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December 2, 1988

Mr. Harvey G. Hubbs, Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

FILED

DEC - 2 1988

Re: Case No. TA-88-218 et al.

PUBLIC SERVICE COMMISSION

Dear Mr. Hubbs:

On behalf of Contel of Missouri, Inc., Contel System of Missouri, Inc. and Webster County Telephone Company, I enclose an original and fourteen copies of a Brief of the Small Telephone Company Group for filing in connection with the above-referenced matter.

Would you please bring this filing to the attention of the appropriate Commission personnel?

Thank you for your assistance with this matter.

Sincerely yours,

HAWKINS, BRYDON, SWEARENGEN
& ENGLAND P. C.

By:


Paul A. Boudreau

PAB:sw
Enclosures

cc: Office of the Public Counsel
All Parties of Record

FILED

DEC - 2 1988

PUBLIC SERVICE COMMISSION

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

In the matter of the application of)
American Operator Services, Inc. for a)
certificate of service authority to)
provide Intrastate Operator-Assisted)
Resold Telecommunications Services.)
Case No. TA-88-218 ✓

In the matter of Teleconnect Company)
for authority to file tariff sheets)
designed to establish Operator Services)
within its certificated service area)
in the State of Missouri.)
Case No. TR-88-282 ✓

In the matter of Dial U.S. for)
authority to file tariff sheets)
designed to establish Operator Services)
within its certificated service area)
in the State of Missouri.)
Case No. TR-88-283 ✓

In the matter of Dial U.S.A. for)
authority to file tariff sheets)
designed to establish Operator Services)
within its certificated service area)
in the State of Missouri.)
Case No. TR-88-284 ✓

In the matter of International)
Telecharge, Inc. for authority to file)
tariff sheets designed to establish)
Operator Services within its)
certificated service area in the State)
of Missouri.)
Case No. TR-89-6 ✓

BRIEF OF CONTEL

I.

Introduction

On February 26, 1988, American Operator Services, Inc. d/b/a National Telephone Services, Inc. filed an application for a Certificate of Convenience and Necessity for authority to provide

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operator assisted long distance telecommunications service within the State of Missouri. Four certificated interexchange carriers subsequently filed proposed tariffs for the offering of operator services in this State. Those tariffs were suspended by the Commission to give it the opportunity to determine whether alternative operator services (AOS) are in the public interest. On July 15, 1988, the Commission consolidated the five cases. Contel of Missouri, Inc., Contel System of Missouri, Inc. and Webster County Telephone Company (hereinafter collectively referred to as "Contel") were granted leave to intervene on August 9, 1988. The matter was heard by the Commission on September 20-21, 1988.

II.

Discussion

- A. Operator assisted calls that are splashed back to other carriers must record the calling party's location as the point of origin for billing purposes.

Contel's primary interest in this case concerns billing problems that it has experienced as a result of the practice of some AOS providers diverting operator assisted calls to other carriers. This practice is referred to as "splash back." (Schmersahl, Exh. 14, p. 5). When such calls are handed over to another carrier, they are placed on the switched network at the operator's location, not that of the calling party. As a result, the call appears on the customer's bill as having been originated

from the wrong location. This has caused difficulties because customers believe that they are being charged for calls that they have not made. It is also a problem so far as the call may be incorrectly rated as, for example, an interstate call when it is actually an intrastate call. (Schmersahl, Exh. 14, pps. 5-6; Bailey, Exh. 18, p. 1).

Contel has experienced many complaints about splashed calls that have been incorrectly recorded. (Schmersahl, Exh. 14, p. 5). Contel's experience is not an isolated one. Other LECs have apparently had similar experiences. (Clark, Exh. 16, p. 2). These calls are particularly difficult for Contel to resolve because customer service representatives rely heavily on call records which are, as a general rule, very accurate. As a result, there may be no indication that the incorrectly recorded call is an operator assisted call that has been handed off to another carrier. As might be expected, this can led to poor customer relations. Contel has simply written off entire charges for disputed calls in order to avoid aggravating its customers. (Schmersahl, Exh. 14, pps. 5-6; Exh. 15, p. 2). This all works to Contel's detriment and to the detriment of carriers for which Contel may provide billing and collection services. In a broader sense, it can cause public dissatisfaction with the state of telecommunications services. (Schmersahl, Exh. 14, p. 6). The Commission needs to address this problem and this proceeding provides a vehicle by which it may do

so. It would not be in the public interest for this situation to continue uncorrected.

Other parties to this proceeding have recognized this issue as one warranting the Commission's attention. The Commission's Staff, the Office of the Public Counsel, Southwestern Bell Telephone Company, Missouri Telephone Company and Eastern Missouri Telephone Company have all indicated that splashed calls should be recorded and billed from the calling party's location, not the location of the AOS provider. (Van Eschen, Tr. pps. 398-399; Clark, Exh. 16, pps. 4-5; Bailey, Exh. 18, p. 1). In view of testimony in this proceeding to the effect that AOS providers may be unable to handle splashed calls so as to avoid this problem, Contel concurs that Staff's recommendation, that is, that AOS providers need not be required to splash back calls, but to the extent that they undertake to do so, they must have the capability of handling those calls in such a way that the calling party's location is recorded for billing purposes. (Exh. 1, p. 33; Van Eschen, Tr. p. 398). This will ensure that calls are properly recorded and rated yet give AOS providers the option of how to proceed based on their capabilities.

B. Alternative operator services are in the public interest if they are subject to appropriate rules and regulations.

Staff has proposed a number of regulations for the Commission's consideration. Generally, Contel concurs with Staff's suggestions. Some of Staff's recommendations are fairly specific and cover issues ranging from the handling of emergency service calls to call "branding." These are an appropriate subject matter for the Commission's attention because of public safety concerns and because of the fact that the competitive choice between operator service providers will be made by the subscriber, typically a traffic aggregator such as a hotel or truck stop. The end user may have no alternative but to rely on the operator services provider chosen by the subscriber. As such, market forces alone may not be adequate to ensure that the public interest is served by alternative providers of operator services. (Schmersahl, Exh. 14, p. 7).

In addition to the concerns described in § II A *supra*, Contel believes that the rates charged by AOS providers should be subject to the Commission's tariff review and approval process to ensure that such charges are just and reasonable. Traffic aggregators have a captive or semi-captive clientele. Absent rate regulation, there may be abuses in the pricing of operator services. The Commission should allow local exchange carriers providing billing and collection services to AOS providers to disconnect telephone service for non-payment of tariffed charges. If the Commission has approved a charge for a telephone service, it is presumed

reasonable and customers should be expected to pay reasonable charges made for services provided. § 386.270, RSMo 1986. AOS are no different than any other telecommunication services in this regard.

AOS providers should also be subject to the same quality of service standards that are applicable to traditional operator service providers. See, 4 C.S.R. 240-32.080(5). This will help ensure that alternative carriers of operator services provide the public the same high level of service to which it has become accustomed. If the Commission adopts Staff's recommendations and those contained herein, the availability of AOS within the State of Missouri would not be detrimental to the public interest. The Commission's power to establish rules and regulations concerning the operation of telecommunications companies is sufficient to ensure that this newly competitive service is a positive force in the economic development of the State.

C. The Commission should not paint with too broad a brush.

Because this case is a first impression, it is desirable that the Commission lay down the general terms and conditions under which alternative carriers may offer operator assisted long distance calls. Contel concurs with the Staff, however, that this is not a generic docket on the subject of operator services and does not properly encompass those services offered by established providers of those services. (Van Eschen, Exh. 11, p. 14; Tr. pps.

397-398). As such, the Commission should restrict the scope of its decision to AOS and the providers of those services.

Respectfully submitted,



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Certificate of Service

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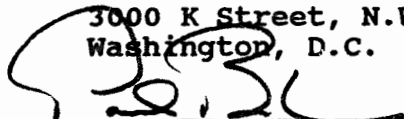
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