



CAROLYN LITTLE
Chair

RICHARD TELTHORST
President

March 1, 2001

Dale Hardy Roberts
Secretary/ Chief Regulatory Law Judge
Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102

FILED³

MAR 01 2001

Missouri Public
Service Commission

RE: Case No. TX-2001-73

Dear Mr. Roberts:

Thank you for the opportunity to comment on the proposed rule regarding prepaid interexchange calling services as published in the February 1, 2001 edition of the Missouri Register (4 CSR 240-32.130 et al). I have discussed the possible impact of the proposal with several member companies of our association, and want to provide you with an overview of their concerns.

In general, many exchange carriers in the state use prepaid calling cards as a promotional item or sell them primarily as a convenience for their customers. The cards are often provided free of charge in order to promote the company, increase good will, or benefit a community project or organization. The cards are often distributed directly by the local exchange company, or may be sold in bulk to a local business (i.e., a real estate or insurance agent) which in turn provides them on a complimentary basis to customers.

It is unclear to us if cards that are distributed free of charge are intended to be regulated by this rule. Section 32.140 defines a prepaid calling card to include retail, utility, promotion and collectible calling cards. Section 32.160, however, requires certain customer disclosures only before and after purchase. We would ask for clarification of the rule's scope.

Several companies report that retail sales of prepaid cards to customers represent a very small portion of business. This is especially true of smaller carriers in the state. As noted, many smaller companies sell or distribute the cards more as a convenience to customers rather than as an ongoing line of business.

Several companies have concluded that in light of their limited sales or distribution of prepaid cards, the added cost to ensure compliance with the proposed disclosure and standards regulations would simply prohibit them from marketing or distributing the

cards. This outcome would reduce customer choice for both long distance service and method of long distance access. We would urge the Commission to consider exempting from regulation cards that are promotional in nature and that are provided without charge.

Of course, several interexchange companies and others do market prepaid cards as a regular course of business either directly or through a variety of retail channels. Retailers often buy these cards at a wholesale price and sell them to the customer at a retail price set by the retailer. Calling patterns and conditions vary by user as well. These conditions make it difficult for a provider of prepaid calling services to fully disclose all prices and conditions to the customer as required in the proposed rule.

In addition, providers have no control over the existing stock of prepaid cards held by various retailers and can not compel them to be sold to or used by customers on a date certain. We would urge the Commission to allow the sale and use of cards already manufactured at the time of the rule's effective date until the expiration date of such cards is reached.

We are concerned that the level of regulation contemplated in this proposal may outweigh any consumer difficulties experienced in using prepaid calling cards. If the additional cost to providers to comply with the rule has the effect of reducing consumer choice, the net benefit of this regulatory effort could be marginal.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rich. Telthorst".

Richard Telthorst
President