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November 29, 1988

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Mr. Harvey G. Hubbs
Executive Secretary
Missouri Public Service Commission
Harry S Truman Building
Corner, High and Broadway
Room 530
Jefferson City, Missouri 65101

FILED

NOV 30 1988

Re: Case No. TA-88-218

PUBLIC SERVICE COMMISSION

Dear Mr. Hubbs:

Enclosed for filing please find an original and fourteen (14) copies of Operator Assistance Network's Brief in the above-captioned matter. Please "file" stamp the extra, enclosed copy and return it to this office. X

Thank you for your attention to this matter.

Very truly yours,



Peter C. Concannon

Enclosures

NOV 30 1988

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

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 certificate 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 certificate service area in the State of Missouri.)
)
) Case No. TR-88-284 ✓
)
)

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

BRIEF OF OPERATOR ASSISTANCE NETWORK

Operator Assistance Network ("OAN"), by its undersigned counsel, hereby submits its Brief in the above-captioned proceeding. OAN's brief will address a single issue raised in this consolidated proceeding.^{1/} Specifically, OAN urges the

^{1/} OAN reserves the right to reply to other issues that may be raised in the initial briefs of other parties to this proceeding.

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Commission that any requirement to identify an individual carrier, instead of the billing agent for that carrier, on Local Exchange Carrier ("LEC") bills, is unnecessary, technically infeasible, costly, and potentially confusing to customers. Therefore, should the Commission determine to authorize one or all of the carriers in this proceeding or in future proceedings to provide operator services, it should decline to require that carriers who use the services of an independent billing agent such as OAN must be identified on telephone bills.

I. BACKGROUND

This proceeding arose out of an application by American Operator Services, Inc., d.b.a. National Telephone Services ("AOSI") for a certificate of service authority to provide operator-assisted long distance services in Missouri and the proposed tariffs of four other certified carriers -- Teleconnect Company ("Teleconnect"), Dial U.S., Dial U.S.A., and International Telecharge, Inc. ("ITI") -- to provide operator services in Missouri. The Commission suspended all of the tariffs and consolidated these various dockets to determine if provision of operator services by the companies is in the public interest.

On August 19, 1988, the direct testimony of Missouri Public Service Commission staff witness John Van Eschen was filed. Mr. Van Eschen recommended that the Commission approve AOSI's application for certification and the proposed tariffs of the companies; however, he also recommended that the Commission impose

certain conditions on the provision of operator services by the companies. Among other things, Mr. Van Eschen recommended that the Commission should require that a carrier handling a telephone call, rather than the carrier's billing agent, be identified by the LEC on the customer's telephone bill.

OAN's interest in this proceeding centers on the narrow issue raised by Mr. Van Eschen. OAN provides billing and collection and customer inquiry services to regional interexchange carriers ("IXCs"), resellers, and operator service providers ("OSPs"). To perform these services, OAN has entered billing and collection agreements with numerous LECs for billing of calls carried by OAN's IXC, reseller and OSP customers. OAN also contracts with the LECs for billing inquiry services. Under these agreements, the LECs respond initially to caller inquiries and complaints. As part of their service, the LECs resolve disputes concerning charges up to certain dollar thresholds, and provide OAN's toll-free customer service number to consumers who desire additional information or whose disputes have not been resolved. OAN then responds to these customers and resolves remaining disputes. Only in exceptional circumstances is there any necessity for inquiries to be referred to the toll-free telephone numbers of OAN's individual carrier customers.

Although OAN provides carrier identification information to the LECs, technical constraints in LEC billing systems currently mandate that the LECs identify OAN, and not OAN's carrier customers, on telephone bills. Mr. Van Eschen's proposed

requirement would therefore serve to preclude carriers such as Teleconnect (an OAN customer) from utilizing a cost effective means of obtaining billing and collection services. Moreover, OAN will show that such a requirement is unnecessary, infeasible for many LECs, and might actually generate the very type of confusion Mr. Van Eschen seeks to avoid.

Mr. Van Eschen himself agreed that the Commission should entertain waiver requests if his recommended requirement is adopted, thereby recognizing that the ability of agents to process bills on behalf of carriers should not be held up pending the implementation of billing system modifications by the LECs. OAN submits that the Commission should not adopt a rule where the rule's only proponent acknowledges that it will immediately need to be waived for an undetermined period of time (for some smaller LECs, possibly forever) pending implementation of unnecessary and costly LEC billing system modifications.

II. THE COMMISSION SHOULD NOT REQUIRE SEPARATE IDENTIFICATION OF AN UNDERLYING CARRIER

The Commission should decline to require the identification of a carrier, instead of its billing agent, on customers' telephone bills. Such a requirement is unnecessary, and, absent a waiver, would raise the costs of many carriers to the detriment of competition, and perhaps prohibit certain carriers from operating in Missouri.

A. The Requirement is Unnecessary

A single witness, Mr. Van Eschen, has advocated a requirement to identify a carrier, rather than its billing agent, on a customer's telephone bill. This, according to Mr. Van Eschen, is necessary to reduce the confusion of a customer who uses a carrier who identifies itself at the time of the call, but who then receives a bill which identifies the billing agent rather than the carrier. Van Eschen D. at 9-10.^{2/} (Mr. Van Eschen specifically stated, however, that "operator service providers can use billing agents, if desired, to perform the details of billing administration and customer inquiries.") Id. The Public Counsel's witness, Ms. Drainer, also noted a "concern" in her rebuttal testimony about the inability of LECs to identify a carrier who contracts with an independent billing agent, based on her belief that failure to identify a carrier on a bill forces consumers with questions or complaints "to make at least three time-consuming calls [to the LEC, the billing agent, and finally to the carrier] in search for answers and possible satisfaction." Drainer R. at 6.

A requirement to identify carriers on telephone bills, instead of their billing agents, is unnecessary because consumers can, in most instances, resolve any questions regarding the identity of the carrier or its billing agent or complaints

^{2/} References to Direct and Rebuttal prefiled testimony will be cited herein as "D" and "R", respectively. Transcript references will be cited as "Tr.".

regarding the carrier's service or charges with only a single telephone call to the LEC.

As noted previously, OAN contracts with LECs, such as Southwestern Bell, to provide billing and collection and customer inquiry services for OAN. Bailey, Tr. at 591-92; Ricca, Tr. at 303-04. Southwestern Bell's witness testified that as part of its customer inquiry service, Southwestern Bell trains individual service representatives to respond to inquiries concerning a particular client, and all calls concerning that client are referred to the appropriate representative(s). Bailey, Tr. at 592. The service representatives are provided with information concerning the identity of the client, which they pass on in case of an inquiry. Thus, Mr. Bailey testified that if a customer inquired why OAN's name, rather than Teleconnect's name (which is a customer of OAN), appeared on a telephone bill, the Southwestern Bell representative could provide the appropriate explanation to the customer. Bailey, Tr. at 593.

LECs also have authority to resolve customer complaints up to a threshold dollar value concerning clients for whom they provide inquiry service. Seamen, Tr. at 465-66; Ricca, Tr. at 304. If the LEC cannot resolve a complaint, the customer is then given the client's telephone number to pursue the complaint. Seamen, Tr. at 466. Billing agents such as OAN have adequate billing records to resolve customer disputes referred by LECs. Ricca, Tr. at 304.

The Public Counsel's concern that failing to list the

carrier's name on telephone bills might force consumers with inquiries or complaints to make three separate, time consuming telephone calls -- one to the LEC, one to the billing agent, and finally, one to the carrier, Drainer R. at 6 -- is misplaced. LECs, pursuant to their customer inquiry agreements, routinely answer questions concerning the identity of a carrier or its billing agent and have the power to resolve billing disputes concerning charges under certain threshold amounts. Unresolved questions or disputes are then passed on to the billing agent, which has the information and authority to resolve them. Thus, the majority of inquiries or complaints regarding any OSP charges, whether billed under its own name or an agent's, can be resolved with but a single telephone call to the LEC.

Quite clearly, a requirement to identify carriers contracting with an independent billing agent such as OAN is unnecessary in light of the information and dispute resolution procedures available through LEC service representatives who are trained to satisfy customer complaints and inquiries regarding both a specific billing agent and the underlying carrier. Further, the availability of a toll-free number to resolve any unanswered queries or unsatisfied complaints completely obviates any need to identify separately the carrier. The lack of identification of the carrier on telephone bills will neither engender confusion nor necessitate time-consuming telephone calls on the part of consumers with queries or complaints.

Indeed, that the requirement is unnecessary has been

recognized both by the Office of Public Counsel and the Commission staff. Ms. Drainer of the Office of Public Counsel testified during cross-examination that her concern does not affect her recommendation that Teleconnect, which is a customer of OAN, be permitted to provide operator services in Missouri, although the LECs cannot currently list Teleconnect's name on telephone bills. Drainer, Tr. at 492. Even Mr. Van Eschen, the sole witness advocating the requirement, testified that he recommends that the requirement be waived "in the interim period" until LECs modify their systems to permit identification of the carrier of the call. Van Eschen, Tr. at 393. Because the requirement advocated by Mr. Van Eschen is completely unnecessary and will not achieve the Staff's goal of protecting consumers, the Commission should decline to adopt it, especially in light of the necessity of waivers of the requirement from its very inception.

B. The Requirement Is Technically Infeasible

At the moment, even though OAN supplies carrier identification information to LECs, LEC bills do not identify the individual carriers for whom OAN submits call records because the LECs' billing systems can only identify a single entity for each charge. Bailey, Tr. at 591; Bryan, Tr. at 139. In order to implement such a capability, Southwestern Bell would have to modify its database and reprogram its computers. Bailey, Tr. at 591-92. Southwestern Bell cannot predict when such changes could be completed or what the cost would be. Bailey, Tr. at 592. Some smaller local

exchange companies have not developed multicarrier billing capabilities at all, and only currently bill for a single IXC -- AT&T. Bryan, Tr. at 70; Schmersahl, Tr. at 432. Some of these smaller companies will participate in the National Exchange Carrier Association ("NECA") billing arrangement, and intend to list NECA as the billing agent for other carriers for whom they will bill. Bryan, Tr. at 70. Accordingly, under such arrangement, all carriers other than AT&T for whom NECA processes bills will have their charges listed under their agent's name, not their own.

At the moment, therefore, it is impossible for the LECs to put into effect a requirement to identify a carrier instead of its billing agent. It is certain that the modifications to implement such a requirement, even for the larger LECs, would require time and money and would be "quite a job," Bailey, Tr. at 592, and for smaller LECs would be economically impossible. Thus, the proposed requirement may be technically impossible at the moment, infeasible for many LECs, and is unduly costly measured against the potential benefits.

C. The Requirement Would Burden OSPs and Impair Competition

Smaller carriers, such as Teleconnect, would suffer increased costs and might find it economically impossible to compete if they were forced to contract separately with the LECs so that they could list their names on telephone bills. Such a development

would disadvantage Missouri consumers. Dennis L. Ricca, Director of the Regulatory Department for Teleconnect, testified that, due to substantial one-time charges to establish billing and collection agreements with LECs and recurring monthly fees for LEC billing and collection services, "[i]t's more economical for us to bill through OAN than it is to incur that one time fee. We're relatively new to the operator service industry, and our operator service volumes clearly don't warrant that type of fee right now." Ricca, Tr. at 306; see Schedule R to Direct Testimony of James F. Bryan.

Smaller entrants would similarly find themselves at a competitive disadvantage compared with their larger rivals due to the greater charges per call that the smaller carriers would have to incur for billing and inquiry services. The requirement might even preclude entry by smaller firms into the Missouri market. A requirement of individual identification of carriers on telephone bills can only be made at the expense of competition. The Commission should not impose a requirement that will impair competition to the detriment of Missouri consumers.

CONCLUSION

Because the Commission Staff's proposed requirement is unnecessary, technically infeasible, burdensome on smaller competitors and the public, and potentially confusing to consumers, OAN asks that the Commission decline to impose such a requirement.

Respectfully submitted,

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Dated: November 29, 1988

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