Tr. p. 77)

An operator service provider can also compete with GTE North by providing operator services to a GTE North customer using a GTE North calling card on an intraLATA, as well as, on an interLATA basis. (Tr. pp. 163-164) Competition exists among all operator service providers, including GTE North.

The Commission should afford fair competition for operator services provision. GTE North, along with all other operator service providers, should be given equal regulatory treatment and flexibility. For example, while GTE North believes the operator service providers' rates should be

tariffed, they should be regarded as competitive services for Applicants and for other operator service providers such as GTE North. The rates should be established based on the cost structure of the service provider and the market. The operator service provider should be able to competitively price its services based on the market, so long as the customer has a choice, at the minimum, between two operator service providers. (Exhibit 19, pp. 8-9).

GTE North has become aware of customer concerns with operator services provided by Alternate Operator Service ("AOS") companies, through its provision of B&C services to AOS companies. GTE North has received several complaints, involving concerns that an AOS provider was performing the service rather than the customer's carrier of choice and that the rates being charged were not the rates of the carrier of choice. (Exhibit 19, p. 5). Particularly with respect to the customer complaint aspect of AOS services, quality of service standards should be considered by the Commission for all operator service providers to adhere to -- the operator service providers, other interexchange carriers and the LECs, to insure quality operator services for consumers in Missouri. In particular, customers should be made aware of which carrier is handling the call, the rates should be available upon request and the connection time of the AOS provider should be comparable to LEC and other IXCs who handle operator assisted calls. (Exhibit 19, pp. 7-8).

GTE North believes operator services are competitive in Missouri and that all operator service providers should be

permitted to compete for that business with equal levels of regulation.

B. There Are Several Issues Concerning Billing and Collection for AOS Providers. These Issues Should Be Resolved So That GTE North Can Continue To Bill For AOS Providers, Including Billing The Surcharge, And Providing The Billing Inquiry Service.

1. Provision of Billing & Collection Services to Unauthorized AOS Providers.

GTE North and Southwestern Bell (SWBT) provide B&C services to AOS providers, in addition to other interexchange carriers. GTE North provides the B&C services pursuant to Section 8 (Ancillary Service) of GTE North's Facilities for Intra-state Access Tariff. GTE North's tariff makes billing and collection services available to anyone who wishes to take the service, and does not, eg., limit availability of billing and collection services to certificated companies. The company presumes that any customer ordering from the tariff is acting in a lawful manner (Exhibits 19, 20). GTE North and SWBT do have billing and collection agreements with AOS providers in Missouri who are not currently certificated and/or who do not have operator services tariffs approved by the Commission (Tr. pp. 468-469; GTE North Late Filed Exhibit 21 (Proprietary), SWBT Exhibits 22, 23 (Proprietary)).

The Office of Public Counsel recommends in its direct testimony that the Commission direct all LECs to discontinue B&C services for all unauthorized AOS providers (Exhibit 12, p. 4). As shown above, GTE North's tariff does not limit the availability of billing and collection services, and GTE North believes that is appropriate. It is the duty of AOS providers to obtain the necessary certification/tariff approval from the Commission, just as it would be necessary for AOS providers or others to obtain necessary incorporation status or authority to do business in Missouri or tax certificates, etc. from other appropriate authority in Missouri. GTE North and the other LECs should not be placed in an enforcement role, anymore than they should be called upon to determine if local exchange service is being requested by a firm which has been authorized to do business in Missouri. Other firms no doubt provide service to AOS providers in Missouri--but OPC does not address this aspect. For example, no one is suggesting the Commission impose regulation on hotels and truck stops in their decision to do business with AOS providers who are not certificated or do not have approved tariffs.

GTE North requests that it not be placed in an enforcement posture, that the Commission deal directly with operator service providers and that this recommendation of OPC not be accepted by the Commission.

2. LECs Should Continue To Be Permitted To Bill The Unbundled Surcharge And To Disconnect for the Unbundled AOS Tariffed Charge.

GTE North and SWBT provide B&C services to AOS providers. The end user billing for the AOS providers may include an unbundled amount, which incorporates both an amount charged by the operator service provider for the operator assisted call and toll, as well as a surcharge amount established by the premise owner (eg., hotel, truck stop). Today, the LECs do not have the programming ability to separate the AOS charge and the surcharge on the bill. (Tr. p. 404, 467)

The Commission Staff would permit local disconnect for nonpayment of charges for which rates are on file for parties that have been certificated by the Commission. The Staff and OPC take the position that there should be no disconnection of service as a result of nonpayment of the surcharge, since it is not a tariffed charge. (Tr. pp. 401-402, 538). The Commission's rule provides:

"The failure to pay charges not subject to Commission jurisdiction shall not constitute cause for discontinuance unless specifically authorized in telephone utility tariffs approved by the Commission." commission Rule 240-33.070(2).

GTE North has no quarrel with this position of the Staff/OPC, since under the Commission rule, nonpayment of nontariffed surcharges are not grounds for disconnection. (Tr. p. 405) GTE North has not and does not intend to disconnect for nonpayment

of the surcharge. This aspect does not seem to be a problem, since as was correctly noted by SWBT witness Bailey in response to questions by Mr. Brownlee, there is no evidence in this extensive record that anyone in Missouri has been disconnected for nonpayment of a surcharge -- in fact, there is no evidence that any customer has been disconnected for nonpayment of any AOS charge. (Tr. p. 628)

However, Staff contends that the LECs should not be permitted to bill for the AOS provider unless the tariffed AOS charges and the untariffed surcharge are separately set forth, i.e., unbundled, on the customer bill. (Tr. pp. 404-407) OPC witness Drainer seems to go even further than Staff, stating that the LECs should be permitted to bill the unbundled tariffed AOS charges, but not the surcharge even if it is broken out as a separate item on the bill. (Tr. pp. 573, 581) The problem is, as all agree, that the LECs cannot unbundle these charges at present, as explained by GTE North witness Seaman. (Tr. p. 467) It would take an extensive computer program change to accomplish the unbundling. If the Commission were to adopt the Staff/OPC positions, it would mean the LECs would have to stop billing for the AOS providers and the AOS providers would go out of business or pass on the additional costs of alternate billing systems to the public.

The Commission should leave the issue of whether the AOS tariffed charges and the surcharge should be unbundled to the economics of the market place. In a sense the whole

disconnect issue is "much ado about nothing", since the LECs cannot disconnect for nonpayment of the surcharge. This means to GTE North, that GTE North cannot disconnect for nonpayment of the surcharge. The Commission should simply clarify its existing rules applicable to this situation -- the LECs can disconnect for the unbundled AOS tariffed charge and cannot disconnect for the surcharge. No tariff modification as proposed by Staff is necessary. (Tr. pp. 423-424) The suggestion of OPC that the Commission should totally outlaw the billing of the surcharge, even where unbundled, is not supported by any party but OPC, is unjustified, and should be rejected by the Commission.

3. The Telephone Number of the AOS Provider Should Not Be Required On the Bill.


GTE North and SWBT provide bill inquiry services to AOS providers. The bills rendered by GTE/SWBT to end users of AOS providers include a telephone number by which the end user can call GTE/SWBT for assistance or information, as the case may be. GTE/SWBT respond to the customer inquiry, including providing credit to the customer as appropriate and in accordance with the contract with the AOS provider. If GTE/SWBT cannot respond to the question or adjust the customer bill under the particular circumstances, GTE/SWBT have the telephone number of the AOS provider and will provide the number to the end user for reference. (Exhibit 19, 19a; Tr. pp. 464-466, 592-593)

GTE North's understanding of the testimony of the parties is that no party is proposing that the telephone number of the operator service provider be included on the customer bill in addition to or substitution for the GTE North number provided on the bill.

It is important for GTE North in providing the customer inquiry service, to have a telephone number on the end user bill by which the end user can call GTE North. Not only would having the telephone number of the AOS provider on the bill cause confusion, but it is not possible to place the number of the AOS provider on the bill at this time due to computer programming constraints. Accordingly, the Commission should not require the telephone number of the AOS provider on the customer bill.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been mailed or hand delivered to the following on or before the 30th day of November, 1988.

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