

IPCA

INTERNATIONAL
P R E P A I D
COMMUNICATIONS
ASSOCIATION

*Formerly
the International
Telecard
Association*

FILED

MAR 6 2001

**Missouri Public
Service Commission**

March 6, 2001

Missouri Public Service Commission
Dale Hardy Roberts, Secretary
PO Box 360
Jefferson City, MO 65102

TX-2001-73

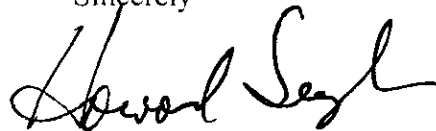
Dear Mr. Roberts:

The attached statement was inadvertently sent by overnight express to the post office box, and could not be delivered.

I would ask that you consider it filed.

I look forward to the hearing on the 16th.

Sincerely



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March 1, 2001

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Missouri Public Service Commission
Dale Hardy Roberts, Secretary
PO Box 360
Jefferson City, MO 65102

TX-2001-73

**Missouri Public
Service Commission**

Dear Mr. Roberts:

The International Prepaid Communications Association is the national trade association for prepaid phonecards, and we wish to provide information and advice so that the rules the Commission adopts will help Missouri consumers and minimize miscommunication regarding charges and conditions of service.

In recent years, in an effort to individuate its products, some companies have adopted a marketing technique of offering a very low per-minute rate with one or more surcharges. The Association has adopted Disclosure Guidelines (see our website, www.I-PCA.org) to urge full disclosure of all charges.

We compliment the Commission on its initial draft as most of the provisions will, we believe, help the consumer, and are consistent with our Guidelines.

There are, however, several provisions of the proposed rule that we wish to address in the Proposed Rule 4 CSR 240-32. As a general point, the statement repeated in the various sections, "PRIVATE COST: This proposed rule will not cost private entities more than \$500 in the aggregate," is not true. Many of the proposed provisions would cost companies far, far more.

Proposed Rule 4 CSR 240-32.160 Customer Disclosure Requirements

Section (1) Subsection (B) "The domestic rate or an appropriate method for the user to calculate the per minute domestic rate plus all applicable surcharges or taxes and any added relevant variables."

IPCA has always been in favor of specific disclosure. However, since some states do not allow full cost-recovery on dial-around-compensation charges, many issuers prefer something like, "there will be a surcharge from calls made from payphones". This enables them to avoid a state-specific cards in places like West Virginia, Maryland and Oklahoma.

Section (1) Subsection (C) "A statement that the charges outlined in subsection (1)(B) above have the effect of reducing the value of the prepaid calling card by increasing the effective per minute rate of the call."

This proposed statement is redundant and just takes up space. A charge is a charge and *prima facie*, it increases the average cost of a minute of service. It should be stricken.

Section (2) Subsection (F) "A statement that the charges outlined in subsection (1)(B) above have the effect of reducing the value of the prepaid calling card by increasing the effective per minute rate of the call."

This statement is also redundant. We recommend dropping it..

Section (2) Subsection (G) "Any expiration date."

This should be changed to "Any expiration date or policy"

Section (3) "The company must ensure by contract with its retailers or distributors that the disclosure information is provided to the customer."

We believe that issuers should be obligated to undertake all reasonable efforts to assure that their retailers and distributors conform.. With the disclosure rules. But some issuers' cards are in 50,000 or more locations nation wide and the issuer can not police them all. We believe that it would not be good public policy to make an issuer subject to enforcement actions for an oversight over which it has no control. Making this a legal stricture also invites complaints from competitors. Complaints could be filed on the basis of the lack of a poster which the complainant might have removed.

Proposed Rule 4 CSR 240-32.170 Standards for Prepaid Calling Service

Section (3) "Increments charged to the prepaid calling card shall be expressed in minutes of use, or fractions thereof."

Some cards are minute-based or unit based. This proposed rule makes sense for them. But, there are also dollar-based cards. The language might be changed to something like: Increments charged to the prepaid calling card shall be expressed in minutes of use, units or dollars or fractions thereof.

Section (4) "Each company shall ensure that a minimum of 98% of all call attempts shall be completed to the called party. Company will not charge for incomplete calls.

IPCA's service Guidelines call for P.01 standards. But at issue in this proposal is also the definition of "completed to the called party." For international calls, IPCA has adopted a standard of allowing charges to be imposed after 60 seconds if no answering supervision signal is received and the calling party has not disconnected. Not all nations' phone systems will give such signals and it is common practice to charge after some period of time.

Section (8) "Conversation time of less than a full minute shall be rounded up no more than one full minute."

IPCA current guidelines are that rounding in other than one minute segments should be fully disclosed.

Section (10) "Each company shall be responsible for ensuring, either through its contracts with

other telecommunications companies, distributors, or marketing agents, that prepaid services remain usable in accordance with this rule."

This statement is redundant and should be stricken.

Finally, we wish to raise the issue of enforcement and public education activities of the Commission. It has been our experience that losses will come to consumers from phonecard issuers that ignore rules, and ignore the expenses that legitimate companies undertake to conform with regulatory requirements. Therefore, we urge the Commission to look toward those phonecards that, after the rules are implemented, are issued by firms not certificated by the Commission; are not registered to do business in the state. We have seen a number of states adopt rules which impose real costs on legitimate firms (and obviously no costs on those that chose to ignore the rules), and then undertake no enforcement activities. We urge the Commission to specifically request a report from its staff regarding enforcement activities one year from implementation.

In addition, we recommend that the Commission publish a consumer-education brochure in English and Spanish, to provide to consumers with answers to their questions and which also contains information as to how to file a complaint with the Commission. We also urge that the brochure be posted on the Commission's website. IPCA would be glad to assist with this effort.

I would like to opportunity to participate in the hearings on March 16.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard Segal". The signature is fluid and cursive, with a long horizontal stroke at the end.