

P-421/EM-90-1187 ORDER APPROVING PRICE LIST FOR CALL HANDLER  
IDENTIFICATION SERVICE AND REQUIRING ANNUAL REPORT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner
Patrice M. Vick	Commissioner

In the Matter of U S West  
Communications, Inc.'s Tariff  
Filing for Call Handler  
Identification Service

ISSUE DATE: June 11, 1991

DOCKET NO. P-421/EM-90-1187

ORDER APPROVING PRICE LIST FOR  
CALL HANDLER IDENTIFICATION  
SERVICE AND REQUIRING ANNUAL  
REPORT

**PROCEDURAL HISTORY**

On December 31, 1990, US West Communications (USWC), formerly Northwestern Bell Telephone Company, filed a proposal with the Commission, requesting approval to introduce a new service called Call Handler Identification Service ("CHID").

On January 8, 1991, the Commission issued a Notice for Comment regarding USWC's CHID filing. In the notice, the Commission directed interested persons to address the following issues: (1) whether CHID was in the public interest; (2) whether USWC's proposed CHID should be handled separately or at the time the Commission decides related issues in the alternative operator service (AOS) case<sup>1</sup>; (3) the appropriateness of the proposed rates for CHID; and (4) any other issue specifically related to CHID. Interested parties were given 15 days during which to file comments and seven (7) days to file reply comments.

On January 16, 1991, the Department of Public Service (the Department) sent a letter informing the Commission that it was in the process of investigating USWC's proposed rates and condition of service for CHID. The Department noted that it would file a report with the Commission once it completed its investigation.

On January 24, 1991, USWC filed its comments in response to the Commission's January 8, 1991 Notice for Comments. In its comments, USWC noted that the rates and cost for CHID were also filed in testimony by one of USWC witnesses in the AOS case and

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<sup>1</sup> In the Matter of the Applications for Authority to Provide Alternate Operator Services in Minnesota, Docket. No. P-999/CI-88-917, hereafter referred to in this Order as the AOS Authority Docket.

that no party objected to rates and cost during the AOS hearing. USWC argued that the parties that will be affected by CHID have had the opportunity to examine the filing (in the AOS case) and that they all concurred with the rates. Also, USWC argued that the issues the Commission raised in the January 8, 1991 Notice for Comments are not consistent with how emerging competitive services are regulated under Minn. Stat. § 237.60 (1990). USWC asserted that it has the authority, under Minn. Stat. § 237.60 (1990), to implement the price list for CHID ten (10) days after filing the price list with the Commission.

On January 31, 1991, the Department responded to USWC's January 24, 1991 comments. The Department disagreed with USWC that because no party objected to the testimony of one of USWC witnesses in the AOS case there can now be no objection regarding CHID. The Department noted that, although USWC can implement CHID ten (10) days after its filing, the Commission and the Department retain the authority under Minn. Stat. § 237.081 (1990) to investigate the rates and prices of the service "at any time" and "for any reason" if the Commission deems such investigation to be appropriate.

On February 22, 1991, the Department filed its report and recommendation.

On May 14, 1991, the Commission met to consider this matter.

### FINDINGS AND CONCLUSIONS

One of the Commission's concerns regarding alternative operator service (AOS) is the inability of transient end-users to know what operator service provider has carried and charged them for their operator assisted calls. Although the Commission has not authorized AOS as a permanent service, it has granted interim authority to several companies to provide AOS.<sup>2</sup> Currently, when an end user receives a bill for an AOS handled call billed through a clearing agent, only the name of the clearing agent appears on the bill.

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<sup>2</sup> In the AOS Authority Docket (P-999/CI-88-917), the Commission is considering whether AOS will be permitted in Minnesota on a permanent basis and, if so, under what conditions. This Order does not prejudge what the Commission will determine in the AOS Authority Docket regarding these questions. Pending the outcome of the AOS Authority Docket, the Commission has granted several parties interim authority to provide AOS in Minnesota. See footnote 2 for a list of those companies.

In the context of that concern, USWC has proposed a new service, Call Handler Identification (CHID) Service. USWC can identify on its bills the sub-carrier or call handler (AOS provider), if any, involved in each toll call billed and will do so for parties subscribing to its CHID service. The potential customers of CHID are AOS providers and their clearing agents. By subscribing to CHID, these parties would identify the AOS provider to the transient end-user at least after the fact, thereby addressing one element of the Commission's concern about AOS anonymity.

### Public Interest

Without prejudging its decision in the AOS Authority Docket, the Commission finds that CHID serves the public interest because it identifies the AOS provider on the end users' telephone bills thereby assisting end users of operator services to verify the accuracy of their charges and make informed choices among operator service providers. The Commission notes an immediate use for such a service. It is immediately relevant to parties who have received interim authority to provide AOS in Minnesota.<sup>3</sup> For this reason, the Commission will not postpone consideration of this service until it determines the AOS Authority Docket.

### Rates for CHID

USWC has elected, pursuant to Minn. Stat. § 237.58 (1990), to be subject to Minn. Stat. § 237.59 and § 237.60. By terms of one of these elected provisions, Minn. Stat. § 237.59, subd. 1 (18) (1990), the CHID service is subject to emerging competition. As a new service subject to emerging competition, CHID's rates go into effect within 10 days after being filed if supported by an appropriate cost study. Minn. Stat. § 237.60, subd. 2 (f) (1990).

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<sup>3</sup> To-date 17 companies have received interim authority to provide AOS in Minnesota: Teleconnect, Docket No. P-478/M-88-359, 12/23/88; National Telephone Services, Docket No. P-482/NA-88-584, 2/10/89; Long Distance/USA, Inc., Docket No. P-499/NA-88-858, 3/20/89; International Telecharge, Inc., Docket No. P-479/M-88-381, 3/30/89; Telesphere Network, Inc., P-3003/NA-88-987, 9/26/89; Cable & Wireless Communications, Inc., P-492/EM-89-130, 3/03/89; OnLine Communications, Inc., P-3013/NA-89-321, 1/09/90; Pentagon Computer Data, Ltd., P-3015/NA-89-758, 2/08/90; U.S. Operators, Inc., P-3010/NA-89-197, 4/06/90; Equicom Communications, Inc., P-3019/NA-89-886, 8/01/90; MCI Telecommunications, Inc., P-443/EM-89-305, 8/16/90; U.S. Long Distance, Inc., P-3015/NA-89-601, 9/14/90; Minnesota Independent Interexchange Corporation, Docket No. P-3039/NA-90-862, 1/25/91; Fone America, Inc., Docket No. P-3033/NA-90-555, 2/26/91; One Call Communications, Inc., P-3036/NA-90-681, 2/26/91; Amer-I-Net Services Corporation, P-3046/NA-91-39, 4/10/91; and Lake States Communications, Inc., P-3045/NA-91-18, 4/23/91.

The Commission's immediate statutory responsibility regarding such rates, therefore, is to determine whether USWC has filed appropriate supporting cost information. Minn. Stat. § 237.60, subd. 2 (f) (1990) requires an incremental cost study and Minn. Stat. § 237.60, subd. 4 indicates that the incremental cost study must show that the prices or rates charged must cover the incremental costs of providing the service. In addition, the Commission has an on-going responsibility to assure that rates are fair and reasonable. In exercise of that responsibility, the Commission may at any time investigate a rate pursuant to Minn. Stat. § 237.081 (1990).

Adequate Cost Information - The Commission finds that the cost information provided by USWC is acceptable. USWC has filed an incremental cost study as required by Minn. Stat. § 237.60, subd. 2 (f) (1990). Further, the submitted information demonstrates that the set-up charge for CHID is above the total direct cost of service and the per occurrence charge is above the estimated cost. In sum, the Commission finds that the company's cost study information shows that the proposed rates will recover the direct costs associated with the service and provide a contribution to the fixed costs of the service as required by Minn. Stat. § 237.60, subd. 4 (1990).

Fair and Reasonable Rates - The reasonableness of USWC's CHID rates is demonstrated by several factors. First, the price to cost ratios for set-up of the service and per occurrence change costs are similar to comparable ratios for other basic business services. Second, USWC has informed its potential CHID customers that set-up fees will be adjusted once the total number of customers in the 5-state area has been determined. To encourage USWC to fulfill this promise and prorate development costs to all customers subscribing to the service, the Commission will require USWC to report on the number of subscribers after one year of implementing the service. Third, USWC's proposed CHID rates appear within the range of rates adopted for this service by other Bell Operating Companies (BOCs) and other local exchange carriers. Moreover, there are alternative services available to customers who choose not to subscribe to this service. In these circumstances, the Commission will accept USWC's proposed CHID rates and will not investigate them further at this time.

#### ORDER

1. U S West Communications, Inc. (USWC) is authorized to provide Call Handler Identification (CHID) Service pursuant to its filed price list, effective March 1, 1991.

2. USWC shall file a report with the Commission and the Minnesota Department of Public Service (the Department) regarding the revenue impact, cost, and the number of subscribers of the CHID service one year after implementation of the service.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)