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March 1, 2001

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DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. TX-2001-73

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of **COMMENTS OF THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Marc Poston
Senior Counsel
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MP:ccl
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

MAR - 1 2001

Missouri Public
Service Commission

In the Matter of Proposed New Rules on)
Prepaid Calling Cards)

Case No. TX-2001-73

**COMMENTS OF THE STAFF OF THE
MISSOURI PUBLIC SERVICE COMMISSION**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), and, pursuant to the Notice to Submit Comments in the *Missouri Register* on February 1, 2001, submits the following comments:

INTRODUCTION

In the February 1, 2001, edition of the *Missouri Register*, the Missouri Public Service Commission published its Proposed Rules for various sections of 4 CSR 240-32. This chapter of the Missouri Public Service Commission's rules provides regulations regarding telecommunications services. The proposed revisions address new requirements for prepaid interexchange calling services.

This particular rule pertains to the general provisions for 4 CSR 240-32.130 through 4 CSR 32.170. Staff supports the adoption of the Proposed Rule.

COMMENTS

4 CSR 240-32.130 – General Provisions

The general provisions contained in the proposed rule sets forth the applicability of 4 CSR 240-32.130 through 4 CSR 240-32.170.

4 CSR 240-32.140 -- Definitions for Prepaid Interexchange Calling Services

The proposed rule represents definitions that are contained in 4 CSR 240-32.130 through 4 CSR 240-32.170. The definition of "Commission" is consistent with Missouri statutes and other Commission regulations. All other definitions are new definitions relating specifically to prepaid interexchange calling services. Staff queried other states and reviewed a proposal by the prepaid calling card industry association. The wording of the rule was fashioned after similar rules in Florida and Washington. Additional states had not implemented prepaid rules at the time of the query.

4 CSR 240-32.150 -- Qualifications for and Responsibilities of the Prepaid Calling Services

The proposed rule outlines the requirements for providing prepaid interexchange calling services in the state of Missouri. The proposed rule is consistent with requirements contained in current Missouri statutes and other Commission regulations for providing telecommunications services in the state of Missouri.

4 CSR 240-32.160 -- Customer Disclosure Requirements

The proposed rule establishes customer disclosure requirements for prepaid interexchange calling services. Specifically, the proposed rule requires prepaid interexchange calling companies to clearly provide the customer with detailed information as to the domestic rate plus any applicable surcharges and a statement that all charges disclosed have the effect of reducing the value of the prepaid calling card. This information is to be clearly displayed at the point of sale so the customer is well-informed prior to making the purchase.

In addition, the rule requires this information to be provided on the calling card or through an insert so the customer is informed of the effect of all rates and additional charges on

the per minute value of the card after purchase. Any expiration date and/or policy must be clearly indicated.

The company is also required to provide a toll-free customer service number and a toll-free network access number. The toll-free customer service number must be answered 24 hours a day, seven days a week by a live operator or an electronic voice recorder. If any electronic voice recording is used, the proposed rule requires the company to attempt to contact each complainant no later than the business day following the date of the recording.

The proposed rule is designed to ensure that the customer purchasing a prepaid calling card will have all the applicable information to determine the exact rate he/she will be paying per minute for a telephone call. Staff has observed instances where a carrier advertises a low per minute rate on the card or at the point of sale but the tariff includes many surcharges that will be added to a call with the effect of reducing the card at a faster rate than the advertised price would lead the customer to believe. Staff queried other states and reviewed a proposal by the prepaid calling card industry association. The wording of the rule was fashioned after similar rules in Florida and Washington. Additional states had not implemented prepaid rules at the time of the query.

Tariffs indicate companies often sell cards in bulk to retail agents at a discount for resale by the retail agent. Staff anticipates that the method of disclosure will be negotiated between the companies and the retail agent and it will be the certificated companies' obligation to make sure the retail agents are abiding by any disclosure requirements as set forth in this rule. Staff proposes that the rule be clarified with language similar to the language in 4 CSR 240-32.170(10) to establish this requirement.

4 CSR 240-32.170 – Standards for Prepaid Calling Service

The proposed rule establishes standards for prepaid calling services. Specifically, the proposed rule prohibits a company from reducing the value of a prepaid calling service by more than the charges disclosed to the customer pursuant to 4 CSR 240-32.160. In addition, the rule allows service to be recharged at a higher rate than the initial rate as long as the customer is informed of the higher charges at the time of recharge.

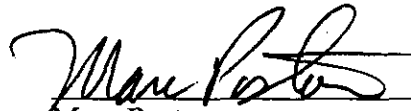
The rule sets forth service quality requirements similar to those requirements found in other parts of Chapter 32. For instance, each company shall ensure that a minimum of 98% of all call attempts shall be completed to the called party and the company will not charge for incomplete calls. Each company shall only charge for conversation time plus any disclosed surcharges. The rule also defines conversation time in terms of when charges apply. The rule establishes notification requirements and a refund policy if the company ceases operations. Finally, the rule provides that prepaid calling cards without an expiration date printed on the card will be effective one year from the date of first use as long as a balance remains on the card.

This rule is designed to ensure customer protection in the purchase and use of prepaid calling services. Each company will be responsible for ensuring that any other telecommunications companies, distributors, or marketing agents using the companies prepaid calling services through contract or other means will maintain compliance with this rule. Staff queried other states and reviewed a proposal by the prepaid calling card industry association. The wording of the rule was fashioned after similar rules in Florida and Washington. Additional states had not implemented prepaid rules at the time of the query.

WHEREFORE, the Staff of the Missouri Public Service Commission respectfully submits these comments on the proposed prepaid calling card rules.

Respectfully submitted,

DANA K. JOYCE
General Counsel



Marc Poston
Senior Counsel
Missouri Bar No. 45722

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 1st day of March 2001.



**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In The Matter Of Proposed New Rules On)
Prepaid Calling Cards.)

Case No. TX-2001-73

AFFIDAVIT OF NATELLE DIETRICH

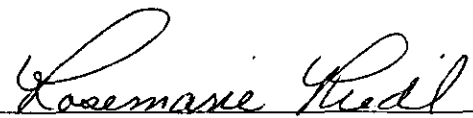
STATE OF MISSOURI)
COUNTY OF COLE) **ss**

Natelle Dietrich, of lawful age, on her oath states: that she has participated in the preparation of the foregoing rulemaking, consisting of 5 pages; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.



Natelle Dietrich

Subscribed and sworn to before me this 1st day of March, 2001.



Notary Public

My commission expires June 1, 2001

Service List for
Case No. TX-2001-73
Verified: March 1, 2001 (ccl)

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