



June 23, 2010

TO: Docket UT-100148 Rulemaking File

FROM: Rulemaking Team Members
Tim Zawislak, Sharyn Bate, Jing Liu, John Cupp, and Patricia Clark

SUBJECT: Public Adoption Hearing
for the Prepaid Calling Card Services Rulemaking (WAC 480-120-264)

RECOMMENDATION:

The UT-100148 rulemaking team recommends that the proposed rule language in Attachment 1 be discussed, approved, and adopted (as clarified by the consensus rule language included in Attachment 3) at the Adoption Hearing scheduled for June 28, 2010.

The consensus rule language addresses the more recent comments made by Verizon-MCI and AT&T, which were received on June 7, 2010.

BACKGROUND:

This rulemaking began in December 2009 when State Representative Hudgins requested that the UTC consider updating its rules governing prepaid calling providers in order to disclose rates, terms, and conditions in the language as advertised and to disclose the number of minutes on the card or packaging.

The subsequent timeline of events includes the following:

- February 17, 2010, the Commission filed a CR-101, “Notice of Inquiry.”
- March 22, 2010, Comments were filed by Verizon-MCI, AT&T, and Paracom.
- May 5, 2010, the Commission filed a CR-102, “Notice of Proposed Rulemaking.”
- June 7, 2010, Additional comments were received from Verizon-MCI and AT&T.

The proposed rule (CR-102) language is included with this memo as *Attachment 1*.

ISSUES:

The comments received on June 7, 2010, have been summarized in matrix form which is included as *Attachment 2*. The parties identified two main issues:

- a) The effective disclosure of international prepaid calling rates and minutes.
- b) The need for clarification regarding whether the rule applies only to a prepaid calling “card,” or, to regulated telecommunications prepaid “service” in general.

Although the commenters both had similar issues with regard to a) disclosure of international rates, their proposed solutions were not unanimous. Staff has therefore developed a consensus solution that is consistent with both commenters’ suggestions regarding the disclosure of international rates.

Staff contacted the representatives of Verizon-MCI and AT&T to discuss this consensus approach (included as *Attachment 3*) and all parties agree that the clarification is consistent with the proposed rule’s intent of providing effective disclosure.

Regarding the clarification requested in b) above, Staff’s recommendation is to leave the word “service” in place and not changing the word to “card” because the rule was intended to encompass more than just prepaid services provided via a “card.”

SUMMARY:

The rulemaking team recommends that the consensus approach included as *Attachment 3* be used in place of the originally proposed subsection WAC 480-120-264(5)(d) in the CR-102. Additionally, the rulemaking team recommends that this proposal be discussed, approved, and adopted at the Adoption Hearing scheduled for June 28, 2010.

ATTACHMENTS:

Attachment 1 – Proposed Rule Language from the CR-102

Attachment 2 – Adoption Written Comment Summary Matrix

Attachment 3 – Consensus Approach Solution for 264(5)(d)