

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
TELECOMMUNICATIONS BRANCHRESOLUTION T-14247
December 27, 1990R E S O L U T I O N

RESOLUTION T-14247. U.S. SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP. REQUEST TO PROVIDE AN INTEGRATED INBOUND 800 AND 900 SERVICES NETWORK TO THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE UNDER CONTRACT FOR A THREE YEAR PERIOD.

BY ADVICE LETTER NO. 56, FILED ON NOVEMBER 26, 1990, AND ADVICE LETTER SUPPLEMENT NO. 56A, FILED ON DECEMBER 18, 1990.

SUMMARY

This resolution authorizes U.S. Sprint Communications Company, Limited Partnership (U.S. Sprint) to provide an integrated inbound 800 and 900 services network to the State of California, Department of Insurance, under contract. This authority is granted preliminary to the issuance of our final decision in A.89-09-012, et al, due to the urgent need of the Department of Insurance to proceed with the delivery of low cost insurance rate comparison information via 900 service in compliance with Proposition 103 passed by the voters in 1988. Further, upon review of the proposed contract and with minor revisions required by state law, we are satisfied, notwithstanding the absence of certain consumer safeguards now employed by Pacific Bell's 900 services, that the Department of Insurance will operate its proposed 900 program in the public interest. To ensure consistency in 900 service safeguards, we require U.S. Sprint to comply with all safeguards, requirements and conditions enumerated in our forthcoming decision in A.89-09-012, et al.

Pacific Bell (Pacific) is authorized to provide intrastate access to U.S. Sprint for the sole purpose of enabling the Department of Insurance to operate the low cost insurance rate comparison information program which we authorize in the foregoing. Pacific shall file tariff revisions to reflect this limited authorization by advice letter no later than 30 days from the effective date of this resolution. Such tariff revisions will become effective on one (1) business day's notice, and will only be effective until superseded by Pacific's intrastate 900 access tariff, currently pending in connection with A.89-09-012, et al.

BACKGROUND

The consumer safeguards currently mandated by state law and Commission order for "900" and "976" telephone services are the result of the much-publicized negative impacts of some telephone information services on unwary children and consumers. They constitute a minimum standard for intrastate 900 service providers in California. The application of consistent and effective consumer safeguards for intrastate 900 services and companies seeking to avoid these safeguards are issues the Commission continues to address.

It is expected that the Commission will issue its final decision on requests by US Telecom, Inc., doing business as Sprint Services (an affiliate of U.S. Sprint), AT&T Communications of California, Inc. (AT&T-C) and MCI Telecommunications Corporation (MCI) for intrastate 900 authority in early 1991 (A.89-09-012, A.89-10-019, and A.89-11-019, respectively). Also pending is an investigation into Telesphere Network's (Telesphere) proposed intrastate 900 tariff, which was suspended by the Commission due to the lack of consumer safeguards similar to those required for Pacific Bell, the only telephone company presently authorized to offer intrastate 900 service (C.89-11-020).

On November 26, 1990, U.S. Sprint filed Advice Letter (A.L.) No. 56 in accordance with Section X of General Order (G.O.) 96-A to request authority to provide an integrated inbound 800 and 900 services network to the State of California, Department of Insurance. This network is a "unique statewide service offered under contract for a three year period ..." (A.L. No. 56 at p. 1) U.S. Sprint states that

"The Department of Insurance plans to provide insurance rate comparison information to California consumers via the requested 900 service. Consumers calling the the Department's ... 900 information number to obtain this service will be charged a 'reasonable' fee billed on their local exchange telephone bill to cover the costs of providing the service. The Department ... has determined that through the use of this unique 900 service that (sic) it will meet the mandate of Proposition 103 to make widely available at a reasonable cost a comparison of insurance rates." (Id. at p. 2)

U.S. Sprint further states in A.L. No. 56 that the Request for Information (RFI) issued by the State for bids on this service requires an introductory message of at least nine seconds during which the caller is notified of the call charges, and that the caller will not be charged for the call if s/he hangs up during the introductory message or before answer by the Department's automatic call distribution (ACD) equipment. U.S. Sprint also reports that Cal. Ins. Code Section 1861.04(a) requires that this rate comparison service is made available at a 'reasonable fee to cover costs,' and that the Department currently estimates that the program charge will be about \$5.00 per call, well within the price limit of \$20.00 per call set by this Commission in D.89-03-061.

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Finally, U.S. Sprint observes in A.L. No. 56 that "Special circumstances require (it) to offer these services pursuant to contract because US Sprint does not currently offer intrastate 900 services pursuant to its intrastate tariffs and because the RFI requires a fixed bid for the full period of the three year contract." (at p. 3)

In a December 7, 1990, letter to Kevin Coughlan, Chief of the Telecommunications Branch, Commission Advisory and Compliance Division (CACD), the State of California (Department of General Services, Procurement Division -- D/GS) expressed its support for A.L. No. 56 and stated that the "Commission's timely review is necessary in order to have these California voter mandated services available as soon as possible." (at p. 1) D/GS reported that U.S. Sprint was rated highest in the bidding process based on technical, administrative and cost factors, and that bids were also received from MCI, AT&T, Pacific and Telesphere. D/GS also stated that consumer safeguards were specified and met by U.S. Sprint, "including procedures for disputed billings and considerations for bad debt charges." (Id.)

On December 18, 1990, U.S. Sprint filed A.L. Supplement No. 56A to make minor corrections and clarifications to the cost tables contained in the model contract submitted with A.L. No. 56.

PROTESTS

The CACD received timely protests to A.L. No. 56 from the Division of Ratepayer Advocates (DRA) and Pacific on December 17, 1990.

DRA's Protest: DRA recommends that:

"... the Commission defer US Sprint's Advice Letter No. 56 pending the issuance of a final decision on the joint IEC 900 service proceeding to address (A.) 89-09-012, (et al). In the alternative, DRA recommends that the Commission grant interim approval by identifying the special circumstances associated with this filing as well as requiring that this service comply with existing safeguards and will be subject to amendment upon adoption of a final decision in the join IEC 900 proceeding." (At p. 1)

In its protest, DRA identifies additional issues affecting California ratepayers which are not addressed by this advice letter, including: "appropriately tariffed monitoring requirements to ensure the success of 900 consumer safeguards as well as tariffed arrangements addressing intraLATA competition, both of which were thoroughly litigated in the joint IEC 900 service proceeding held in August 1990." (At p. 2) DRA "strongly believes that protecting California ratepayers with consumer safeguards is relevant to all California 900 service offerings," and is concerned that approval of A.L. No. 56 may trigger a chain of similar exception filings which would undercut the Commission's stated interest in consistent consumer safeguards for intrastate 900 services.

Pacific's Protest: Like DRA, Pacific requests that the Commission not approve A.L. No. 56 until it has granted "Sprint" general intrastate authority to provide 900 services. Pacific also raises its need for authority to provide intrastate access to 900 service, which is presently pending in connection with A.89-09-012, et al.

Pacific questions the urgency of the proposed contract, given that a final decision in A.89-09-012, et al., could be issued as early as February, 1991 (given the present proposed decision comment schedule), and that the State has not actually awarded the contract to U.S. Sprint yet, but announced its intent to award contingent upon Commission approval.

U.S. Sprint's Reply: U.S. Sprint replied to the protests on December 19, 1990, and urged the Commission not to adopt the proposals by DRA and Pacific that approval of A.L. No. 56 be deferred pending the granting of authority to offer intrastate 900 services requested by Sprint Services in A.89-09-012. U.S. Sprint cites the letter from the D/GS in support of its characterization of the State's need for the proposed contract service, as well as the implementation schedule in the proposed contract, which originally foresaw initial service commencement on December 13, 1990. U.S. Sprint also points out that while Pacific believes that a final decision could be issued in early February, there is no guarantee of that, and in the meantime, the contract for the Department of Insurance's service cannot be finalized, nor can the ordering of access facilities and other steps needed begin. U.S. Sprint concludes that the

"substantial consumer benefits derived from this limited 900 service, and the unique circumstances that the information in this instance is an agency of the State of California seeking to provide a program mandated by the states voters, warrants Commission approval of this contract prior to resolution of the complex issues surrounding broader interexchange carrier provisioning of 900 services currently being considered in the applications pending before the Commission." (At p. 2)

U.S. Sprint also replies to DRA's suggestion that interim authority be granted conditional upon conformance with the 900 safeguards presently tariffed by Pacific. U.S. Sprint dismisses the Pacific 900 safeguards as not wholly applicable to interLATA 900 service, and points out that the RFI required specific consumer safeguards, beyond which are not necessary due to the nature of the proposed service.

However, U.S. Sprint commits (following consultation with the Department of Insurance) that the information charges for the proposed service "will comply with the price restrictions adopted in D.89-02-066 (and D.89-03-061) until proposed price restrictions for interLATA 900 services are adopted in the joint IEC 900 proceeding." (At p. 5) Further, U.S. Sprint observes that:

- "Legislation, passed after issuance of the RFI applicable to the proposed service requires that every 900 call be

preceded by an introductory message of at least 12 seconds. Thus, the proposed service will include this safeguard." (Id.)

- "...provision of interstate 900 services over the Sprint network to California end users currently provides to end users the same one time bill adjustment procedures ordered by D.89-02-066 and D.89-03-061 and used by Pacific Bell." (Id.)
- "Similarly, end user blocking available to Pacific Bell customers would, if selected, block access to the proposed service." (Id.)
- "Finally, Sprint can state that the advertising standards which will be applied to the proposed service will meet or exceed those ordered for Pacific, or elsewhere tariffed by Pacific." (At pp. 5-6)

Finally, U.S. Sprint states that it and the Department of Insurance fully expect and intend that the proposed service will conform to the consumer safeguards ultimately adopted for interLATA 900 services in the joint IEC 900 proceeding, and points out that:

"Terms of the contract require that the service 'comply with all CPUC rules and regulations throughout the term of the Contract' (see Contract, paragraph 26, page 14)." (At p. 6)

U.S. Sprint dismisses Pacific's concerns regarding its lack of tariffed intrastate 900 access service by observing that "Sprint currently utilizes Pacific Bell switched access services to complete interstate 900 services," and that "Pacific Bell cannot accurately measure the jurisdiction of 800 and 900 access minutes ... (and)... therefore applies a Percent Interstate Use ('PIU') it derives from traffic studies." (At p. 3) As a result, Pacific is currently allocating a portion of Sprint's 900 minutes to the intrastate jurisdiction, even though U.S. Sprint avers that all these minutes are interstate in nature and Pacific's intrastate tariff does not provide 900 switched access.

DISCUSSION

Based upon U.S. Sprint's written commitment and the section in the proposed contract it cites, we are satisfied that the limited service which U.S. Sprint will provide to the state Department of Insurance will comply with all applicable state laws and CPUC decisions, orders and rules. The burden is on U.S. Sprint, as with any telephone company, to ensure that its service is operated within the bounds of applicable laws and regulations. U.S. Sprint has represented that it has fully informed the Department of Insurance of these requirements and that the proposed service will comply with them, and with all subsequent laws and CPUC orders and rules which affect it.

With this premise, we find no compelling reason to delay the state Department of Insurance's mandated implementation of Proposition 103 by requiring it to wait until a final decision is issued in the pending interexchange carrier (IEC) 900 proceedings.

Further, in order to provide Pacific with the necessary tariff authority to provide intrastate access service to U.S. Sprint for the sole and express purpose of facilitating the timely initiation of the Department of Insurance's Proposition 103 mandate, Pacific should be authorized to file a tariff sheet implementing such limited intrastate access, effective on less than regular notice. Said tariff will be unnecessary once Pacific's overall intrastate 900 access tariff is filed in conjunction with the pending IEC 900 proceedings.

FINDINGS

1. Based upon U.S. Sprint's written commitment and paragraph 26 the proposed contract, the limited service which U.S. Sprint will provide to the state Department of Insurance will comply with all applicable state laws and CPUC decisions, orders and rules.
2. There is no compelling reason to delay the state Department of Insurance's mandated implementation of Proposition 103 by requiring it to wait until a final decision is issued in the pending interexchange carrier (IEC) 900 proceedings.
3. In order to provide Pacific with the necessary tariff authority to provide intrastate access service to U.S. Sprint for the sole and express purpose of facilitating the timely initiation of the Department of Insurance's Proposition 103 mandate, Pacific should be authorized to file a tariff sheet implementing such limited intrastate access, effective on less than regular notice. Said tariff will be unnecessary once Pacific's overall intrastate 900 access tariff is filed in conjunction with the pending IEC 900 proceedings.

THEREFORE, IT IS ORDERED that:

1. U.S. Sprint's request in Advice Letter No. 56, as supplemented, to provide an integrated inbound 800 and 900 services network to the State of California, Department of Insurance, under contract is authorized.
2. U.S. Sprint shall provide the following information to the CACD Telecommunications Branch Chief at least 10 days prior to the Department of Insurance (D/I) offering a 900 program to the public:
 - A. A complete copy of the adjustment policy and procedures which are employed by the Sprint 900 network and which will be applicable to the D/I programs,
 - B. A complete copy of the advertising policy and procedures for enforcement of such policy which applies

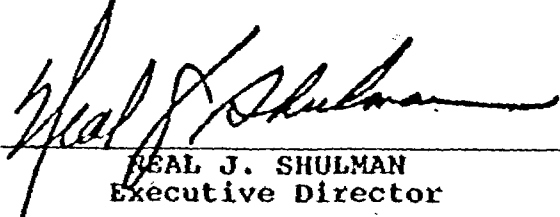
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to the Sprint 900 network and which will be applicable to the D/I program.

U.S. Sprint shall concurrently serve a copy of this report on the DRA.

3. U.S. Sprint and D/I shall comply with all safeguards, requirements and conditions enumerated in our forthcoming decision in A.89-09-012, et al. U.S. Sprint shall report to the CACD Telecommunications Branch Chief within 30 days of the effective date of an order granting authority in A.89-09-012, acknowledging the requirements of said order and confirming that compliance has been accomplished. U.S. Sprint shall concurrently serve a copy of this report on the DRA.
4. Pacific is authorized to provide intrastate access to U.S. Sprint for the sole purpose of enabling the Department of Insurance to operate the low cost insurance rate comparison information program which we authorize in the foregoing. Pacific shall file tariff revisions to reflect this limited authorization by advice letter no later than 30 days from the effective date of this resolution. Such tariff revisions will become effective on one (1) business day's notice, and will only be effective until superceded by Pacific's intrastate 900 access tariff, currently pending in connection with A.89-09-012, et al.
5. The effective date of this resolution is today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 27, 1990. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

G. MITCHELL WALK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners