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CHAIRMAN WUTC

Kent, WA 98032

Nov 28, 1990

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Washington State Public Utilities Commission  
1300 S. European Park Drive S.W.  
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Olympia, WA

Attn: Sharon Nelson, Chairperson

SUBJ: UT 900326-R.

I have just received and reviewed the amended or revised rules governing Private Public Payphone operators released on Nov 27, 1990. My reaction - I am appalled! And that is putting it rather mildly!

I had truly believed that as a result of our letters, telephone conversations from myself and colleagues in the public payphone industry, and the hearing over the dialogue which transpired earlier this month that the PUC would understand better how the private payphone business operates and how devastating the proposed rules would be if implemented to the industry as a whole and how unfair they were. Obviously not attempt has been made to understand the message we were trying to get across.

I am a man of 68 1/2 years old. I have a wife and an 8 year old daughter. I am unable to purchase life insurance due to my medical problems. I have worked very hard and we as a family have made many sacrifices to build up and expand our business over the past 4 1/2 years. We now operate 13 Public Payphone stations. We have prided ourselves in our operation in our dealing with the consumer and with the industry. We have not ripped off the consumer, kept our equipment clean and reliable and have gone out of our way many many times where users have had unique problems. Any profits which we may have derived thus far have been turned back into the company, plus this year we state

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to avoid a lawsuit against defendants, but I guess since I cannot access them. my phone to various situations I am left as a 25 operator (though I do not have the capacity of staying in forwarding) and also an aggregator?

You issue in your revised rules of Nov 27, 1990 with respect to the \$25 surcharge etc and other matters, the reason your emission (staff) have refused to change their original position is due to "the monopoly thereby given to AOS operators and Aggregators". I find it very difficult to believe that I am a monopoly with 13 phones. If this wasn't such a serious problem I would think that statement would produce a hilarious response!

Do you folks really understand how the private payphone business really operates. We have central our way little. It is US West, GTE, AT&T, PACIFIC Telecom (T.U. of Wa) that have the monopolistic control. Do you think that the fore mentioned companies care me use whether the surcharge is \$1.00, 2.00 or \$25? No! On fact they are probably delighted with the \$25 cap. US West, AT&T, GTE are all competing in the private public telephone industry. They would like to get my phones. One of my site owners have been approached several times by reputed US West representatives trying to talk him into switching.

You categorize me as an AOS operator and an Aggregator and then accuse me as using a monopoly because quote I block calls preventing the user from using a carrier of their choice. I have not been the one to block calls. I received a call from a user 2-3 weeks ago from my North Bend phone. She had an AT&T credit card and wanted to make a long distance call and charge it to her credit card. ITI services my phones and of course would not take an AT&T credit card although they would have picked up the call on a collect call. I placed her on hold and made a couple of long distance calls of my expense to find out how I could get

would be receiving a sizeable check for state taxes. My principal objective in this business was to build a financial base for my wife and daughter which I could not do thru the route of insurance since I am uninsured. You, the Commission have taken care of that by your revised rules of Nov 27, 1990 and have forced me out of business effective the end of the year. Not only have you lost us 4 1/2 years of hardware and services, but you have lost me my initial investments since I can never get back the money I have put into the business. It is just a question of how much I can now mitigate my losses. Possibly the best I could expect at this time is to give the business away for \$1.00 if I can get out of my obligation to the site-owners since some of our contracts still have 4 1/2 years to run.

There is no way that I can survive on \$.25 surcharge on a limited number of calls and provide free access to other carriers networks who do not pay commission such as AT&T, GTE, US West, Pacific Bell etc. A good example of the effect of your rules is as follows: I operate a phone in No Bond in Pacific Bell Territory. That phone takes in an average of \$46.00 per month in cash revenue. I take in 200.00/mo. in surcharge. Removing the surcharge to \$.25 and not withdrawing any other dependencies regarding surcharges on a per per basis the surcharge average revenue per month would be reduced to \$50.00/month for a total average revenue of \$96.00 per month. My average phone bill per month with Pacific Bell is \$50.00/mo. That leaves me \$16.00 per month for charging the Commission, maintenance repair and replacement, office supplies, liability insurance, license fees, Municipal 3% taxes, My state 3% taxes, gas, lime, etc. That is one of my better phones based on many comparisons it is "a good second performance". If your revised rules go into effect of my 13 phones only 1 phone can support itself. The rest, 12 phones become either losses or marginal.

her into the AT&T network on my phone, and I'm given a  
 number she could call. I gave her that number and asked her  
 to try it and call me back at my expense if she was not  
 successful. She called me back, said she was unable to get any  
 response from that number. I placed her on hold, and made a  
 couple of more long distance calls, at my expense and got  
 another number which I passed on to her telling her to try that  
 number and call me back if unsuccessful. Again she called me  
 back. This time when she called the second number she got a  
 recording that said "We cannot place the call as called." I  
 sent her to two other phones in the nearby area one serviced  
 by Fone America, another by Pacific Telecom and asked her to call  
 me back at my expense. The upshot was that she was unable  
 to break into the AT&T network, not because of me. But because  
PACIFIC TELECOM that me had the call blocked! Why then am  
 I signaled out as being a monopoly?

As stated earlier - I have nothing against a cap on surcharges.  
 My billing agent ITI has a max on surcharges of \$1.00 depending  
 on the usage and locality I set my surcharge within that limitation.  
 I have two phones operating on Standard Blvd, outside the Doubletree  
 in Tukula Wa where I charge \$.75 access. Other phones in the area  
 including USWest/AT&T are charging more than that.

The total effect of what your commission is doing is forcing  
 private telephone companies like me out of business, and pushing that  
 business into USWest, GTE and Pacific Telecom etc. The surcharge really  
 doesn't bother them that much. They don't have to pay for the PHL,  
 they don't have to pay a charge on long call plans in addition  
 to the base charge, at \$.06 per min. they don't have to pay hook up  
 charges or disconnection charges, and they receive all as part of  
 all local call revenue. Plus the fact that before the deactivation they  
 paid rate almost a commission on both revenues so meager that  
 it barely paid for the electricity consumed by the payphone. So  
 if the commission is really concerned about monopoly they had  
 better look at the impact of the proposed regulation in terms of its  
 real effect on the consumer and rate controls.

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Did you or any of your colleagues on the Commission ever stop and check the fact that AT&T, GTE, US West, Pacific Telephone etc all clamoring for equal access to the consumer under the pretext of fairness to the consumer and competitors, refuse to pay private payphone access a commission on prime calls placed thru their networks, from private phones not operated by them. You want to be fair to the consumer, you want competitors, you want equal access for the consumer then (1) impose rules which prevent these companies from blocking calls and shift the blame where it belongs. (2) You want competitors then don't push the private payphone operators out of business. GTE, US West, AT&T, Pacific Telem. will love you for that and you will be pushing the whole paytelephone industry into a state monopoly across the National monopoly that was recently decided by the Supreme Court at much expense to the taxpayer. I don't think it was the intention of the Supreme Court to exchange the National monopoly into a state monopoly and (3) you want to protect the consumer (appreciable) then why not cap the surcharge rate and consider that surcharge in the tariffs negotiated with AT&T, US West etc and require them to pay the private payphone operators that surcharge where calls are originated on a private public payphone as a percentage of the revenues realized.

All the other problems can be fixed brought up by the changes proposed can be handled either immediately or in a very short time as our technology improves such as fraud, response time, billing data etc. There present no serious problems.

With respect to standardization, I believe everyone in the industry is far that and support the consumer. And with that awareness these problems would be resolved in the near time frame. We in the Northwest Payphone Assn have already taken steps to implement such standardization.

With respect to regulating I have no concern with that assuming a reasonable fee charged nor do I have any problem with 00885

holding and updating twice annually data on phone locations, equipment definitions, and site access names and addresses. Now in holding the name address etc of the "real aggregator" ITI, Phone America or whatever, their name and address and the surcharge rate at any given location.

With respect to penalties: with non-enforcement I believe a stop-ladder approach should be taken where the first offense would be less than a second or a third offense, and where the penalty became stiff enough at some point to put the operator voluntarily or by force to conform or put out of business.

One I ask is that the surcharge be fair. and \$.25 is not fair in my actual experience. I don't have one full year of data on 13 phones yet - only about 9 months as of Dec 31, 1990. But I would sure be willing to open my books at the end of that period to the PUC and sit down with them or an appointed representative and go over all details of the operation for however long it takes to keep the commission to understand what is involved and to draw a baseline. I have, we'd have plenty of data, and I won't try to hide

Is there any way we can put off at least the surcharge problem and air equal access at "no charge" for a limited time that would permit the PUC to obtain the visibility they need before they make a final decision on this issue ???

A personal call between us would be very nice to discuss this further. Or if you wish a face to face meeting. I need a little advance notice however, since I must arrange a ride, due to my vision problem, and to make arrangements for the care of my 8 year old daughter. At this meeting I would like if you wish to have operator, like me who operates 30 phones.  
Sincerely,  
G.M. Murticelli

00886



Sharon L. Nelson, Chairman  
Richard D. Casad, Commissioner  
A. J. "Bud" Pardini, Commissioner

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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October 15, 1990

Mr. A. M. Vendettuoli  
Patricia's Enterprise  
Post Office Box 3763  
Kent, Washington 98032

Dear Mr. Vendettuoli:

Thank you for your recent letter to Governor Gardner concerning the Washington Utilities and Transportation Commission's (Commission) proposed rulemaking for Alternate Operator Services (AOS). Governor Gardner has forwarded your letter to the Commission for a response.

Currently the AOS proposed rule, WUTC Docket UT 900733, is scheduled for public hearing before the Commission on October 31 at 9:00 a.m. in the Chandler Plaza Building, 1300 Evergreen Park Drive S. W., Olympia. Your written comments have been included in the record and have been submitted to the Commission staff for review. In addition, your name has been placed on the interested persons list to receive a copy of the final order and any notices regarding this case.

Thank you again for your comments.

Sincerely,

Paul Curl  
Secretary

cc: Governor Booth Gardner

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