

P-421/M-87-815, 816ELIMINATING PROHIBITION AGAINST REFERRALS TO
CONFERENCE CALL PROVIDERS NOT AUTHORIZED TO DO BUSINESS IN MINNESOTA
AND ELIMINATING REFERRAL PROCESS IN SIX MONTHS

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 Proposed Tariff to Discontinue Operator Services to Local Exchange Carriers

ISSUE DATE: January 24, 1989

DOCKET NO. P-421/M-87-815, 816

In the Matter of Northwestern Bell Discontinuing to Offer Local and IntraLATA Operator Handled Conference Service

ORDER ELIMINATING PROHIBITION AGAINST REFERRALS TO CONFERENCE CALL PROVIDERS NOT AUTHORIZED TO DO BUSINESS IN MINNESOTA AND ELIMINATING REFERRAL PROCESS IN SIX MONTHS

PROCEDURAL HISTORY

On April 1, 1988 the Commission issued its Order Partially Suspending Tariff, Initiating Investigation, and Limiting Conference Call Referrals to Authorized Providers in the above-captioned matter. Among other things, that Order required Northwestern Bell Telephone Company (Northwestern Bell) to stop referring customers seeking conference call services to conference call providers who had not been authorized by the Commission to do business in Minnesota.

On September 14, 1988 Darome, Inc. and The Darome Connection (collectively, Darome) filed a motion requesting that the Commission modify its April 1 Order to permit Northwestern Bell to refer customers seeking conference call services to Darome, a non-authorized provider, on grounds that the intrastate portion of Darome's business was too insignificant to require it to seek Commission authorization to do business in Minnesota. On October 28, 1988 DeraVentures, Inc. (DeraCom) filed a motion seeking the same relief for the same reasons.

On December 23, 1988 the Commission issued an Order in a related proceeding finding that Darome and DeraCom need not secure Commission authorization to offer conference call services to Minnesota residents, because the intrastate portion of their conference call business was de minimus. In the Matter of the Investigation by the Minnesota Public Utilities Commission Into the Provision of Telephone Conference Call Services, P-999/C-88-310, Order Dismissing Complaints Against DeraCom, Inc. and Darome Connection, Inc.

The motions came before the Commission on January 10, 1988.

The Department of Public Service appeared and did not oppose allowing Northwestern Bell to refer customers seeking conference call services to either company.

Northwestern Bell appeared and opposed the motion, saying the service it had discontinued had been intrastate and that the referral system replacing it should not include providers whose intrastate business was inconsequential. The company also requested that it be allowed to stop providing a list of conference call providers to customers seeking conference call services after a transition period of 90 days.

FINDINGS AND CONCLUSIONS

When the Commission instituted the ban on referrals to non-authorized conference call providers, Northwestern Bell had just begun to discontinue intrastate conference call service on an exchange by exchange basis. The Commission did not have first hand knowledge of alternative providers, other than one traditional provider long subject to Commission jurisdiction, and was concerned about the price, quality, and reliability of the conference call services offered by other companies. To protect the public while the facts regarding the conference call market were being developed, the Commission entered an Order forbidding referrals to providers who had not received Commission authorization to offer service in Minnesota.

Meanwhile, the Department of Public Service initiated a complaint proceeding against conference call providers who had failed to request Commission authorization to do business in this state. In the Matter of an Investigation by the Minnesota Public Utilities Commission Into the Provision of Telephone Conference Call Services, P-999/C-88-310. That proceeding has provided the Commission with more information about the conference call market and has led the Commission to conclude that at least two providers, DeraCom and Darome, need not secure Commission authorization to offer conference call services to Minnesota residents, because their intrastate business is too insignificant to justify state regulation.

That decision left Darome and DeraCom in the incongruous position of lawfully doing business in this state at the same time that the largest local exchange company in the state was prohibited from referring customers to them. This placed both companies at a competitive disadvantage vis-a-vis authorized companies, since many customers seeking referrals to conference call providers intended to place interstate or international calls. This situation was unfair both to the non-authorized companies and to consumers, who should receive the most complete information possible regarding the availability of conference call services.

The Commission concludes that it would be in the public interest to end the prohibition against referrals to conference call providers who do not have Commission authorization to do business in Minnesota. The Commission will require Northwestern Bell to place on its referral list all companies who request inclusion. This should place all conference call providers on equal footing

and provide maximum information to consumers regarding product availability.

The Commission will continue to address issues regarding the price, quality, and reliability of conference call services in the investigation docket, P-999/C-88-310, and through the consumer complaint process. Such proceedings are more appropriate vehicles for enforcing the registration requirements of Minn. Stat. § 237.64 (1988) and the consumer protection provisions of Minn. Stat. § 237.06 (1988) than controlling Northwestern Bell's referral process, and they will ensure adequate protection of the public interest.

The Commission also believes that the time is approaching when it will no longer be necessary for Northwestern Bell to maintain a list of conference call providers and to provide referrals to customers seeking conference call services. The company began the process of discontinuing conference call service approximately a year ago; the service was discontinued in the last exchange six months ago. Frequent users of conference call services have already adjusted their calling patterns. In fact, Northwestern Bell reports that 70% of the customers using their conference call referral service are using it as directory assistance; they already know which company they wish to use and are only requesting that company's telephone number.

The Commission believes that an additional transition period of six months should provide adequate opportunity for users of conference call services to adjust to the new conditions under which this service is being offered. It will also give service providers an opportunity to make themselves better known to potential customers, benefitting customers, companies, and the marketplace generally. The Commission will allow the discontinuation of Northwestern Bell's conference call referral service six months from the date of this Order.

ORDER

1. The Commission's Order of April 1, 1988, captioned Order Partially Suspending Tariff, Initiating Investigation, and Limiting Conference Call Referrals to Authorized Providers, is hereby modified to eliminate the prohibition against Northwestern Bell Telephone Company referring customers seeking conference call services to service providers who have not received Commission authorization to do business in Minnesota.
2. Northwestern Bell Telephone Company shall include in its list of conference call service providers all companies which request inclusion.
3. Northwestern Bell Telephone Company shall devise a fair and equitable method of referring customers seeking conference call services to providers.
4. Six months from the date of this Order Northwestern Bell Telephone Company shall discontinue its referral service for customers seeking conference call services.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)