

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) Case No. TA-88-218, as consolidated
to provide Intrastate Operator-Assisted)
Resold Telecommunications Services,)
et al.)

AFFIDAVIT OF DENNIS L. RICCA

STATE OF IOWA)
) ss
COUNTY OF LINN)

Dennis L. Ricca, of lawful age, on his oath states: that he has participated in the preparation of the attached rebuttal testimony in questions and answer form, consisting of 24 pages to be presented in the above case; that the answers in the attached rebuttal testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Dennis L. Ricca
Dennis L. Ricca

Subscribed and sworn to before me this 31st day of August, 1988.

Tommi Hay Baeder
Notary Public

My commission expires 12/31/89.

EXHIBIT No. 5
9-20-88 Case No. TA-88-218 et al
Signed Tweedy

Issue: Operator Service Tariff Filing
Witness: Ricca
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Teleconnect Long Distance Services
and Systems Company ("Teleconnect")
Case No.: TA-88-218, et al.

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY DIVISION

CASE NO. TA-88-218, et al.

REBUTTAL TESTIMONY
OF
DENNIS L. RICCA

Jefferson City, Missouri
September, 1988

PREPARED REBUTTAL TESTIMONY OF

DENNIS L. RICCA

CASE NO. TA-88-218 et. al

1 Q. PLEASE STATE YOUR NAME AND FOR WHOM YOU ARE TESTIFYING IN
2 THIS DOCKET?

3 A. My name is Dennis Ricca and I am testifying on behalf of Teleconnect
4 Long Distance Services and Systems Company ("Teleconnect"). I am
5 employed by Teleconnect as the Manager of the Regulatory department.

6 Q. ARE YOU THE SAME DENNIS RICCA WHO SUBMITTED DIRECT
7 TESTIMONY IN THIS DOCKET?

8 A. Yes, I am.

9 Q. DO YOU HAVE ANY REBUTTAL COMMENTS IN THIS PROCEEDING?

10 A. Yes. I am very concerned about the testimony of Ms. Diane Drainer of
11 the Public Counsel's office. Her testimony unfairly and negatively
12 stereotypes all providers of operator services with the exception of AT&T
13 and the LECs. Either Ms. Drainer did not bother to read Teleconnect's
14 operator service tariff filing which is pending before the Commission, or
15 she did not understand its contents. I will also oppose various
16 statements raised in the direct testimony filed by Southwestern Bell,
17 Contel of Missouri, Inc. (et. al) and Missouri Telephone Company.
18 Finally, I will generally support the testimony of John B. Van Eschen of
19 Commission staff.

1 Q. HOW WILL YOU RESPOND TO MS. DRAINER'S CHARGES?

2 A. I will respond to the litany of charges presented in Ms. Drainer's
3 testimony by considering each of her concerns in the order they appear
4 in her testimony.

5 Q. MS. DRAINER'S FIRST RECOMMENDATION (PAGE 3, LAST ANSWER) IS
6 THAT TELECONNECT, AS WELL AS THE OTHER PARTIES IN THIS
7 DOCKET, NOT BE GRANTED CERTIFICATION. IS TELECONNECT
8 SEEKING A CERTIFICATION TO PROVIDE OPERATOR SERVICE IN THIS
9 DOCKET?

10 A. No.

11 Q. WHY NOT?

12 A. Teleconnect already has authority and certification from this Commission
13 to provide intrastate (both interLATA and intraLATA) interexchange
14 telephone service. In fact, its authority is identical to US Sprint's
15 authority and has been ruled as equivalent to AT&T's authority. Since
16 these two IXCs with identical or equivalent authority have been allowed to
17 provide operator services, Teleconnect and the other certificated IXCs in
18 this proceeding should be similarly treated. Any action by the
19 Commission contrary to allowance of these IXC's tariffs as filed would
20 constitute blatantly unfair and unreasonable discrimination.

21 Q. THE SECOND PART OF THAT SAME RECOMMENDATION IS THAT THE
22 COMMISSION DENY FUTURE APPLICATIONS FOR CERTIFICATION OF ANY
23 AOS PROVIDERS IN MISSOURI AND REJECT ALL FUTURE PROPOSED AOS
24 TARIFFS FILED BY RESELLERS. WHAT IS YOUR REACTION?

1 A. I am, quite frankly, amazed that Ms. Drainer paints with such a broad
2 stroke. She is apparently unwilling to put forth the effort necessary to
3 distinguish between operator service providers or develop criteria which
4 reasonably address the valid concerns she occasionally raised.

5 Q. DID MS. DRAINER PROVIDE SUPPORT FOR THESE FIRST
6 RECOMMENDATIONS?

7 A. Yes, she did attempt to show that authority for operator service
8 providers other than those presently having authority was not in the
9 public interest.

10 Q. I BELIEVE MS. DRAINER STARTED WITH THE FOLLOWING CONCERN:

11 "First, end users have experienced excessively high toll
12 rates and surcharges associated with using AOS providers."

13 PLEASE RESPOND TO MS. DRAINER'S ALLEGATION.

14 A. Whether Teleconnect's rates are "excessively high" can be determined in
15 two ways. First, the cost support supplied by Teleconnect with this
16 filing can be examined. That support shows the rate of return for
17 Teleconnect operator services is less than the approved rates of return
18 for AT&T, SWB and others in Missouri. Second, the Teleconnect rates
19 can be compared to the approved AT&T rates which were granted by the
20 Commission in a fully-litigated rate proceeding. Teleconnect rates are
21 identical to AT&T's rates. This is true whether one considers initial
22 minute rates, subsequent minute rates or operator assisted charges.
23 Teleconnect's tariff filing proves the two sets of rates are identical.
24 Thus, in the case of Teleconnect, Ms. Drainer's concerns are totally
25 without any basis in fact.

1 Q. PLEASE RESPOND TO MS. DRAINER'S SECOND CHARGE:

2 "Second, end users have stated that they were not given
3 adequate notification by the operator that they were using
4 an AOS provider."

5 A. As stated in Teleconnect's testimony on page 6, line 19:

6 Q. WILL TELECONNECT IDENTIFY ITSELF TO THE CALLER?

7 A. Teleconnect is identified as the provider of service at the
8 beginning of each operator assisted call unless a
9 customized operator greeting is requested by a host
10 business.

11 Let me repeat: Teleconnect presently informs customers that it is the
12 provider of service for operator assisted calls placed in other states,
13 unless the host business requests a custom greeting. Even then, any
14 inquiring user would, of course, be told that Teleconnect is the provider.
15 Teleconnect plans on doing so in Missouri, if and when it gets the chance
16 to compete.

17 Q. THE FOLLOWING IS MS. DRAINER'S NEXT ALLEGATION:

18 "Third, end users have been denied access to the long
19 distance carrier of their choice by AOS providers."

20 PLEASE RESPOND.

21 A. If an end user does not want to complete an operator assisted call over
22 Teleconnect's network he/she is not obligated to do so. When an end
23 user is informed that Teleconnect is the carrier, the end user may hang
24 up and incur no charge if they do not wish to use Teleconnect's services.
25 The option of dialing 10XXX and completing the call via a carrier other
26 than Teleconnect is an option available to all equal access customers. A
27 second option would involve using the 800 travel service offered by most
28 IXC's.

1 Teleconnect wishes Public Counsel had the same degree of concern for
2 Teleconnect's customers who would prefer to use Teleconnect's services in
3 lieu of those of AT&T, but are currently unable to do so. Public
4 Counsel's proposal, if implemented, will carry as a consequence the very
5 evil which Ms. Drainer wishes to avoid: denial of access to the long
6 distance carrier of choice. It would appear that the denial of choice is of
7 no concern to Public Counsel so long as all end users of operator services
8 may continue to be held as captive customers of AT&T and the LECs.

9 Q. MS DRAINER FURTHER STATES:

10 "Fourth, emergency calls have not been routed by AOS
11 providers in the fastest possible manner to the proper
12 local emergency service provider."

13 WHAT IS TELECONNECT'S POSITION?

14 A. As noted in the documents filed by Teleconnect in its tariff filing, and as
15 stated in our responses to data requests, Teleconnect has made every
16 effort to keep emergency phone calls from entering its network. In the
17 event that a "00-" emergency call enters its network, Teleconnect will use
18 a national emergency number database to complete the call to the
19 appropriate emergency location. I more fully address emergency call
20 processing in this testimony in response to Ms. Drainer's proposed
21 criteria if the Commission does allow alternative operator service providers
22 to operate in Missouri.

23 Q. MS. DRAINER GOES ON TO STATE:

24 Fifth, end users' telephone service can be disconnected by
25 the local exchange company (LEC) should the AOS provider
26 have a billing and collection contract with the LEC and
27 disconnect is part of that agreement for nonpayment of the
28 AOS charges.

1 **HOW DOES TELECONNECT RESPOND?**

2 **A. The statement is true but immaterial. End Users can be disconnected for**
3 **nonpayment of charges for a myriad of different services. It is common**
4 **practice for utilities of any type or nature to disconnect service for**
5 **nonpayment. Customers still have recourse to challenge disputed bills**
6 **both internally (within the utility), and before the Commission prior to**
7 **disconnection. Disconnection for nonpayment of an alternative operator**
8 **service bill is no different than any other type of disconnection. I would**
9 **like to point out that the LECs also disconnect for nonpayment of AT&T's**
10 **bills. While Ms. Drainer would appear to disagree, I believe the**
11 **disconnection of service for nonpayment of an alternative operator service**
12 **provider is no greater or lesser a "crime" than disconnection of service**
13 **for failure to pay a bill incurred using AT&T's operator service, AT&T's**
14 **normal toll services or any other service offering.**

15 **Q. MS. DRAINER'S NEXT CONCERN STATES:**

16 Sixth, end users have been charged for incomplete calls and
17 unanswered calls by the AOS providers.

18 **A. Again, if Ms. Drainer had only read Teleconnect's testimony and tariff,**
19 **she would have known that the stereotype being put forth in her**
20 **testimony is not applicable to Teleconnect. Our tariff states:**

21 **c. Determination of Duration**

22 **.01 Operator Station-to-Station and Zero-Dialed Station-to-Station**

- 23 (b) Chargeable times begins when connection is established
24 between the calling station and the desired telephone,
25 communications systems attendant or directory dialed
26 station.
27 (b) Chargeable time ends when the connection is terminated.

1 (c) Chargeable time does not include time lost because of
2 faults or defects in the service.

3 My direct testimony also included the following:

4 Q. ARE UNCOMPLETED CALLS EVER BILLED BY TELECONNECT?

5 A. Teleconnect generally does not bill uncompleted calls.
6 However, since many exchanges have still not been converted
7 to equal access, Teleconnect, like other OCCs is forced to
8 use inferior Feature Group A (FGA) connections for those
9 exchanges. Where hardware answer supervision is
10 unavailable, Teleconnect's billing system and switches are
11 programmed to recognize voice or data on the far end of the
12 phone call and, upon such recognition, to initiate the
13 billing process. Voice detection properly determines
14 whether a call has been answered or not in the vast
15 majority of the cases. A very limited number of unanswered
16 calls do, nevertheless, slip through this detection system.
17 In such cases, Teleconnect is happy to credit the entire
18 charge for the call upon being informed of this by the
19 customer.

20 (Page 11, line 11)

21 Again, I want to emphasize that Teleconnect will not knowingly bill for an
22 incomplete call. In those extremely rare cases where the customer is
23 misbilled, the customer needs only to call one of Teleconnect's toll free
24 numbers (1-800-728-7000 or 1-800-732-2487) to receive credit for the
25 misbilled call. Also, I want to emphasize that these misbillings are caused
26 by the inferior connections Teleconnect receives from the LECs, as
27 opposed to the connections made available to AT&T. In the event that
28 such a call does appear on a customer's bill, Teleconnect's customer
29 service department readily issues a credit for the call.

30 Q. THE TONE OF YOUR COMMENTS SUGGEST THAT UNDER MS. DRAINER'S
31 PROPOSAL, AT&T WOULD CONTINUE TO RECEIVE PREFERENTIAL
32 TREATMENT. IS THAT A FAIR STATEMENT?

33 A. Yes, it is. I'm shocked that those who are charged with protection of
34 the public interest would propose such obstacles to the provision of

1 alternative service. While I agree there have been abuses by some
2 alternative providers, it is patently ludicrous to propose a complete ban
3 on alternative providers of operator services. The only parties served
4 by such a proposal are AT&T and the LEC on an interLATA and
5 intraLATA basis, respectively. Commission staff's approach of
6 addressing concerns either in tariffs or by rule is a far more appropriate
7 and fair approach than the complete ban proposed by Public Counsel.

8 Q. DOES PUBLIC COUNSEL MAKE PROPOSALS AS TO WHAT SHOULD BE
9 REQUIRED IF THE COMMISSION DOES ALLOW ALTERNATIVE OPERATOR
10 SERVICE.

11 A. Yes, Public Counsel grudgingly proposes certain criteria to be followed
12 by alternative providers of operator service if the Commission refuses to
13 ban these service offerings. The requirements are burdensome. Not
14 surprisingly, they favor AT&T over alternative providers.

15 Q. MS. DRAINER STATES:

16 "First, as a condition of certification, the AOS provider
17 must submit proof of Articles of Incorporation, show
18 financial ability to support proposed service offerings,
19 show technical ability to support proposed service
20 offerings, describe type of service and file tariffs on
21 rates of services to be provided."

22 PLEASE INDICATE TELECONNECT'S POSITION ON THIS PROPOSED
23 REQUIREMENT.

24 A. Where Ms. Drainer is proposing these requirements only for entities not
25 currently certified and tariffed, Teleconnect would agree. If, as seems
26 more likely Ms. Drainer is proposing these requirements for carriers
27 already certified by the Commission, then these requirements are
28 burdensome and repetitive. As I noted earlier, Teleconnect has already

1 obtained a certificate, submitted articles of incorporation, shown financial
2 ability, shown technical ability, and described the type of service to be
3 offered and fully cost-justified the proposed rates. Teleconnect's
4 certificate, like that of AT&T's, provides for statewide (interLATA and
5 intraLATA) authority to provide interexchange telephone service. This
6 authority should be interpreted identically for both AT&T and
7 Teleconnect. If an operator service provider has neither certification nor
8 tariffs on file then Public Counsel's first condition should be required for
9 that particular provider.

10 Q. MS. DRAINER'S SECOND PROPOSED REQUIREMENT IS:

11 "Second, as a condition of certification, the AOS provider must
12 route all emergency zero minus (0-) calls in the quickest possible
13 way to the proper local emergency service provider."

14 PLEASE RESPOND.

15 A. Teleconnect agrees with this condition. In fact, through its contract with
16 host businesses, Teleconnect requires delivery of all "0-" calls to the
17 appropriate LEC. Teleconnect believes this, together with the LECs
18 stripping of all "0-" calls into the switched network, will prevent 99.9% of
19 all "0-" emergency calls from entering Teleconnect's network.

20 Q. WHAT ABOUT THAT 1 CALL IN 1000? HOW MIGHT THAT GET
21 THROUGH?

22 A. An impatient Teleconnect equal access customer in an emergency might hit
23 the zero a second time within the first three to five seconds. This would
24 cause the call to be treated by the LEC as a 00- call, which is would
25 route to Teleconnect. Teleconnect's operator consoles have emergency
26 numbers available at a single key stroke, and the calls can thus be
27 routed immediately.

1 For these two reasons, Teleconnect believes it can adequately meet the
2 requirement proposed by Ms. Drainer. In fact, emergency call handling
3 was discussed in my initial testimony and in the cover letter accompanying
4 the initial tariff filing. I would note at this point that these criteria
5 should be addressed in rules or tariff filings, and not as part of a
6 second certification proceeding.

7 Q. THE THIRD CONDITION OF CERTIFICATION STATED BY MS. DRAINER
8 IS AS FOLLOWS:

9 "Third, as a condition of certification, the AOS provider must file
10 tariffs on rates of services to be provided which are deemed just and
11 reasonable."

12 IS THIS A REASONABLE REQUIREMENT?

13 A. Yes. Teleconnect has filed proposed tariff sheets, including rates that
14 have been fully cost-justified. I can think of no argument which would
15 show Teleconnect's proposed rates are either unjust or unreasonable.

16 Q. MS. DRAINER FURTHER STATES:

17 "Fourth, as a condition of certification, the AOS provider and/or
18 business subscriber (i.e., COCOT payphones, hotel, motel, hospitals,
19 universities, etc.) must be limited to only billing the end user the
20 duly authorized tariffed rates."

21 IS MS. DRAINER'S FOURTH REQUEST REASONABLE?

22 A. Yes, as that requirement relates to operator service providers, it is
23 reasonable.

24 Q. WHAT ABOUT AS IT RELATES TO HOST BUSINESSES?

25 A. No, in that instance it is not reasonable, unless that requirement is
26 uniformly imposed on all host business customers of all operator service
27 providers, including AT&T, Southwestern Bell and any other existing
28 provider of service. As a practical matter, the Commission may want to

1 leave the decision to bill a surcharge by the host business in the hands
2 of that host business. Policing a ban on such charges would be an
3 incredibly burdensome task. Teleconnect's position has been neutral on
4 this issue, neither favoring nor opposing the billing by the host
5 business. Teleconnect only requests that its customers be treated in the
6 same manner as its competitors' customers.

7 Q. MS. DRAINER FURTHER STATES:

8 "Fifth, as a condition of certification, the AOS provider
9 must: (a) post and display in prominent fashion the name
10 of the AOS provider and detailed complaint procedures; (b)
11 preannounce to the end user the name of the provider
12 handling the call; (c) upon request, verbally quote rates
13 charged to the end user; and (d) post and display
14 instructions that inform the end user how to reach the
15 local exchange operator and authorized interexchange
16 carriers.

17 PLEASE STATE TELECONNECT'S POSITION ON THIS ISSUE.

18 A. Public Counsel's favored son, AT&T, is not mentioned in this
19 requirement. Exclusion of AT&T makes the proposal unreasonably
20 discriminatory.

21 Second, the posting requirements (both in (a) and (d)) are impossible for
22 an alternative operator service provider to enforce. The carrier should
23 not be required to "police" its host business customers. If Public
24 Counsel is serious about this requirement, it should be applicable to all
25 host businesses, including AT&T's customers. Should the Commission
26 decide to address this concern, the proposed requirements should be
27 imposed on the host businesses, since only they control what notices will
28 be made available on their premises. The Commission and/or the Office of

1 Public Counsel, (but not the Interexchange Carrier) should then be
2 responsible for enforcement of the requirement.

3 Requirements (b) and (c), in and of themselves, are reasonable, workable
4 proposals. I discuss similar proposals by Commission staff (Staff) later
5 in this testimony.

6 Q. MS. DRAINER STATES:

7 "Sixth, as a condition of certification, the AOS provider
8 must provide toll free access to all other authorized
9 interexchange or local exchange carriers in a manner which
10 provides end users with a local billing point.

11 PLEASE RESPOND.

12 A. To Teleconnect's knowledge, no IXC, including AT&T, has the ability to
13 comply with the requirement proposed by Public Counsel. Numerous
14 technical issues arise. They include, (but are not limited to) the
15 following: 1) What are the technical interface standards which should be
16 used? 2) What does "authorized" mean? 3) How does the LEC determine
17 to which company it should transfer the originating access charges (from
18 the initial IXC to the second IXC) and how will the initial IXC receive
19 credit for all charges incurred.

20 Again, AT&T is exempt from this proposed requirement. It would be
21 blatantly discriminatory to require Teleconnect to splash back end-users
22 to AT&T if AT&T were not required to splash back end users requesting
23 a Teleconnect operator. Even if the requirement were imposed on all
24 operator service providers, the cost of a splash back network for all
25 other authorized interexchange or local exchange carriers (I'm uncertain
26 whether "all other authorized interexchange or local exchange carriers"

1 means those in Missouri or nationwide) would probably be prohibitively
2 expensive. Present technology and standards would preclude
3 implementation of this proposal, even if the Commission adopts it.

4 Q. MS. DRAINER GOES ON TO RECOMMEND (page 4, top) THAT A
5 SPECIFIC AOS CERTIFICATION BE DEVELOPED WITH HER SPECIFIC
6 RECOMMENDATIONS AS MINIMUMS. DO YOU AGREE?

7 A. No. I think I have adequately addressed Teleconnect's position on
8 interpretation of certificates of authority. Staff witness Van Eschen
9 recommended the correct course of action in this regard. I second his
10 recommendation.

11 Q. MS. DRAINER SUGGESTS LEGAL ACTION TO ENSURE THAT AOS
12 PROVIDERS CEASE OPERATIONS IMMEDIATELY. WOULD THIS ACTION
13 BE WARRANTED?

14 A. If Ms. Drainer had suggested such action upon first discovering the
15 operations of others such action may have been appropriate. It may still
16 be appropriate now for anyone providing AOS service in Missouri who is
17 not a party to this proceeding. I am not aware of any operator services
18 being offered in Missouri by any of the other parties, but can
19 categorically state that Teleconnect has no host businesses of any type in
20 Missouri (and therefore has not processed any host business "AOS-type"
21 traffic originating in Missouri). Teleconnect may have processed some
22 incidental intrastate Missouri calls for its pre-subscribed equal access
23 customers. The availability of this service has not been advertised nor
24 made known to customers, but Teleconnect has nevertheless occasionally

1 had pre-subscribed customers place operator assisted calls from those
2 lines.

3 Q. ARE THERE TECHNICAL PROBLEMS INVOLVED WITH BLOCKING?

4 A. Yes. First, Teleconnect's FGD trunks had to be reprovisioned to pass
5 operator traffic. Since this involves significant charges by Southwestern
6 Bell, trunks have been ordered over the last two years with operator
7 service delivery capabilities. All operator service calls that were
8 delivered to Teleconnect were given a recording treatment. Once
9 operator service consoles and software were available, the "blocks" were
10 taken off of switches serving any state in which Teleconnect could
11 provide operator services. Once that "block" came off, Teleconnect could
12 no longer provide the recording for operator service calls from states like
13 Missouri where our application was still pending. The point of all of this
14 is that Teleconnect has processed a limited number of intrastate Missouri
15 calls.

16 Any attempt by Ms. Drainer at this point to have Teleconnect cease and
17 desist from providing customers choosing Teleconnect operator service
18 would be unreasonable, in that reinstating the blocking would preclude
19 Teleconnect from receiving operator service calls from other states.

20 Q. FINALLY, MS. DRAINER SUGGESTS DISCONTINUANCE OF ALL BILLING
21 AND COLLECTION CONTRACTS BETWEEN LECs AND AOS PROVIDERS.
22 PLEASE COMMENT.

23 A. The Commission should not order such a constraint for calls at reasonable
24 rates. The Commission may legitimately decide to cap rates at the highest

1 previously approved rate for each category. In this case, it could
2 disallow billing and collection for changes in excess of this rate.

3 Q. DO YOU HAVE ANY COMMENTS CONCERNING THE TESTIMONY OF MR.
4 WILLIAM C. BAILEY, REPRESENTING SOUTHWESTERN BELL?

5 A. Yes. I strongly disagree with the following:

6 Q. WOULD YOU AGREE THAT COMPETITION EXISTS TODAY IN THE
7 OPERATOR SERVICES MARKET?

8 A. There are many competitive forces present in the
9 marketplace where owners of establishments such as hotels
10 and private pay phone operators select from among carriers
11 who will provide operator services at their locations.
12 From the viewpoint of an end user customer at a hotel, for
13 example, or a pay phone, since they may have no way of
14 selecting a different operator services provider than the
15 default provider, the benefits of these competitive forces
16 may not be experienced. To my knowledge, many AOS
17 providers do not permit end users a choice at the locations
18 they serve.

19 Mr. Bailey, like Public Counsel, conveniently forgets that access
20 would be available via 10XXX and 800 travel services of most IXC's.
21 End users are thus not nearly as captive as Mr. Bailey's testimony
22 would lead one to believe. Even accepting for the sake of argument
23 Mr. Bailey's position that end users in hotels are captive customers,
24 end users desiring Teleconnect's service are as much "captives" of
25 AT&T today as end users desiring AT&T service would be if
26 Teleconnect is allowed to compete. While not available via zero plus
27 dialing, alternatives do exist for AT&T which do not exist for
28 Teleconnect. We are forbidden to offer service under any of the
29 standard operator service dialing sequences, until our tariff is
30 approved.

1 Mr. Bailey also states:

2 Today, when an individual customer places an intraLATA 0+
3 or 0- call from a hotel or pay phone, they assume that they
4 will be billed by the certified local exchange carrier for
5 that area. (emphasis added)

6 I would note that zero minus dialing will not be processed by
7 Teleconnect, but will instead be forwarded to the appropriate LEC.
8 Thus, the end user's call would be processed by the appropriate LEC.
9 That call, however, would not necessarily be billed by that LEC. Let me
10 give an example. In today's environment, if a visitor from Iowa in
11 Kansas City calls St. Joseph, that call is processed by Southwestern Bell.
12 However, if the customer uses a U.S. West credit card, that call will
13 instead be billed by U.S. West on behalf of Southwestern Bell. If the
14 U.S. West customer calls home to Iowa from Kansas City, AT&T carries
15 the call and accepts the U.S. West credit card, expecting U.S. West to
16 bill and collect for the call even if U.S. West did not process the call.
17 These arrangements have been in place since divestiture and, indeed, since
18 long before that. The same type of arrangement exists for independent
19 telephone companies and the various AT&T Communications subsidiaries
20 located in different regions of the United States.

21 Since a multitude of billing options/combinations exist between and among
22 AT&T, its subsidiaries, the seven Regional Bell Operating Companies
23 (RBOCs) and the independents, why is it so objectionable to bring
24 competition to this market? Alternative providers are requesting only
25 that the independents and RBOCs treat them in the same manner as
26 AT&T.

1 It should be no more confusing to a customer to pay for an alternative
2 operator service call via a Southwestern Bell credit card than it is for
3 that same customer to use the same Southwestern Bell credit card to pay
4 for AT&T's service. Both are supposed to be arms length transactions
5 between totally different entities. The same is true between the RBOCs
6 or between a RBOC and an independent.

7 Q. ARE THERE ANY OTHER COMMENTS OF MR. BAILEY'S YOU WOULD LIKE
8 TO ADDRESS?

9 A. Yes, I would like to address the following statements:

10 Q. IF THE COMMISSION REQUIRED THAT ALL 0- TRAFFIC BE ROUTED TO
11 THE LOCAL TELEPHONE COMPANY, WOULDN'T THAT ELIMINATE THE
12 EMERGENCY PROBLEM THAT YOU JUST DESCRIBED?

13 A. Yes, however, that would put the local telephone company at
14 a competitive disadvantage because 0- calls cost more to
15 handle than 0+ calls and in the case of emergency calls,
16 there is no revenue associated with that service. This has
17 never troubled Southwestern Bell because it is, and will
18 continue to be, a necessary and appropriate public service.
19 It would be more appropriate, if the Commission allows AOS
20 providers in this market, to require that all providers of
21 operator service provide both 0+ and 0- calling and make
22 provisions to properly handle emergency calls. Therefore,
23 everyone is treated equally and, more important, the
24 consumer is expeditiously served.

25 Teleconnect is willing to accept intraLATA zero minus calls if directed to
26 do so. It would require some lead time and some expenditures on our
27 part. Therefore, Teleconnect requests assurances that Bell's proposal is
28 serious. However, as a condition of acceptance, Teleconnect believes it
29 should also receive one plus intraLATA traffic on a pre-subscribed basis
30 for normal toll services.

31 Teleconnect is very willing to bear the expense of zero minus intraLATA
32 calls, if it has the benefit of competitive, pre-subscribed one-plus

1 intraLATA calls. Indeed, it is refreshing to see that Southwestern Bell
2 is finally willing to view intraLATA toll as fair game for competition.

3 Q. DO YOU HAVE ANY COMMENTS CONCERNING THE TESTIMONY
4 OF MR. TOMAS E. SCHMERSAHL, REPRESENTING CONTEL?

5 A. Yes. Mr. Schmersahl states:

6 For example, the principal problem appears to be confusion. Many
7 customers have received bills directly from AOS providers and have
8 called us because they could not reach the AOS billing agent, do not
9 understand the bill or do not understand why they are receiving a
10 separate bill.

11 While Teleconnect empathizes with Contel's problems, the problems could
12 not have been caused by Teleconnect customers. First, we have not
13 directly billed customers for operator assisted calls placed from any
14 Teleconnect location. Second, Teleconnect's customer service department
15 is available 24 hours per day, seven days per week to handle customer
16 inquiries. Changes necessarily cause some confusion. The solution is
17 not, however, to avoid changes, rather it is to provide answers and
18 education for those who are confused.

19 Q. DOES MR. SCHMERSAHL RAISE ANY OTHER ISSUE?

20 A. Yes. He makes the same mistaken assertions about end users being
21 captive customers as made by Ms. Drainer and Mr. Bailey. I have
22 already addressed this issue in this testimony. 10XXX and Travel
23 Service are viable alternatives

24 Q. DO YOU HAVE ANY RESPONSE TO THE COMMENTS OF MR. B. WAYNE
25 CLARK OF THE MISSOURI TELEPHONE COMPANY?

26 A. Yes. Mr. Clark states the following:

1 "It is not unreasonable to conclude that customers using calling cards
2 assume that those calls will be handled by the traditional provider of
3 operator services. However, an AOS arrangement at a subscriber's location
4 will automatically divert such calls to an AOS operator often without the
5 customer's knowledge or consent. The Company doubts whether the public
6 interest is being served by allowing an AOS arrangement to, in effect,
7 veto the customer's choice of operator services. Calls
8 placed using a telecommunications common carrier's calling card should
9 be handled by that carrier's operators even if the call originates from
10 an AOS subscriber's location. (emphasis added)

11 In this day of competitive telecommunications services, it is probably not
12 even a reasonable assumption that the provider of service is the
13 "traditional provider." Here, as with Mr. Bailey, the concern rings
14 hollow. As I explained in response to Mr. Bailey, this type of activity is
15 taking place today. My point is that the elite fraternity allowed to
16 participate in these third party billing agreements (i.e. one utility card is
17 used to bill for service provided by a different utility) exists today but
18 does not include alternative providers.

19 If Mr. Clark's testimony is taken literally and applied universally,
20 Southwestern Bell should not be allowed to complete an operator call
21 unless the end user has a Southwestern Bell card. Similar treatment
22 should be applied to end users served by independents and AT&T. End
23 users served by a regional Bell Operating Company other than
24 Southwestern Bell would not be allowed to place an operator assisted call
25 in Missouri unless they paid by placing coin in a pay phone. It is
26 doubtful that Mr. Clark or any other party truly wants that type of
27 environment, although that is the logical conclusion of his stated position.
28 Teleconnect is not proposing something new. All Teleconnect is
29 requesting is fair and non-discriminatory treatment. We should be
30 allowed to compete on an equal footing with AT&T and the LECs.

1 The environment Mr. Clark alludes to does not exist today. That is, the
2 party whose card is used for billing is not necessarily the party who
3 processes the call. To impose such a requirement on alternative
4 providers only is grossly unfair.

5 Q. DO YOU HAVE ANY COMMENTS CONCERNING THE TESTIMONY OF MR.
6 JOHN V. VAN ESCHEN OF COMMISSION STAFF?

7 A. Yes. Basically, Mr. Van Eschen takes a reasonable approach of
8 addressing the problems that exists with AOS. Mr. Van Eschen sets
9 forth criteria which, if followed, and with minor changes, protect the
10 public but allow competition to begin to emerge in the area of alternative
11 operator services. Mr. Van Eschen raises the issue of surcharges when
12 he states:

13 "For many years, consumers have had minimal, if any, rate protection
14 at the vast majority of locations served by alternative operator
15 service providers. For example, hotels, hospitals, and universities
16 have been able to independently establish rate levels for telephone
17 services supplied to their respective guests, patients, and students.
18 Private payphone providers are also not limited in the amount that
19 they can charge for toll calls (although the Commission has
20 established a \$.25 maximum rate per local call)."

21 This statement evidences that surcharges are occurring today. AT&T's
22 customers (host businesses) are imposing these charges on their end
23 users. Teleconnect is willing to state that it will not bill surcharges for
24 its future customers. However, Teleconnect cannot prevent such activity
25 by the host business customers no more than AT&T can prevent such
26 activity today. The issue of surcharges is not new and is not made
27 worse by admission to the marketplace of alternative providers of operator
28 service.

1 Q. OF MS. VAN ESCHEN'S SEVEN PROPOSED REQUIREMENTS, TO HOW
2 MANY CAN YOU GIVE UNQUALIFIED SUPPORT AND ASSURE
3 IMPLEMENTATION BY TELECONNECT?

4 A. Four of the points. Those points are:

5 "1. The operator service provider must not knowingly bill for any
6 incomplete calls or emergency calls."

7 Teleconnect does not now, nor does it intend to do so in the
8 future."

9 "2. The operator service provider must provide identification of the
10 operator's company to the caller during the initial verbal contact as
11 well as to the billed party on third number billed calls and collect
12 calls."

13 Teleconnect does so today and intends to continue.

14 "4. Only charges established by certificated parties that have also
15 submitted rates to the Commission may be combined into a single
16 charge on a customer's local exchange bill and also receive
17 discontinuance of service for nonpayment. All other charges
18 established by non-certificated parties must be separately identified
19 and specifically associated with each call."

20 Teleconnect agrees and intends to bill no "charges established by
21 non-certificated customers."

22 "7. Operator service providers may eventually handle "0-" calls, if the
23 company can satisfactorily demonstrate that emergency calls would be
24 adequately and efficiently handled. However, until this can be
25 demonstrated, all "0-" traffic will be handled by AT&T or the local
26 exchange companies."

27 Only the local exchange operators should be able to handle "0-" calls
28 into the public switched network under the North American
29 Numbering Plan.

30 Q. YOU HAVE NOT ADDRESSED PROPOSALS THREE, FIVE AND SIX ON
31 STAFF'S LIST. ARE THOSE PROPOSALS REASONABLE?

32 A. Yes, with some minor modifications or caveats. Point three states:

1 3. Upon request, the operator service provider must provide
2 rate quotes, at no charge, which include the rates
3 associated with the initial minute and additional minute
4 (or other appropriate rate structure), operator surcharge,
5 and any additional charges.

6 Teleconnect is developing software which will print on the operator's
7 screen the appropriate rates. In the interim, Teleconnect proposes to
8 state that our call will cost the same as an AT&T call. Development of
9 the automated rate quotation is expected to be implemented by the end of
10 the year. Again, Teleconnect would expect AT&T and the LECs to be
11 required to provide the same type of information to potential customers.

12 Point Five States:

13 "5. The operator service provider's name should be listed on
14 the local exchange bill rather than the billing agent's
15 name."

16 Presently, Teleconnect contracts with Operator Assisted Network (OAN)
17 to provide billing and collection services. Assume, for purposes of
18 illustration, that a Missouri resident places an operator assisted intrastate
19 call in Iowa over the Teleconnect operator assisted network. Teleconnect
20 will rate the call according to its intrastate Iowa tariff. It will then send
21 call detail including the rates to be charged on a mag tape to OAN. OAN
22 will combine all of Teleconnect's calls with calls of other billing customers
23 of OAN, sort the calls according to LEC, and send the call information in
24 question to Southwestern Bell. Southwestern Bell will bill the call on
25 behalf of OAN, according to its billing and collection contract with OAN.
26 It is my understanding that this contract requires the name of OAN to
27 appear on the Southwestern Bell bill.

1 Teleconnect is currently attempting to negotiate its own billing and
2 collection agreement with Southwestern Bell. Once such an agreement is
3 reached, Teleconnect's concerns about item five of Staff's list will be
4 moot, at least for Southwestern Bell customers. The problem may still
5 remain for customers of the independent telephone companies.

6 It should be noted that OAN provides a toll-free 800 number for inquiries
7 regarding any of its charges. Customers utilizing this number, upon
8 inquiry, are given Teleconnect's toll free 800 number for further
9 inquiries.

10 A further potential problem in this area regards the methods of charging
11 for billing and collection being proposed by Southwestern Bell. My
12 understanding is that the volume discount incentives offered by
13 Southwestern Bell include billing and collection for "one plus" outward
14 calling as well as operator assisted calling. These provisions unfairly
15 favor AT&T by bundling these two discreet toll services. By utilizing
16 Southwestern Bell only for operator services billing and collection, other
17 operator service providers are thus penalized for not utilizing all of
18 Southwestern Bell's 1+ and 10XXX+ billing and collection services.

19 As an alternative, the Commission could mandate that LECs in Missouri
20 print the name of the actual carrier, instead of the OAN clearinghouse.
21 Such action would make it possible for Teleconnect to comply with that
22 requirement.

23 "6. If telephone company calling cards are used, the operator service
24 provider must appropriately bill for these charges, including the
25 correct identification of the caller's location and the called
26 party's location. The operator service provider must also utilize

1 reasonable calling card verification procedures, which are
2 acceptable to the company issuing the calling cards."

3 Teleconnect agrees, provided the BOC/LEC is required to allow

4 Teleconnect reasonable access to its calling card database for
5 purposes of verification.

6 Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?

7 A. Yes. The Commission should adopt the criteria proposed by Mr. Van
8 Eschen with the caveats and exceptions I have noted. I believe
9 Teleconnect has shown that it is able to, and intends to, comply with
10 these requirements. Others submitting testimony made suggestions that
11 would be burdensome, unfair and unreasonably discriminatory. The
12 Commission should approve Teleconnect's filing as expeditiously as
13 possible. Teleconnect believes the delays it has already experienced in
14 this tariff filing have been unreasonable and without basis in fact.

15 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

16 A. Yes, it does.