

P-426/M-94-655 ORDER AUTHORIZING CLASS SERVICES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
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Commissioner

In the Matter of a Proposal by Scott-Rice  
Telephone Company to Offer CLASS Services

ISSUE DATE: November 29, 1994

DOCKET NO. P-426/M-94-655

ORDER AUTHORIZING CLASS SERVICES

**PROCEDURAL HISTORY**

On July 18, 1994 Scott-Rice Telephone Company (Scott-Rice or the Company) filed a proposal to offer CLASS services. The Company filed a description of the services it planned to offer, a proposed customer education plan, and proposed tariff sheets. On August 29 and August 30, 1994 the Company made supplementary filings. The filings were based on the Commission's June 17 and December 3, 1993 Orders authorizing CLASS services and setting conditions on their provision.<sup>1</sup>

On August 31, 1994 the Department of Public Service (the Department) filed a report and recommendation, focusing chiefly on recordkeeping, reporting, and customer education issues. The report also recommended requiring per-call blocking on pay phone lines where feasible, requiring instruction cards on Company-owned pay phones to include blocking information, reducing proposed Call Trace rates, and requiring that intrastate toll calls intercepted and deflected to CLASS recordings be treated as unanswered calls for billing purposes.

The filing came before the Commission on October 25, 1994.

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<sup>1</sup> In the Matter of a Commission Initiated Investigation into the Provision of Custom Local Area Signaling Services in Minnesota, Docket No. P-999/CI-92-992, ORDER ESTABLISHING CONDITIONS FOR THE PROVISION OF CUSTOM LOCAL AREA SIGNALING SERVICES (June 17, 1993) and ORDER AFTER RECONSIDERATION (December 3, 1993).

## FINDINGS AND CONCLUSIONS

### **I. The Company's Proposal**

The Company proposed to offer seven CLASS services:<sup>2</sup> Caller ID - Number (Caller ID); Continuous Redial (Repeat Dialing); Priority Call (Priority Ringing); Selective Call Acceptance (Special Call Acceptance); Selective Call Rejection (Call Screening); Selective Call Forwarding (Preferred Call Forwarding); and Call Trace.

The Company proposed to provide the business and residential per-call and per-line blocking options required under the CLASS Orders. The CLASS Orders require different activation codes for per-call blocking and unblocking where technically feasible. The Company will designate different codes for the two functions, but due to software anomalies the codes will temporarily be interchangeable in practice. The Company will work with its software vendor to correct this.

Similarly, the CLASS Orders require companies providing CLASS services to offer Anonymous Call Rejection at no charge, to explain and document any inability to comply with that requirement, and to file proposed time frames for full compliance. The Company stated it plans to provide free Anonymous Call Rejection in late 1994, when it becomes available from its software vendor.

### **II. Commission Action**

The Commission finds the Company's proposal in substantial compliance with the June 17 and December 3 Orders. The Commission will modify the proposal to bring it into full compliance and will set filing and reporting requirements to aid regulatory review.

### **III. Call Trace Rates**

The Company proposed Call Trace rates of \$7.00 per "incident." The Company defined "incident" as the act of tracing up to three harassing calls from the same originating number and forwarding that originating number to law enforcement authorities.

Call Trace rate design raises serious issues. Allocating costs that benefit both individual customers and the network or public as a whole is always difficult.

On the one hand, providing Call Trace imposes significant costs on the system which have to be borne by someone; Call Trace users are logical candidates. At the same time, some Call Trace users are clearly and simply victims of crime, and it is anomalous to require crime victims to bear the costs of apprehending perpetrators. Finally, it is contrary to the public interest for Call Trace rates to be high enough to discourage customers from asserting their right to protection from harassing or obscene telephone calls. The Commission must balance all these considerations.

The Commission will reduce the Call Trace charge from \$7.00 per incident to \$1.00 per incident or successful activation, believing this results in a more equitable and workable allocation of costs between Call Trace users and network users as a whole. The Commission will continue to

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<sup>2</sup> These services are identified first by the names the Commission has used for them in earlier Orders and second by the names the Company used in its filing and promotional materials.

explore the issue of Call Trace rate design and will monitor the practical effect of this and other rate designs through the annual reporting required of all companies offering CLASS services.

Finally, to avoid customer confusion, the Commission will require the Company to clarify in its tariffs and educational and promotional materials how Call Trace works and how it is priced.

#### **IV. Pay Phone Blocking**

The Department recommended requiring per-call blocking on pay phone lines where feasible and requiring instruction cards on Company-owned pay phones to include blocking information. The Commission believes it would be best to examine pay phone blocking issues on an industry-wide basis at a later date.

The original CLASS Orders did not deal with pay phone blocking, only residential and business blocking. This record contains no information on how pay phone providers and users view blocking. It contains no analysis of how the privacy considerations underlying residential and business blocking requirements relate to pay phones. Potentially interested persons, such as independent pay phone providers and consumer advocacy groups, are not parties to the case. The Commission concludes this docket is not an appropriate vehicle for addressing pay phone blocking issues.

Finally, actual experience would be helpful in determining what privacy and security interests are at stake in the pay phone-CLASS services context. In the absence of consumer complaints or other evidence that pay phone blocking issues require immediate attention, the Commission believes these issues should be explored as part of its ongoing monitoring and regulation of CLASS services.

#### **V. Intercepted, Uncompleted Toll Calls**

CLASS services allow subscribers to refuse to accept certain types of calls, such as calls from designated numbers or blocked numbers. These calls are intercepted before completion, and the caller hears a recording explaining that the called party is not accepting blocked calls, calls from designated numbers, etc. The Department recommended requiring the Company to treat intrastate toll calls deflected in this way as unanswered calls for billing purposes. The Commission does not consider this docket an appropriate place to address the billing status of these calls. First, there is no controversy here; the Company intends to do what the Department recommends. Without a live controversy, issues are seldom developed with the depth and clarity necessary for informed decisionmaking.

This record is no exception. It contains no rigorous analysis of the policy basis for spreading the costs of intercepted calls over the whole body of CLASS subscribers, as opposed to charging the subscribers who make intercepted calls. It contains no hard data on the costs of these calls. Potentially interested persons, such as interexchange carriers, are not parties to this case.

For all these reasons, the Commission will not address the intercepted toll call billing issue in this case. If the issue arises in practice, it will merit detailed factual and policy development and examination on an industry-wide basis.

#### **VI. Customer Education Materials and New Tariffs Required**

##### **A. Customer Education**

As the Commission emphasized in the June 17 and December 3 Orders, public understanding of CLASS services is essential if they are to achieve their potential for giving customers more control over how the telephone affects their lives. Public education programs therefore play a

major role when companies introduce CLASS services.

For the most part the educational materials filed by the Company are clear, accurate, and complete. The final customer education mailing should contain the items listed in the Department's report and should be approved by Commission staff before mailing. (The Company may of course choose Commission review over staff review; staff review is offered as a means to expedite implementation of the service.)

#### **B. Tariff Provisions**

The Company will be required to file revised tariff pages to reflect modifications to its proposal made in this Order and to clarify portions of its earlier filing. In brief, the revisions will reflect a Call Trace rate of \$1.00 per activation and include the clarifications listed in the Department's report.

#### **VII. Reporting Requirements**

In its June 17 and December 3 Orders the Commission established detailed annual reporting requirements for companies offering CLASS services. The Commission also required an annual report from the Department, which is to include the Department's assessment of public acceptance of CLASS services and its recommendations on how CLASS services should be structured in the future.

The Commission continues to believe regulatory monitoring and oversight are necessary to ensure that this new technology is deployed to serve the public interest. The Commission will therefore require the following additional reports from the Company.

First, the Company will be required to give at least 60 days notice before making any changes to its CLASS service offering or offering any CLASS service in conjunction with any other telephone company or telecommunications carrier.

Second, to help the Commission evaluate the performance of CLASS services and make informed decisions on what shape they should take in the future, the Company will be required to maintain clear records on customer complaints. Copies of these complaints will be furnished to the Department upon request and summaries will be filed with the Company's annual CLASS report.

Third, should the Company decide in the future to sell Caller ID display units, it must file a letter confirming that it will inform customers that these units are available from other retailers.

Finally, the Company will be required to work closely with the Department in providing any information the Department needs to fulfill its annual reporting responsibilities.

### **ORDER**

1. The Company's proposal to offer CLASS services is approved, as modified herein.
2. The Company shall provide Anonymous Call Rejection to Caller ID subscribers at no charge on or before December 31, 1995 and shall report on its progress in obtaining this capacity in its annual CLASS report.
3. Should the Company decide in the future to sell Caller ID display units, it shall file a letter confirming that it will inform customers these units are available from other retailers.
4. The Company shall reduce its rate for Call Trace to \$1.00 per activation, as discussed above.
5. Within ten days of the date of this Order the Company shall file revised tariffs reflecting the modifications to its proposal made in this Order and the revisions and clarifications recommended in the Department's report.
6. The Company shall serve copies of its proposed final customer education materials on the Department and the Residential Utilities Division of the Office of the Attorney General.

7. The Company shall not offer any CLASS service until its filed tariffs and customer education materials have been approved by the Commission or Commission staff. Its customer education materials shall include, but shall not necessarily be limited to, the items listed in the Department's report.
8. The Company shall notify the Commission and the Department at least 60 days in advance of any plan to make any change in its CLASS services or to provide any CLASS service or SS7 technology in conjunction with any other telephone company or telecommunications carrier.
9. The Company shall keep clear and accurate records of all complaints filed in regard to CLASS services. The Company shall provide copies of such complaints to the Department upon request and shall file summaries of such complaints with its annual CLASS report.
10. The Company shall work closely with the Department in providing any information the Department considers necessary to prepare its annual reports on CLASS services.
11. The Company shall file for review and approval by the Commission or its staff all future educational materials on CLASS services.
12. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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