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October 18, 1990

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

Re: Docket No. UT-900726

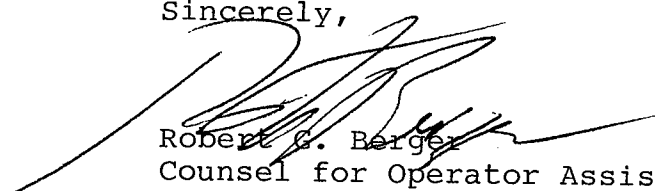
Dear Mr. Curl:

Enclosed herewith is an original and twenty (20) copies of the Comments of Operator Assistance Network and Zero Plus Dialing, Inc. to be filed in the above referenced docket.

Please date-stamp the extra copy and return it to me in the enclosed self-addressed, stamped envelope.

Should you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,



Robert G. Berger
Counsel for Operator Assistance
Network & Zero Plus Dialing, Inc.

Enclosures

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Before the
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
Olympia, Washington

In Re Proposed Amendments to)
WAC 480-120-021, -106, -138, and)
-141 Relating to Telecommunications)
Companies -- the Glossary, Alternate)
Operator Services, Pay Telephones,)
and Form of Bills)

Docket No. UT-900726

**COMMENTS OF OPERATOR ASSISTANCE
NETWORK AND ZERO PLUS DIALING, INC.**

Operator Assistance Network ("OAN") and Zero Plus Dialing, Inc. ("ZPDI"), by and through their undersigned counsel, and pursuant to Notice of Proposed Rulemaking (released September 19, 1990), hereby submit the following comments relating to the proposed changes to the rules governing telecommunications companies which issued on September 19, 1990.

I. Introduction and Statement of Interest

OAN and ZPDI are billing and collection agents on behalf of numerous regional interexchange carriers ("IXCs") which provide operator assisted communications services.^{1/} In that capacity,

^{1/} There is no corporate affiliation by contract or corporate structure between OAN and ZPDI. As billing and collection agents, OAN and ZPDI have a common interest in this proceeding, and therefore file these comments jointly.

OAN and ZPDI supply data processing and billing inquiry services to their IXC clients pursuant to a letter of agency from each client. In order to perform these services, OAN and ZPDI enter into billing and collection agreements with numerous local exchange companies ("LECs") nationwide for billing calls completed by OAN and ZPDI's respective clients. After receiving call records from their individual clients, OAN and ZPDI individually consolidate their call records (retaining in the records, for each call, the identity of the carrier who provides the service), transmit them to the appropriate LEC for billing and collection and, finally, distribute the funds received from the LECs to the appropriate client.

Neither OAN nor ZPDI provide operator services or any call routing or completion functions, nor transmit any calls over either their own facilities or the facilities of any carrier. Similarly, neither OAN nor ZPDI prescribe the rates their clients charge, nor do they add any charge to the billing amounts specified by their clients.

As billing agents, both OAN and ZPDI help reduce costs associated with the provision of their client's operator services. In addition to the significant costs of equipment, software, telecommunications lines and personnel which are required for an IXC to offer operator services in Washington, an IXC seeking to offer customers the ability to make calling card, third party and collect calls must have the ability to use LEC billing and collection services on a virtually nationwide basis

(transient users in Washington may seek to bill calls to locations throughout the country). The LECs impose substantial "start up" fees in order to enter billing and collection agreements. Moreover, initiation of nationwide billing arrangements imposes technical requirements and procedures which are complex and require large expenditures in personnel, equipment, and training, particularly since such procedures are not nationally uniform. For example, even without establishing operator service capabilities, OAN alone has incurred costs to implement billing and collection services to date exceeding \$1,200,000.00. Moreover, such arrangements almost always entail certain guaranteed minimums for each LEC.

Together the start up fees, technical requirements and call minimums make initiation and continuation of service an economic impossibility for many individual IXCs, and sharing arrangements such as that provided by OAN and ZPDI are critical to many carriers' ability to provide a competitive service to their customers. By billing and collecting on behalf of multiple carriers, OAN and ZPDI can spread these costs over its client base, thus reducing costs to its individual clients. By helping to reduce costs, OAN and ZPDI enable their clients to compete more effectively and to offer lower rates.

As billing and collection agents which do not themselves provide operator services in Washington (or elsewhere), OAN and ZPDI's position in this proceeding is limited to billing issues which will directly affect the manner in which their carrier

clients will be able to bill calls in Washington. Specifically, OAN and ZPDI will address the proposed changes to WAC 480-120-106 which require that the consumer's bill list the name of both the carrier name and the name of the authorized billing agent.

In the case of the carrier name requirement, many LECs currently do not have the billing system capability to identify individual IXC names on their bills, particularly where an IXC utilizes the data processing services of an agent such as OAN or ZPDI, or where the LECs themselves provide billing and collection services through a billing agent such as U.S. Intellco or the National Exchange Carrier Association ("NECA").^{2/} In those instances, many LECs do not yet have the technological capability to include the name(s) of the individual carrier(s) to appear on the end-user's bill. Therefore, the bill lists all of the pertinent call detail information and a customer inquiry number to enable the user to verify the call and submit inquiries or disputes, but lists the name of the billing agent instead of the individual carrier(s) of the billed calls. Because this technical ability is not yet available from many LECs and compliance would therefore be impossible in their service territories, and because bills currently contain sufficient information for consumers to verify calls and direct inquiries

^{2/} OAN and ZPDI currently supply all LECs with information which can identify the carrier of each call. While OAN and ZPDI provide the information necessary for the underlying carrier to be listed, it is not currently feasible for some LECs to translate the carrier information supplied by OAN and ZPDI into a written notation on their bills.

and disputes, OAN and ZPDI believe that the Commission should not impose a mandatory requirement that individual carrier names be listed until that capability is made available by the LECs at a reasonable price.

II. The Commission Should Not Impose a Requirement that Individual Carrier Names Appear On LEC Bills Without First Assessing the Costs of Compliance as Compared to the Benefits Received

The proposed amendment to WAC 480-120-106 would, for the first time, require both the carrier's name and the name of its authorized billing agent to appear on the end-user's telephone bill. The pertinent section of the Commission's proposed amendment to WAC 480-120-106 states:

The portion of a bill rendered by the local exchange company on behalf of itself and other companies shall clearly specify the provider of the service and its authorized billing agent and a toll free number the consumer can call to question that portion of the bill....

OAN and ZPDI concur with the Commission that, at the time a consumer receives a bill, he or she should receive both the call detail information sufficient to verify the accuracy of the bill and of the specific call made and a toll free telephone number through which disputed calls can be adjusted. We also believe that carrier name information should be included on the bills where it can be developed and implemented by the LECs at a reasonable cost. We disagree, however, with the blanket requirement proposed by the Commission, since it fails to recognize current LEC technical limitations and has not undertaken a cost/benefit analysis to determine for individual

LECs whether the cost of development and implementation of such a capability would outweigh the benefit to consumers of having the additional information on their bills.

It must be remembered that many LEC billing systems were designed in a monopoly era, in which only a single long distance carrier, AT&T, needed to be identified on LEC bills. While many of the larger LECs have modified, or are in the process of modifying their billing systems to accommodate competition and the myriad of new services being offered in a competitive environment, the process of modifying the billing systems of smaller LECs may not be as advanced. Moreover, the cost of such modifications, in relation to their billing volume, may be economically prohibitive. Accordingly, smaller LECs have not been as prompt to develop new billing formats and capabilities. (Indeed, even U S West, Washington's largest LEC, does not expect to have "subcarrier" identification capability until February 1991 and, even then, the price U S West is currently proposing to charge for initiation of that service far exceeds that of the other LECs in other areas of the country which already make the service available).

OAN and ZPDI agree with the proposed amendment to WAC 480-120-106 to the extent that inclusion of individual carrier names on LEC bills provides useful information to consumers. OAN's and ZPDI's belief that individual carrier identification is useful to consumers is borne out by the fact that both companies have subscribed to the service in every LEC serving area throughout

the country in which the capacity is available. Elsewhere, Bell Atlantic, Bell South, Southwestern Bell, General Telephone, and NYNEX have also implemented the capability in all or part of their respective service areas, and both OAN and ZPDI subscribe to those services. Importantly, these LECs have been able to develop this billing capability and make it available to IXCs and their billing agents at reasonable prices. (Indeed, in several LEC areas, both OAN and ZPDI have subscribed to the service at no cost.) Clearly, the benefit to users of carrier name identification has exceeded the cost to LECs and IXCs with respect to all these LECs, and all of the carriers for which OAN bills in these LEC areas are identified on LEC bills.

Because the capability for OAN and ZPDI to comply with a blanket requirement that individual client names on LEC bills is currently impossible with regard to many Washington LECs and may be very costly to develop, OAN and ZPDI have serious concerns about a blanket Commission requirement in this regard. We therefore urge that the proposed rule be limited to bills issued by those LECs from which the capability is available on reasonable terms.

A. Imposition of a Carrier Identification Requirement Where Such Capability Is Not Available at Reasonable Cost Would be Extremely Harmful to Competition

The requirement that the carrier name on the bill be available on reasonable terms is important for several reasons. First, if the implementation costs for a particular LEC are unreasonably high, imposition of a requirement that individual

carrier names be included on all Washington LEC bills would effectively preclude IXCs from being able to realize significant billing economies available through billing agents such as OAN and ZPDI. As a result, their cost of billing would be raised significantly, with obvious effects on their competitiveness and their ability to reduce rates. (In fact, given the high cost of establishing individual billing arrangements, the cost would likely preclude altogether many carriers from being able to bill Washington calls.)

Moreover, such a universal requirement would go beyond affecting only those carriers using billing agents, it would also likely serve to preclude all but one IXC -- AT&T -- from billing in many smaller LEC territories where LECs have not developed multicarrier billing capabilities at all, and can only identify AT&T by name.

Because the service is not available from certain LECs, and would serve as an impediment to competition, any carrier identification requirement should be limited to LECs from which the service is available.

Second, imposition of a carrier identification requirement would, without strict Commission rate scrutiny, essentially hold carriers hostage to the rates imposed by LECs for the service. In addition, the capability to identify individual carriers could clearly be developed by all LECs at some cost, but that cost may vastly outweigh any resulting benefit to users. Accordingly, any

carrier identification requirement must also be limited to LECs from which the service is available at reasonable cost.

The Commission's rules should recognize the technical realities of LEC billing systems. The Commission must also guard against reflexively mandating a requirement which costs more than the benefit to be received by the public or unwittingly giving free reign to LECs to price services unreasonably. Before adopting any carrier identification rule, therefore, the Commission should carefully consider the availability of the service for a particular LEC, the cost to develop and implement it, and weigh its findings against the public benefit which would accrue if a rule is imposed on that LEC. OAN and ZPDI believe that there may well be LECs where that balance of the public interest would clearly weigh against imposition of a requirement. Although individual carrier identification will provide useful information to users, such benefit might well be outweighed by the resulting increased cost of service or elimination of competition.

B. The Benefit of Including Carrier Names on End User Bills May Be Outweighed by the Increased Cost of Service or the Elimination of Competition

In OAN's and ZPDI's view, carrier names are not critical to consumers when they receive a bill; what is critical is the information needed to verify the accuracy of bills, to make inquiries, and to resolve disputes. Such information is currently contained on all LEC bills issued on OAN's and ZPDI's behalf. Given the marginal increased utility of carrier name

information also being included, it may well be that investigation of particular LEC costs may show that the cost outweighs any advantage.

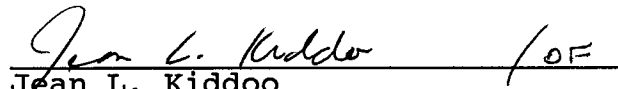
As was discussed earlier, OAN and ZPDI both believe that LEC bills presently supply the call detail and billing information necessary for a consumer to verify a call or submit inquiries or disputes. Each LEC bill contains a toll-free customer service number. The number may be that of the LEC, where LEC inquiry service is used, or the billing agent number, where the agent performs the primary inquiry function on behalf of its clients. In OAN's and ZPDI's experience, their billing inquiry mechanisms obviate any need to separately identify the carrier on bills. The lack of identification of the carrier on telephone bills neither engenders confusion nor necessitates time-consuming telephone calls on the part of consumers with inquiries and complaints. If anything, OAN and ZPDI believe that listing both the carrier's name and the billing agent's name would unnecessarily confuse consumers.

III. Conclusion

OAN and ZPDI agree that the inclusion of the carrier's name on the consumer's bill, where feasible, and where made available at a reasonable cost, would be advantageous. Indeed, OAN and ZPDI utilize such services in every area where they are currently available. However because the capability is not universally available, and because it may be costly to implement such

capability in some LEC areas, OAN and ZPDI believe that the Commission should investigate the cost of providing this additional information, and determine whether the incremental benefits to the public will outweigh the costs. Moreover, OAN and ZPDI believe that imposition of such a requirement without safeguards, would essentially hold carriers hostage to the prices imposed by LECs. Accordingly, if the Commission determines to require carrier identification by a LEC, it must ensure that the rates for such service are reasonable.

Respectfully submitted,



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Dated: October 18, 1990