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November 30, 1988

Mr. Harvey G. Hubbs
Secretary
Missouri Public Service Commission
P. O. Box 360
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FILED

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

PUBLIC SERVICE COMMISSION

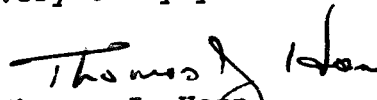
Dear Mr. Hubbs:

Enclosed please find an original and fourteen (14) copies of Southwestern Bell Telephone Company's Initial Brief to be filed in the above-referenced case.

Please stamp "Filed" on the extra copy and return to us.

Thank you for bringing this matter to the attention of the Commission.

Very truly yours,


Thomas J. Horn

Enclosures

cc: All parties of record

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 ✓

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 SOUTHWESTERN BELL
TELEPHONE COMPANY

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I. INTRODUCTION

This consolidated proceeding addresses the Commission's review of the five applicants and their provision of alternate operator services in the State of Missouri. The Commission's Order of April 5, 1988, set forth the areas of review to be addressed by the various parties and include: 1) access to local emergency services for applicant's end users; 2) provision of notice to potential end users of the provider's name, rates and complaint procedures; 3) the procedure for billing end users, including whether applicant proposes to request the local exchange carrier to disconnect end users for nonpayment of alternate operator service provider bills; 4) the proposed rates to be charged; 5) the manner of handling the end users' complaints; and 6) the quality of service the applicant proposes to provide, such as the time necessary to process the end user's calls.

The consolidated docket includes five separate cases. Case Number TA-88-218 involves the application of American Operator Services, Inc. (AOS) for a certificate of service authority to provide operator services. The remaining four dockets include Teleconnect Company (Teleconnect), Dial US, Dial USA and International Telecharge, Inc. (ITI) filing for authority to file tariff sheets to establish operator services. These four applicants had previously received a certificate of public convenience and necessity to provide intrastate/intraLATA and interLATA toll communication services.

A prehearing conference was held on Wednesday, September 14, 1988 and the issues to be addressed at the hearing were defined in more detail.¹ The hearing memorandum filed September 19, 1988 included each parties' position on the issues.

Southwestern Bell's position regarding the issues set forth in the hearing memorandum can be summarized as follows:

1. The public interest is served to the extent the benefits of competition can be experienced from the provision of operator services. All carriers who provide operator service should be required to have the ability to provide emergency services. Rates should be charged as set forth in tariffs filed with and approved by the Commission.
2. The method employed for accessing an operator service provider should allow the end user to access a carrier of choice. Branding should be required some time before the customer is committed to being billed for this service. Rates should be quoted upon request at no charge. For service complaints, dialing the operator for assistance should be sufficient.
3. Regarding billing and collection practices, the requirements of certification and approved tariffs should allow disconnection for nonpayment of charges pursuant to 4 CSR 240-33.070. The operator service providers should make a practice not to charge a customer for an incomplete call. A customer should be informed of the identity and of the rates charged by the carrier that completes and bills the call. 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.

¹The procedural history, identity of intervenors and position of each participating party on the issues presented herein is set forth in greater detail in the hearing memorandum, Exhibit 1.

4. Quality of service should be required in a manner equal to standards imposed on all providers. Alternate operator service providers should not block access to other carriers. If access to other carriers is provided by "splashing", then billing should reflect charges for the call from the point of origination.

While Southwestern Bell has addressed all of the issues presented by the Commission and the evidence has shown that many of the issues have been resolved, this brief will focus on two of the concerns of specific importance to Southwestern Bell. These concerns include:

1. That emergency service access be required in a manner equal to standards imposed on all providers of operator services in the State of Missouri.
2. That Southwestern Bell be allowed to continue long term billing and collection services for certificated operator service providers including the ability to disconnect for nonpayment of approved tariffed charges.

II. THE COMMISSION SHOULD REQUIRE APPLICANTS, AS ALTERNATE OPERATOR SERVICE PROVIDERS, TO HAVE THE ABILITY TO PROVIDE EMERGENCY SERVICES ACCESS WITHOUT MAKING THE LOCAL EXCHANGE CARRIER CARRY ONLY "O MINUS" TRAFFIC.

A. A Level Playing Field Should Exist for all Carriers in the Provision of Emergency Services

Southwestern Bell recognizes that alternate operator service providers carry intraLATA traffic by "stripping" off "O+" and "O-" calls. However, to "strip" off "O+" calls and leave "O-" calls to be handled by the LEC is not a fair practice and should not be condoned by the Commission. (T. 597, Bailey)

"If they are not stripping the calls off, if they're just using the network as its intended, then I have no concern. Because what, in fact, would happen is that all 0- calls or 0+ intraLATA calls would go to the local exchange company. My

concern is that the carrier is interceding and redialing some numbers to direct it other than the normal network circumstance, that if they're going to do that for '0+' they do it for '0-' also." (T. 598, Bailey)

Consequently, Southwestern Bell's position is that, in order for there to be a fair and level playing field with regard to the handling of intraLATA traffic, each operator service provider must be required to handle all "0+" and "0-" calls or handle no 0 traffic at all. The alternative would require the LEC to handle "0-" calls as an emergency service provider without the benefits included with handling "0+" traffic. The result is unequal treatment of the LEC with respect to operator service provider carriers.

B. The Evidence Shows that Applicants, AOS and ITI Intend to Carry all "0" Traffic and Not Divert any "0-" Traffic to the LEC

The witnesses for applicants AOS and ITI have testified that their companies operating as operator service providers intend to handle all "0" traffic or none at all. AOS witness James Bryan testified that both "0+" intraLATA and "0-" intraLATA calls are delivered to the local exchange company operator center. (T. 79-80, Bryan) ITI witness Paul Freels testified that eventually ITI proposes that 0+ and 0- calls could be processed through ITI. (T. 179-180, Freels) However, today any traffic that cannot be identified as an interLATA call is passed to the LEC including 0-calls. (T. 236, Freels)

C. The Evidence Shows Applicant Teleconnect (Dial U.S. and Dial U.S.A.) Intend to Have the End User Access its Network Through the Use of "1 Plus" Dialing and to have all "0" Traffic Handled by the LEC.

Applicant Teleconnect Company, which also provides the carrier services for applicants Dial U.S.A. and Dial U.S., presented evidence that access to its services is only provided for by "1 plus" dialing. Moreover, Teleconnect Company denied willingness to accept both the 0- and 0+ traffic and all the obligations connected with carrying that traffic. (T. 317-318, Ricca).

Consequently, with reference to the handling of intra-LATA traffic, the applicants in this docket have agreed to either intentionally not handle 0- or 0+ intraLATA traffic, or handle both 0- traffic along with the 0+ traffic (ITI and AOS), or only carry traffic originated by dialing "1 plus". (Teleconnect Company, Dial U.S. and Dial U.S.A.) Nevertheless, with regard to the Commission establishing a uniform policy in this docket, it should require that a carrier who is interceding and redialing numbers to direct "0+" traffic to the operator service provider's network must handle 0- traffic as well.

III. THE COMMISSION SHOULD CONTINUE TO ALLOW SOUTHWESTERN BELL TO PROVIDE LONG TERM BILLING AND COLLECTION SERVICES FOR CERTIFICATED OPERATOR SERVICE PROVIDERS AND CONTINUE TO AUTHORIZE LOCAL EXCHANGE CARRIERS TO DISCONNECT END USERS FOR NONPAYMENT OF APPROVED CHARGES

Together with other LECs in Missouri, Southwestern Bell provides billing and collection services for operator

service provider carriers. (See Exhibit 22) The provision of Southwestern Bell's billing and collection services provides a contribution above cost to local service. The purpose of that contribution is to offset category 2 services known as basic services. (T. 600, Bailey)

A. The Commission Should Adopt the Staff's Position
Recommending That Approved Rates be Combined into a
Single Charge on a Customer's Local Exchange Bill and
Receive Discontinuance of Service Treatment for
Nonpayment Pursuant to 4 CSR 240-33.070.

Southwestern Bell concurs with Staff's proposal that the alternate operator services companies should be able to receive the same treatment as any other party that currently has a certificate from the Commission with rates on file at the Commission and expect disconnect for nonpayment of those charged rates. (T. 402, Van Eschen) Absent an ability to restructure the billing to separate out the telephone service charges from a separate surcharge imposed by an alternate operator service provider, the ability to disconnect for nonpayment may be impaired. Consequently, Staff recommends that only charges made by a certificated party with rates on file with the Commission be combined on the billing so that the billing and collection agent can continue to disconnect for nonpayment of these charges. (T. 406-407, Van Eschen)

Mr. Bryan for AOS testified that his company was not comfortable with the practice of billing the surcharge as well as the size of many of the surcharges which have been

charged. Based on this concern AOS agrees not to object to a prohibition against the surcharge or a prohibition against disconnection on that basis. (T. 115, Bryan)

Applicant ITI recognizes that it has a low uncollectible rate in part due to the LEC's provision of billing for ITI. (T. 199, Freels) ITI further agrees that surcharges that are not directly related to the telephone service should not carry with them the ability to disconnect local services. ITI recognizes that an aggressive disconnect policy is necessary to maintain a low level of uncollectibles and that safeguards are warranted to make sure that unnecessary disconnection of local service does not take place. (T. 291-293, Thomas) Southwestern Bell concurs with ITI's recognition of the importance of the disconnect policy and its application to only necessary and approved rates. A hotel surcharge which is not tariffed should not give rise to disconnection of local service and should not appear on the bill unless separately listed and identified on the bill. Absent a present ability to separate non-tariffed surcharges on the bill, disconnection should be permitted for failure to pay tariffed telephone charges.

Applicant Teleconnect (and apparently Dial U.S. and Dial U.S.A.) does not bill surcharges over and above the approved telephone service charges. (T. 328, Ricca) Consequently, the surcharge billing issue does not even apply to these three applicants in this proceeding.

**B. Further Requirements Regarding Billing
and Collection Services Should be
Addressed in a Separate Rulemaking Docket**

Staff has recommended that a spin-off rulemaking docket be established so that any guidelines or rules developed with respect to the Applicants in this docket can be made applicable to all providers of operator services. (T. 31, Stewart) If a separate rulemaking docket is established any changes to the present practice of billing and collection services could be reviewed in more detail and addressed in that docket.

IV. CONCLUSION

Southwestern Bell is particularly concerned with two positions in this docket. The Commission should establish equal requirements of all the applicants to: 1) Provide end user accessibility to emergency service without requiring the LEC to carry only O- traffic; and 2) Continue to allow Southwestern Bell to provide long term billing and collection service to operator service providers together with the ability to disconnect an end user for nonpayment of an undisputed approved charge.

The Commission should insure that all operator service providers are treated equally in requiring adherence to regulatory controls. In this manner, fair competition will be achieved and the customer's knowledge and trust of the network will be maintained.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed, postage prepaid, the 30th day of November, 1988 to all parties of record in this case.

Thomas J. Horn
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