



**Sheraton Seattle**  
HOTEL & TOWERS

JOSEPH D. TERZI  
GENERAL MANAGER

December 7, 1990

Washington Utilities & Transportation Commission  
Attn: Sharon L. Nelson  
1300 South Evergreen Park Dr. SW  
Olympia, WA 98504

Dear Ms. Nelson:

RE: WUTC Docket No.: UT 900726

I am writing to you on behalf of the Sheraton Seattle Hotel & Towers to express our strong opposition to that part of proposed WAC 480-120-141 (9) which seeks to legislate a ceiling of 25 cents on charges made by hotel operators for local calls made by hotel guests from their rooms.

We have no quarrel with the section of the proposed legislation which seeks to advise customers of the use of an alternative operator service. As a company, Sheraton Hotels no longer use these services, believing them to result in a negative perception of high final pricing to the consumer. Nor do we have any objection whatever to the concept of ensuring that hotel guests are made aware of the existence and level of charges made by hotels for local and toll-free calls. The Sheraton Seattle Hotel & Towers is strongly committed to the ethical conduct of our business, and we already voluntarily post information beside guest room telephones clearly advising customers of a service charge on local, toll-free, credit card and directory assistance calls.

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**ITT Sheraton**  
WORLDWIDE HOTELS, INNS, RESORTS & ALL-SUITES CHAIRMAN WUTC

1400 SIXTH AVENUE, SEATTLE, WASHINGTON 98101  
PHONE: (206) 621-9000 FAX: (206) 621-8441

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However, I wish to express to you in the strongest terms our complete opposition to any attempt to legislate any ceiling (let alone one as low as 25 cents) to what hotel operators can charge for local and toll-free calls. Leaving aside the philosophical question of whether it should not be left to market forces to regulate such pricing, there is a strong consideration of equity in our decision to impose a 75 cent service charge on all local, credit card, toll-free and directory assistance calls.

In the case of the Sheraton Seattle Hotel & Towers, in response to comments from customers (almost all out-of-state business users) about the inadequacy of our old telephone system, we have recently completed installation of a brand new, state of the art, telecommunications system at a cost in excess of \$500,000. This system provides two lines per guest room, fax and modem compatibility, improved accuracy in billing, voice mail compatibility, etc. On an annual basis, we also incur payroll and operating costs of over \$350,000 in operating a switchboard to the standard required by our guests, many of whom are international business travellers.

These costs are far from insignificant, and have to be recovered by revenue in one form or another. The question comes down to whether they should be recovered through higher room rates for all customers (irrespective of their usage of the telephone) or whether they should be recovered through user based charges which obviously hit those customers hardest who use the telephone most.

Here at the Sheraton Seattle, our clientele divides into two principal groups of very different users. Greatest use of the hotel is made by out-of-state business visitors, who use the telephone heavily and are absolutely accustomed to paying service charges of anywhere between \$0.75 cents and \$1.00 for local and credit card calls. Our second greatest group of users are more price sensitive local leisure users who visit the hotel at weekends to "get away from it all" and hardly use the telephone at all.

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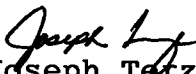
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Any decision to restrict telephone service charges to 25 cents will merely have the effect of shifting the burden of a significant overhead cost from those who actually use the telephone most (out-of-state business users) through user based charges to all users of the hotel.

We appreciate the opportunity to share our comments with you.

Sincerely,

SHERATON SEATTLE HOTEL & TOWERS

  
Joseph Terzi  
General Manager

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