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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

USWEST
COMMUNICATIONS 

March 27, 1991

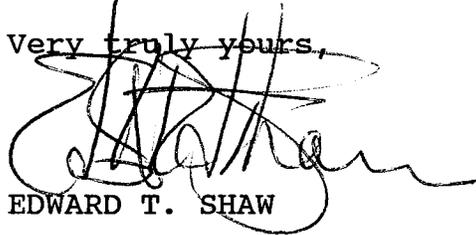
Mr. Paul Curl
Acting Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
P. O. Box 9022
Olympia, WA 98504

Re: In the Matter of Amending the Commission's
Telecommunications Rules Relating to
Telecommunications Glossary, Alternative Operative
Services, Pay Telephones and Form of Bills
Cause No. UT-900726 and UT-900733

Dear Mr. Curl:

Enclosed for filing please find an original and nineteen
copies of U S WEST Communications' Reply Comments in the
above-referenced matter.

Very truly yours,



EDWARD T. SHAW

ETS00164
Enclosure
cc: All Parties of Record - w/encl.

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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

9	In the Matter of Amending)	DOCKET NO. UT-900726
10	the Commission's)	UT-900733
	Telecommunications Rules)	
11	Relating to Telecommunications)		REPLY COMMENTS OF
12	Glossary, Alternative)	U S WEST COMMUNICATIONS, INC.
	Operative Services, Pay)	
13	Telephones and Form of Bills)	
14	<hr/>		

15 I. INTRODUCTION

16 COMES NOW U S WEST Communications, Inc. (hereinafter
17 "USWC"), and pursuant to RCW 34.05.325 submits these reply
18 comments relating to the proposal of the Washington Utilities
19 and Transportation Commission (hereinafter "WUTC") to amend its
20 rules relating to telecommunications glossary, alternative
21 operator services, pay telephones and form of bills. These
22 comments are made in reply to comments submitted by other
23 interested parties and are subdivided to reflect the party to
24 whom the reply is being made.

25
26 II. REPLY COMMENTS TO MCI TELECOMMUNICATIONS CORPORATION

27 At page 2 of the comments of MCI Telecommunications
28 Corporation (hereinafter "MCI"), the recommendation is made that
29 all carriers need to establish 950 or 800 access to ensure
30 customers will always have some form of access to their
31 preferred carrier.

32 It should be the carriers choice as to what form of access
33 arrangement they offer their customers when the customer
34 encounters a pay telephone location where their carrier is not

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1 the presubscribed carrier. If WUTC rules require a specific
2 form of end user access, such access could increase costs to the
3 carrier unnecessarily, while not resulting in a particular
4 customer benefit. This unnecessary cost may be passed on to the
5 users. For example, when USWC is the designated carrier, it
6 provides 0+ access for any customer that requires operator
7 assistance. To instruct customers to now dial an 800 or 950
8 number for such assistance would not only add additional,
9 unnecessary dialing requirements but would also require that
10 customers be educated to dial 0+ for operator assistance for LEC
11 elated call information and 800/950 for IXC related information.
12 Many customers would continue to call 0+ since that is what they
13 are most familiar with and they may not know how to
14 differentiate between LEC and IXC operator assistance services.

15 At page 8 of the comments of MCI, the recommendation is
16 made that the notices on the pay telephones state that
17 instructions for reaching one's preferred carrier be available
18 from the local exchange company (hereinafter "LEC") operator,
19 not the alternative operator service (hereinafter "AOS"). This
20 change should not be made since instructions for contacting and
21 use of a carrier's facility should be provided from the carrier
22 whom the user intends to utilize. If USWC is required to
23 provide such instructions, it could unintentionally misinform
24 customers. USWC operators do not always know how private pay
25 telephone providers provide access to IXCs; therefore, the USWC
26 operator could instruct a customer to dial a 1+ number and not
27 be aware that the pay telephone provider at this location does
28 not offer 1+ access to IXCs. The pay telephone customer could
29 become very frustrated and confused and needless ill will be
30 created against USWC.

31 In addition, if USWC is required to provide operator
32 assistance for other carrier's calls, the cost will need to be
33 recovered. This cost is currently not recovered as part of any
34 USWC regulated service. USWC currently instructs customers to

1 consult their carrier for dialing instructions from non-
2 presubscribed pay telephone locations. This practice has proved
3 to be sufficient and should be continued.
4

5 III. REPLY COMMENTS TO NORTHWEST PAYPHONE ASSOCIATION

6 The initial comments of Northwest Payphone Association are
7 typically outrageous in making unfounded accusations against
8 USWC. At page 2, Northwest Payphone Association states that it
9 recognizes that "the private pay telephone industry suffers from
10 an image problem." However, it goes on to blame all of these
11 problems on unsubstantiated allegations of "unfair competition"
12 by LECs. The need for AOS legislation and administrative rules
13 has not been the result of any activities of the LECs. The very
14 term "alternative" indicates that the legislators and state
15 commissions are concerned with the anticonsumer behavior of
16 companies providing services alternative to the LECs. It is the
17 actions of the AOS providers and not the LECs that have created
18 an "image problem" requiring careful regulation.

19 At page 3, item 1, the Northwest Payphone Association makes
20 allegations regarding the need for the imputation of charges to
21 LEC competing payphones. USWC has trouble understanding how
22 this item can possibly be germane to the current rules under
23 consideration. In response, USWC would only note that the
24 statement that "[c]ompeting LEC's [sic], however, are not
25 required to impute such charges [public access lines ("PAL")
26 tariff rates] to their competing payphones" is true, in the
27 sense that the WUTC has not explicitly required it. However,
28 USWC has made a business decision to use the imputation of PAL
29 tariff rates as the basis for identifying the possible need to
30 increase the local call pay telephone rate. Based on the cost
31 information available, it is USWC's position that its pay
32 telephone costs are just covered on public and semi-public
33 service at the current twenty-five cent local call rate.
34

1 At page 4, item 2, the statement is made that "[i]t is
2 currently possible to make all credit card calls, including
3 local, intralata and interlata calls, from private pay
4 telephones with no revenue going to the private pay telephone
5 provider . . ." This statement is not completely true.
6 IntralATA and interLATA calls are handled by many operator
7 service providers and interexchange carriers. These toll
8 service providers do have arrangements to pay commissions to
9 private pay telephone vendors. Vendors also have negotiated
10 location surcharge billing arrangements on their behalf with the
11 interexchange carriers and the operator service providers.

12 The statement made at page 4, item 3 is incorrect. USWC
13 honors the same calling/credit cards on private pay telephones
14 that it honors from USWC pay telephones.

15 The statement made at page 4, item 4 is not relevant to the
16 proposed rules under consideration in this pocket. To the best
17 of USWC's knowledge and belief, there are no compensation plans
18 in effect in Washington that exceed thirty percent of pay
19 telephone gross revenues. USWC submits that the Northwest
20 Payphone Association should provide specific details to support
21 such a statement.

22 USWC agrees with the statement made at page 5 that " . . .
23 the Commission should not, in the context of a rulemaking
24 proceeding, mandate that the rates and charges for the benefit
25 of the privately owned pay telephones must equalize with the
26 'prevailing' rates and charges for LEC pay telephones."
27 Ideally, rates should be established on a market based pricing
28 concept. At a minimum, the unique costs related to the vendor's
29 provisioning of service should be considered in establishing a
30 cost floor and subsequently establishing rate levels that allow
31 for cost recovery plus a reasonable profit. Using prevailing
32 rates of one competitor to establish rates for another
33 competitor, with a different cost structure, can cause rate
34 levels to be established that do not fully recover costs and,

1 therefore, result in illegal, confiscatory rates. Each pay
2 telephone provider has unique costs associated with its service.
3 These costs are contingent upon many variables, including
4 geographic area served, technology utilized, or markets served.

5 USWC, thus, also agrees with the comments of the Northwest
6 Payphone Association at page 7 that the capping of surcharges at
7 the twenty-five cent rate level would be detrimental to pay
8 telephone competition in this state. A rate cap at that level,
9 without considering the unique costs of the pay telephone
10 provider, could cause the provider to price service below cost.
11 Below cost pricing can lead to degradation of service or the
12 removal of stations to reduce costs. This may result in fewer
13 pay telephones in the state, especially in the rural areas where
14 there normally is a higher cost associated with providing pay
15 telephone service.

16 At page 5 of Northwest Payphone Association's comments, a
17 statement is made regarding the public access line rates charged
18 by USWC. Again, these allegations are not pertinent to the
19 issues raised by the current rules under consideration and
20 should not be considered.

21 At page 10, the statement that "USWC pay telephones
22 aggregate and pass calls off to IXC's [sic], such as AT&T for, a
23 commission" is correct only in the sense that the space provider
24 or premise owner can negotiate compensation with an
25 interexchange carrier or operator service provider to whom they
26 presubscribe as their primary carrier. USWC does not
27 participate in the selection of a presubscribed carrier or
28 receive "commissions" from these interexchange carriers or
29 operator service providers.

30 In discussing the proposed federal rules at page 12, the
31 Northwest Payphone Association suggests that a charge to the LEC
32 by an independent pay telephone provider would be appropriate
33 for access to 1-800 and IXC service.
34

1 USWC's agrees that there are issues related to the ability
2 to collect a cash deposit from an end-user on traditional non-
3 cash interstate calls. The competitive pay telephone
4 compensation issue is currently being addressed in FCC
5 Docket 91-35. Initial comments on the Notice for Proposed Rule
6 Making are due on April 5, 1991 and reply comments are due April
7 15, 1991. These comments, including USWC's comments, should
8 provide some insight to the direction the industry is headed on
9 the competitive pay telephone compensation issue on an
10 interstate basis. Consistency in the approach to intrastate and
11 interstate call compensation is a very important issue due to
12 the technical limitations of the network in the ability to
13 differentiate between the two types of toll calls.

14 USWC does feel strongly that the NWPA's proposal to charge
15 the LECs for access to interLATA service without providing the
16 LEC an opportunity to recover the charge of administrative costs
17 is inappropriate. Not only is it inappropriate in the
18 competitive marketplace, but it also places a greater burden on
19 the general ratepayer to cover the cost of private pay telephone
20 service in Washington.

21
22 IV. REPLY COMMENTS TO INTELICALL

23 USWC agrees with Intelicall's statement at page 7 of their
24 comments that "Intelicall believes, however, that the practical
25 reality is that consumers will not likely accept a \$0.25 coin
26 charge for originating of non-sent paid calls." The method of
27 payment associated with "payphone charges" (sent used charge)
28 needs to be consistent with the method of payment for the call
29 itself (i.e., cash deposit for cash toll call or billed for non-
30 cash call). Requiring a cash deposit on traditional non-cash
31 calls would create a market reaction that could cause customers
32 to walk away from the potential call altogether, which decreases
33 call volumes for toll providers. In addition, a customer's
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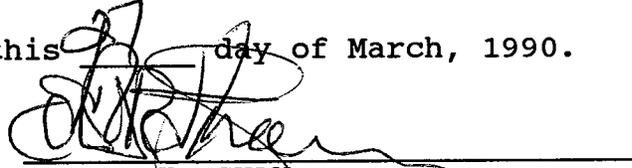
1 frustration, described by Intelicall, may cause vandalism to the
2 pay telephone.

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V. CONCLUSION

USWC respectfully requests that the WUTC carefully consider the initial and reply comments of USWC relating to the proposed AOS rules and revise these rules in accordance with these comments.

RESPECTFULLY SUBMITTED this 27 day of March, 1990.



EDWARD T. SHAW
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CERTIFICATE OF SERVICE
File No. UT-900726 and UT-900733

I hereby certify that I have this day caused to be served one copy of the foregoing document upon the following parties of record by person or by mailing a copy thereof, properly addressed with postage prepaid:

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DATED this 27th day of March, 1991.

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