

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of)	
)	DOCKET UT-990259
U S WEST COMMUNICATIONS, INC)	
)	ORDER GRANTING
)	PETITION
or Competitive Classification of its)	
Directory Assistance Services.)	
.....))	

INTRODUCTION

On March 3, 1999, U S WEST Communications, Inc. ("USWC"), filed its petition for competitive classification of its directory assistance services pursuant to RCW 80.36.330 and WAC 480-120-022.

On April 23, 1999, USWC filed an amendment to its petition. In its letter, USWC requests price-listing of only those directory assistance services that are currently billed. Non-billed directory assistance services include the existing one free call allowance per month for residential direct dialed calls to directory assistance service, free directory assistance service to persons incapable of using a published telephone directory because of a physical or functional disability, and calls that originate from hospitals.

In a written memorandum presented by staff at the Commission's open meeting conducted on April 28, 1999, staff recommends that the Commission grant competitive classification to USWC's directory assistance services.

COMMISSION DISCUSSION AND DECISION

Pursuant to RCW 80.36.330 the Commission is authorized to classify a telecommunications service provided by a telecommunications company as a "competitive telecommunications service" if it finds that the service is "subject to effective competition." The statute defines "effective competition" to mean that "customers of the service have reasonably available alternatives and that the service is not provided to a significant captive customer base."

In determining whether a particular service is a competitive service, the Commission shall consider, among other factors, the following:

- (1) the number and size of alternative providers of services;
- (2) the extent to which services are available from alternative providers in the relevant market;

(3) the ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and

(4) other indicators of market power, which may include market share, growth in market share, ease of entry, and the affiliation of providers of services.

Once a service is classified as a competitive telecommunications service, the Commission may reclassify any such service if reclassification will protect the public interest.

I. Effective Competition

USWC submitted a list of telecommunications companies that provide directory assistance services in the state of Washington which it postulates as a meaningful indicator of the number and size of alternative service providers. Specifically, USWC submitted a list of 70 providers of directory assistance services. Many of these alternative service providers are of sufficient size to be capable of offering similar directory assistance services.

In its petition, USWC states that USWC does not currently have a captive customer base for directory assistance services. Alternatives to USWC's directory assistance services currently exist in the form of direct access from the customer's chosen long-distance provider and "dial around" access to other providers of directory assistance. USWC submitted evidence of its own decreasing volume of calls for directory assistance. With ease of entry into the market and functionally equivalent or substitute services readily available in the marketplace, USWC's directory assistance services are subject to effective competition.

II. Other Issues

1. Notice of Price List Changes

Staff recommended that the notice period for the first price increase be extended to thirty days and that a message appear on at least two consecutive bills informing customers of the increase and that alternative services exist. The extended notice will give all customers an opportunity to enhance their awareness of directory assistance and inform customers that future increases may take effect upon ten days' notice. USWC did not object. The statute permits the Commission to specify the required notice, and the Commission will require the additional notice for the first increase USWC might initiate. For any subsequent increase, the Commission will prescribe the same notice requirement as has appeared in all orders granting competitive service or competitive company classifications.

2. Review of Competitive Service Classification

The Commission has the authority to undertake a review of competitive classifications pursuant to RCW 80.36.330(7) in order to protect the public interest.

3. Prices Sufficient to Cover Cost and Prevent Cross-Subsidy

The current rates for USWC's directory assistance services were supported by cost studies demonstrating that they are above the costs of providing the services. The initial price lists filed pursuant to competitive classification of these services should mirror the current tariffed rates. Thereafter, any rate changes must continue to cover costs.

4. Non-billed Directory Assistance Services

USWC has not requested any change in the treatment of non-billed directory assistance services which will continue to be part of its local service tariff. Non-billed directory assistance services include the existing one free call allowance per month for residential direct-dialed calls to directory assistance service, free directory assistance service to persons incapable of using a published telephone directory because of a physical or functional disability, and calls that originate from hospitals.

III. Conclusion

Based upon the entire record in this matter, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. The Washington Utilities and Transportation Commission is an agency of the state of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including telecommunications companies.

2. U S WEST Communications, Inc., is registered as a telecommunications company providing service within the state of Washington as a public service company.

3. On March 3, 1999, USWC filed a petition requesting competitive classification of its directory assistance services pursuant to RCW 80.36.330 and WAC 480-120-022.

4. On April 23, 1999, USWC filed an amendment to its petition requesting price-listing of only those directory assistance services that are currently

billed. Non-billed directory assistance services include one free call allowance per month for residential direct dialed calls to directory assistance service, free directory assistance service to person incapable of using a published telephone directory because of a physical or functional disability, and free directory assistance service to calls that originate from hospitals.

5. The relevant product market is the directory assistance services market in the state of Washington.

6. There are reasonably available alternative providers of the telecommunications services to those USWC offers in the relevant market.

7. There are no regulatory barriers to entry into the relevant market, and entry presently is occurring.

8. The directory assistance services offered by USWC are subject to effective competition.

9. USWC's prices for this service are subject to the cost standard and other conditions described fully in the text of this Order until otherwise ordered by the Commission.

CONCLUSIONS OF LAW

1. USWC's directory assistance services meet the requirements of RCW 80.36.330. The Commission should grant the petition of USWC.

2. USWC should be permitted to offer USWC's billed directory assistance services under price list.

ORDER

THE COMMISSION ORDERS:

1. The amended petition of U S WEST Communications, Inc., for an order granting competitive classification of its directory assistance services is granted.

2. U S WEST Communications, Inc.'s prices for directory assistance services are subject to the cost standard described fully in the text of this Order until otherwise ordered by the Commission.

3. U S WEST Communications, Inc., is authorized to offer directory assistance services under price list, the format of which is subject to prior approval by the Commission, to be effective after ten days' notice to the Commission and to

customers. The notice period for the first price increase initiated by U S WEST Communications, Inc., is extended to thirty days and a message must appear on at least two consecutive bills informing customers of the increase and that alternative services exist. In the event of a price reduction or a change in terms or conditions which do not have a rate impact, personal notice to customers is not required. Although the Commission does not have authority to waive this notice requirement, petitioner does have the option to publish notice of price reductions by a display advertisement in such newspaper or newspapers as are geographically situated so as to be circulated over the company's service area.

4. U S WEST Communications, Inc., shall within 30 days file revisions removing its billed directory assistance services from its tariff and offering it under a price list.

DATED at Olympia, Washington, and effective this 29TH day of April, 1999.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner