



MCI Telecommunications Corporation

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

March 6, 1991

Paul Curl
Executive Secretary
Washington Utilities and
Transportation Commission
1300 South Evergreen Park Drive, S.W.
Olympia, Washington 98504

Re: Docket No. UT-900726

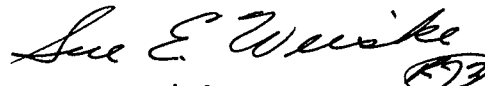

Dear Mr. Curl:

Enclosed for filing in the above-referenced docket is the original and nineteen copies of the Comments of MCI Telecommunications Corporation (MCI).

We would appreciate acknowledgement of receipt of this document. An additional copy and a self-addressed, stamped envelope are enclosed. Please date stamp the extra copy and return it to MCI.

If there are any questions concerning this document, please contact me.

Very truly yours,


Sue E. Weiske, Esq. 

Enclosures

01284

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Amending)
WAC 480-120-021,)
WAC 480-120-106,)
WAC 480-120-138, and)
WAC 480-120-141, Relating)
to Telecommunications)
Companies -- the Glossary,)
Alternate Operator Services)
Pay Telephones, and Forms)
of Bills.)
_____)

DOCKET NO. UT-900726

COMMENTS OF
MCI TELECOMMUNICATIONS CORPORATION

MCI Telecommunications Corporation (MCI), pursuant to the Washington Utilities and Transportation Commission's (Commission) Supplemental Notice to WSR 90-19-118 dated January 23, 1991, and through its undersigned attorneys, submits its comments to the revised proposed rules in the above-captioned matter.

MCI incorporates by reference its written Comments, previously filed in this docket on October 18, 1990, and its Reply Comments, filed November 5, 1990. MCI offers the following comments to the revisions issued with the above Supplemental Notice.

PROPOSED RULES

WAC 480-120-138

In WAC 480-120-138(10), the Commission proposes that "the local exchange company providing the public access line shall supply restriction, where available, which prevents fraud to the

10XXX-1 codes." (Emphasis added.) However, the Commission still has not provided a waiver process which would allow the blocking of 10XXX where the above restrictions are not available. As stated in MCI's Reply Comments, some equipment currently in place blocks both 10XXX-1 and 10XXX-0 access because the equipment cannot distinguish between these two dialing sequences. MCI again recommends that the Commission institute a waiver process to allow blocking of 10XXX access in very limited circumstances.

The Commission also needs to address the issue of alternative access. So as to ensure that consumers will always have some form of access to their preferred carrier, all carriers need to establish either a 950- or 800- form of access. This would allow consumers the freedom of using their carrier of choice even in circumstances where 10XXX needs to be blocked because of the possibility of fraud.

In addition to ensuring that consumers always have a choice of carriers, the Commission needs to address the issue of alternative access to provide for an equally competitive operator services market. At the present time, AT&T is the only interexchange carrier (IXC) which has a monopoly on the availability of 0+ dialing for its calling cards. In most instances, AT&T calling card numbers have been shared with the Bell Operating Companies. In the past, MCI and other IXCs have had access to a verification data base so as to be able to accommodate the consumer and carry calls placed using these cards.

However, in recent years AT&T has started issuing "proprietary" calling card numbers, for which verification is not available. In fact, as pointed out in an AT&T letter (see Exhibit 1), by the end of 1991 AT&T intends to migrate all of its calling card customers to "proprietary cards." According to the letter this accounts for approximately 30 million cards today. However the number could be much greater by the end of 1991. MCI does not object to AT&T not providing verification on its proprietary cards. MCI does object to AT&T having monopoly premium 0+ dialing on these cards. This situation is very anti-competitive because AT&T is the only IXC or operator service provider (OSP) in the country to have this premium dialing arrangement on unverifiable cards.

Most hotels and motels try to accommodate their customers as much as possible. In the past, when all cards using 0+ dialing were verifiable, all operator service providers were on an equal competitive footing and, thus, could handle all 0+ dialing from any location. Once AT&T switches its 30,000 million plus calling cards to proprietary calling, it will have an unfair advantage because AT&T will be the only company that will be able to handle all 0+ calls. For the marketplace to be fair and equitable, all calling cards using 0+ dialing must be verifiable.

According to an AT&T Business Wire press release (see Exhibit 2), AT&T currently provides long-distance service to 17 of the top 20 hotel chains nationwide. To continue to grant AT&T

exclusive use of premium 0+ dialing on unverifiable calling card calls will enable AT&T to perpetuate its virtual monopoly in the hospitality industry.

For example, if a small company is facing two choices, either the prospect of spending up to \$100,000 to upgrade its system to allow the unblocking of 10XXX (for AT&T customers) so as to be able to subscribe to MCI or Sprint or another carrier; or, subscribing to AT&T, and then not having to upgrade its equipment because the customers of all other carriers would have an alternative 950- or 800-950 access number, the small company will certainly go the route of subscribing to AT&T. This situation would be very anti-competitive and will not promote competition in the state of Washington.

With the exception of when MCI is the presubscribed carrier for a certain location, MCI's calling cards are usable only with 950-1022 or 10222 dialing. MCI offers its calling card customers two forms of access because MCI wants to assure its customers of easy availability of access. The Commission needs to address the issue of giving all consumers all possible forms of access. MCI asks this Commission to either order AT&T to provide an alternative form of access or order it to provide a way for other carriers to verify its proprietary calling cards.

WAC 480-120-141

WAC 480-120-141(1)

In WAC 480-120-141(1), the Commission is proposing that all OSPs file, with the Commission at least every six months, a current list of all subscribers and locations served. This would be extremely burdensome because at the present time MCI does not keep this information on a state-specific basis. In the instance of large hotel chains, MCI tracks the information on a company-specific basis. MCI would have to create a software program to generate the information every six months. MCI currently has no idea what costs it would incur if it were necessary to create such software and assign personnel to generate and file the information every six months. Also, it is unclear why the Commission thinks that the collection of this information is necessary.

Contracts/Tariffs

In other subsections of WAC 480-120-141, the Commission appears to be indirectly regulating the traffic aggregator industry through the operator service providers' contracts. In WAC 480-120-141(2) and (4) the Commission has proposed rules that govern articles which should be included in the contracts which an OSP has with its subscribers.

WAC 480-120-141(2) requires that "[e]ach AOS company is responsible for assuring that each of its customers complies fully with contracts and tariffs." MCI and other AOS companies

cannot monitor the traffic aggregator/hospitality industry. MCI has no way of knowing when a specific company is in violation of the Commission's rules. After notification, MCI will discontinue service and withhold payment of commissions as proposed in the rule. However, MCI does not have the personnel to go from site to site check whether or not the traffic aggregator/payphone owner is violating the Commission's rules. It is also the responsibility of the traffic aggregator/payphone owner to comply with the Commission's rules. Therefore, MCI offers the following change to WAC 480-120-141:

(2) Each AOS company and traffic aggregator/payphone owner is responsible for ~~((assuring that each of its customers complies fully with contract and tariff))~~ compliance with any provisions which are specified in ((this)) these rules. Failure to ~~((secure compliance constitutes a violation by the AOS company))~~ comply with these rules may subject the traffic aggregator/payphone owner to the provisions of WAC 480-120-138(18) or other Commission remedies. Upon notification by the Commission, ((F)) the AOS company shall withhold the payment of compensation, including commissions, from an aggregator, if ((the AOS company reasonably believes that-)) the aggregator is blocking access to interexchange carriers in violation of these rules.

In WAC 480-120-141(4)(e) and (f), the Commission is setting rates and trying to regulate the traffic aggregator/payphone industry indirectly through the AOS industry. It is not MCI's responsibility to restrict a traffic aggregator/payphone owner from recovering whatever costs are necessary in order to efficiently run their business. This is an issue on which the

Commission must deal directly with the aggregator industry. It would also be overly burdensome to require MCI to require these individual state-specific rates in its contracts, especially those with large chains which may have locations nationwide. While MCI's contracts have provisions as to customer notification and non-blocking, these are items which are required in almost every state and even on a national level. To be required to add specifics as to state rates would make the contracts overly complicated and subject to modifications when there are rates changes.

AOS Provider Information

MCI believes that the new proposed rules which require that instructions for reaching a consumer's preferred carrier be available from the AOS provider (WAC 480-120-141(4)(a)(ii) and WAC 480-120-141(5)(c)) and also listed on the notice at the telephone (WAC 480-120-141(4)(b)(iii)) are both onerous and impractical. First, MCI and/or the aggregator does not know all other AOS providers serving an area. The local exchange company (LEC) is usually the best source of this information. The LEC usually knows of all companies to whom it is providing access service. An IXC, AOS or an aggregator has no way of knowing all companies that might be serving a particular area in order to give dialing instructions or list them on the notice. MCI would agree that in the case of some resellers that resell the services of other IXCs, the LEC may not even know that a particular company is serving the area. It is also the responsibility of

the OSP to inform the LEC that it is serving an area. However, the OSP will not know the names of all other OSPs to contact to inform those other companies that they are serving the area, so the OSPs can, in turn, list the "informing" OSP on the notices. This entire process could become somewhat complicated and in the end, it would be the consumer who could ultimately be harmed by the lack of proper information.

Another factor to consider in regard to the notices listing all other providers is that of cost. With new OSPs coming into the market and others exiting, there is the possibility that the aggregators would need to change their notice quite often. In cases of small aggregators, such as small hotels or motels, this could be very costly.

MCI believes that it is primarily the responsibility of the individual IXCs, and AOS providers to educate their customers on how to access their individual networks. However, the best, most consistent and most reliable source of this information would be the LEC. Therefore, MCI proposes the following changes to proposed WAC 480-120-141:

WAC 480-120-141(4)(a)(ii):

SERVICE FROM THIS INSTRUMENT IS OFFERED AT RATES WHICH DO NOT EXCEED PREVAILING RATES FOR SERVICE. YOU HAVE THE RIGHT TO CONTACT THE OPERATOR FOR INFORMATION REGARDING CHARGES BEFORE PLACING YOUR CALL. INSTRUCTIONS FOR REACHING YOUR PREFERRED CARRIER ARE ((ALSO)) AVAILABLE FROM THE LOCAL OPERATOR.

WAC 480-120-141(4)(b)(iii):

Dialing directions to allow the consumer to reach the ~~((consumer's preferred carrier))~~ local operator and to make it clear that the consumer has access to the other providers.

WAC 480-120-141(5)(c):

Reoriginate calls to another carrier upon request and without charge, when equipment is in place which will accomplish reorigination with screening and allow billing from the point of origin of the call. If reorigination is not available, the carrier shall inform the consumer of such and give dialing instructions for reaching the local operator to request dialing information for the consumer's preferred carrier.

MCI understands that the Commission's intent in promulgating these rules is to protect the consumer and ensure that the consumer always has a choice in a fully competitive operator services market. In order to achieve this, MCI believes that the Commission should consider its above-stated recommendations. MCI thanks the Commission for this opportunity to submit these comments.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION

By *Sue E. Weiske*
Sue E. Weiske
Suite 4200
707 17th Street
Denver, Colorado 80202
(303) 291-6400

Its Attorney

Dated: March 6, 1991

01293



July 12, 1990

Mr. Don Currie, Buyer
Central Purchasing Division
Office of Public Affairs
Room 84-State Capitol
Oklahoma City, OK 73105

Dear Don:

Thank you for the opportunity of allowing AT&T to negotiate the final offer to the State of Oklahoma in securing the position as the selected long distance carrier for the public telephones in state owned and managed buildings.

We would like for you to consider some additional facts before making your final decision.

AT&T CARD BASE

- . AT&T has the largest base of calling cards issued, with over 30 million cards in the marketplace
- . Approximate base of current proprietary AT&T calling cards is 2 million
 - includes AT&T Universal Card
 - includes all business card options
 - includes AT&T non-subscriber card
- . Proprietary calling card packages have been available to our business customers since September 1988
 - average card bill \$10 per card/per month
 - most frequent travelers

AT&T MARKET PLANS

- . Beginning in 3Q90, all newly issued AT&T cards will be AT&T proprietary, which means that only AT&T will be able to bill and verify these card numbers.
- . By end of year 1990, 32% of our most valued customers will bill to an AT&T proprietary calling card
 - including the heaviest user defined as \$8 or more per month

- . And 19% of all active customers will be migrated by end of 1991, 49% of heavy users will be AT&T proprietary calling cards
- . AT&T plans to migrate by end of year 1991 all active calling cards to AT&T proprietary calling cards
- . These plans mean that virtually every active AT&T cardholder will be assured of reaching AT&T when making a card call because no other carrier will have the ability to both bill and verify calls on AT&T cards.

AT&T CALLING CARD PLANS

- . LEC and AT&T calling cards, including the line based cards, special billed numbers, and non-proprietary cards to be replaced beginning 7-1-90.
- . Card issuer identification (CIID) calling card
 - interim step to CCITT calling card
 - proprietary to AT&T
 - expedited card delivery
 - multiple billing options
 - access to present and future network features
 - permanent number
- . International Telecommunications Technology Consultative Committee (CCITT 891 [CAS]) Calling Card
 - to be introduced by AT&T on April 2, 1991
 - meets billed party preference requirements
- . AT&T Universal Card
 - allows for VISA and Mastercard purchases
 - AT&T proprietary calling card number
 - calling card number will be incorporated into the CIID plan

CORPORATE/BUSINESS PROGRAMS

- . SDN Card
 - AT&T proprietary
 - AT&T's largest volume users
- . VTNS Card (Tariff 12)
 - AT&T proprietary
 - AT&T's largest volume users

- . Megacom Card
 - AT&T proprietary
 - AT&T's high volume users

- . Reseller Card
 - AT&T proprietary
 - Wide distribution
 - Direct marketing to special markets

- . AT&T Card with EXECU-BILL Service
 - AT&T proprietary
 - Marketed to all business customers
 - Allows the greatest flexibility of billing options and management capabilities

- . Commercial credit card billing option
 - AT&T proprietary
 - Co-marketed with commercial credit card company

All of the above cards, as well as our market plans to migrate active AT&T cardholders to the AT&T proprietary card, assure that cardholders will be connected with AT&T when placing a call from a public phone. Should the cardholder dial zero and the number on another carrier's network, they will probably be turned back and forced to dial the 10+ATT+0 access code. This may result in ever increasing "dial around" traffic throughout 1991 on phones that have a carrier other than AT&T.

AT&T believes that our cardholders want to be assured that when they use the AT&T card, they are receiving the quality of AT&T service they have come to expect. In addition, this assures the State of Oklahoma that AT&T will be in a strong position to continue paying commissions on the majority of revenues from the state's public phones over the long term.

In a recent newspaper article, you were quoted as saying "When you've got three very well qualified carriers like this, you're going to get the same good service from any one of the three". AT&T's competitors are of very good quality, however, with three out of four households choosing AT&T, coupled with AT&T's card programs, there is no doubt the same service will not be offered to the residents and visitors to the State of Oklahoma by all three carriers.

We, at AT&T, take pride in the quality of service and support we provide to our customers, just as you do as state officials. AT&T's long standing history and commitment to excellence, along with our strong desire for customer satisfaction, will assure you reliable service.

AT&T and its manufacturing facility are a major force in the state of Oklahoma.

- . AT&T has over 5500 active employees in the State. 400 of those employees, in the operator services division, handle operator assisted calls generated within the State. 85% of the operator assisted calls generated from State pay telephones will be handled by AT&T employees who are residents of Oklahoma.
- . AT&T's annual Oklahoma payroll exceeds \$240,000,000 annually.
- . In 1989, our Oklahoma City based manufacturing facility purchased over \$339,000,000 in goods and services; \$50,000,000 was spent with Oklahoma firms.
- . In 1990, AT&T spent more than \$30,000,000 in new capital investments at our manufacturing facility. During the 1980s, we spent over \$327,000,000 in capital investments in Oklahoma.
- . In 1989, AT&T paid \$1,800,000 in real estate and personal property taxes in Oklahoma.
- . In 1989, a total of \$32,000,000 in total taxes were paid in the State of Oklahoma.
- . During 1989, AT&T contributed more that \$340,000 in products to State Colleges and Universities.
- . There are over 24,000 AT&T shareholders in the State of Oklahoma.

The facts cited indicate that AT&T and its Oklahoma employees are committed to the economic future of the State. We feel that the choice is clear and that AT&T is truly "The Right Choice".

AT&T's commission offer is available to the State of Oklahoma for a minimum of one year and offers a substantial upfront guaranteed payment.

OFFER

AT&T's offer is available on a one or two year agreement:

Two (2) year agreement: Guaranteed upfront lump sum payment of \$1,400,000.00.


One (1) year agreement: Guaranteed upfront lump sum payment of \$801,000.

*+ 20% of any commissions over
\$ 801,000.00*

I look forward to hearing of your acceptance of this commission agreement and how it can best profit the State of Oklahoma in both revenue as well as quality service. And Don, I am confident that we will have a successful business relationship with the State throughout the term of this agreement and future equally beneficial agreements.

If there is any further information or clarification that you may require, please do not hesitate to call me.

Sincerely,



Gary M. Baker
Major Account Manager

Super 8 Motels agrees to make AT&T long-distance service available to more than 800 motels nationwide

CHICAGO--(BUSINESS WIRE)--Super 8 Motels Inc., has agreed to make AT&T long-distance service available to the more than 800 independently owned and operated Super 8 Motel properties nationwide.

The four-year contract, a renewal, is valued at up to \$40 million. AT&T currently provides long-distance service to more than 600 U.S. Super 8 properties.

Under the agreement, AT&T will provide 24-hour operator services for calling card, person-to-person, billed-to-third number and collect calling services from all guest rooms at participating Super 8 locations.

AT&T currently provides long-distance service to 17 of the top 20 hotel chains nationwide.

AT&T customers calling from hotels, airports and other locations that have not selected AT&T need to dial an access code -- 10-ATT-0 -- then the area code and number they're calling to reach AT&T.

Super 8 Motels, headquartered in Aberdeen, S.D., is a chain of high-quality, economy lodging properties located in 48 states and Canada.

CONTACT: AT&T, Basking Ridge, N.J.
Rachele Rosenberg, 908/221-6800 (office);
or 908/533-0127 (home)
or
Super 8 Motels Inc., Aberdeen, S.D.
Jon Kennedy, 605/225-2272

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 6th day of March 1991, true and correct copies of the foregoing Comments of MCI Telecommunications Corporation were sent via United States first class mail, postage prepaid, to the following:

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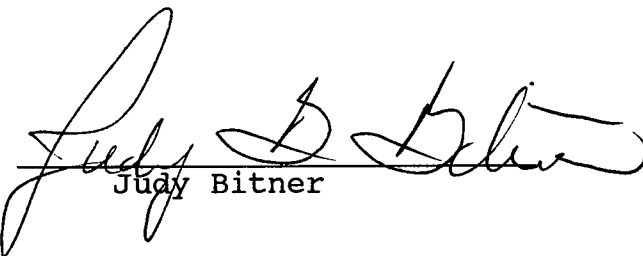
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