

P-421/M-89-194 APPROVING TELECHOICE PRICING PACKAGES AND REQUIRING DEVELOPMENT OF SIMILAR PRICING PACKAGES FOR ROTARY DIAL CUSTOMERS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of Northwestern Bell Telephone
Company's Proposal to Package Optional
Telephone Services at Discounted Prices

ISSUE DATE: August 16, 1989

DOCKET NO. P-421/M-89-194

ORDER APPROVING TELECHOICE
PRICING PACKAGES AND REQUIRING
DEVELOPMENT OF SIMILAR PRICING
PACKAGES FOR ROTARY DIAL
CUSTOMERS

PROCEDURAL HISTORY

On March 31, 1989 Northwestern Bell Telephone Company (Northwestern Bell or the Company) filed a proposal to offer two new pricing packages, Telechoice Unlimited I and Telechoice Unlimited II. Both offerings were made up of flat rate local service and different combinations of optional services. The packages were priced below the total cost of acquiring the services individually.

The Department of Public Service (the Department) filed comments on the Company's proposal. The Department considered the term "Unlimited" potentially misleading and believed the inclusion of Touch Tone in both packages discriminated against rotary dial customers. The Department urged the removal of local service from both packages to prevent any discounting of local service and urged that the packages be made available to measured service as well as flat rate customers. Finally, the Department believed customers would be misled by the inclusion of Directory Assistance in the Unlimited II package, since only numbers in their own area codes would be available.

The Company modified its proposal in response to the Department's comments. The Company removed local service from the packages, extended eligibility to measured service customers, dropped "Unlimited" from the package names, and stated its willingness to develop similar packages for rotary dial customers. The Company also offered assurances that its marketing of the pricing packages would clearly disclose that only numbers within the customer's area code would be available through the Directory Assistance feature.

The Residential Utilities Division of the Office of the Attorney General stated that its concerns about

the proposal had been alleviated by Company assurances of full disclosure in marketing.

The Department continued to urge removal of Directory Assistance from the package containing it.

FINDINGS AND CONCLUSIONS

The Commission believes the pricing packages, as modified by the Company, are acceptable and should be approved. In their modified form, they no longer discount local service nor appear to discount local service. The Company will make the packages available to measured service customers and will develop similar packages for rotary dial customers. This lays to rest concerns about discrimination against these two customer groups. Although the inclusion of Directory Assistance in the Telechoice II package can be initially confusing, that confusion will be remedied by disclosure of the area code limits in the Company's promotion of the packages.

The package prices cover the incremental costs of providing the packaged services, are just and reasonable, and will be approved.

ORDER

1. The Company's modified proposal to offer pricing packages of optional telephone services called Telechoice I and Telechoice II is approved.
2. Within 60 days of the date of this Order, the Company shall file proposed pricing packages similar to Telechoice I and Telechoice II for rotary dial customers.
3. Within 10 days of the date of this Order, the Company shall file with the Department of Public Service revised tariff pages reflecting the tariff changes approved herein. That filing shall specify the effective date of the new pricing packages, which shall not be later than 30 days from the date of this Order.

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)