

P-999/CI-88-917 ORDER WAIVING REQUIREMENT AND GRANTING PERMANENT  
AUTHORITY TO PROVIDE ALTERNATIVE OPERATOR SERVICE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
Commissioner  
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Commissioner

In the Matter of Applications to Provide  
Alternative Operator Services in Minnesota

ISSUE DATE: May 16, 1994

DOCKET NO. P-999/CI-88-917

ORDER WAIVING REQUIREMENT AND  
GRANTING PERMANENT AUTHORITY  
TO PROVIDE ALTERNATIVE OPERATOR  
SERVICE

**PROCEDURAL HISTORY**

On November 19, 1991, the Commission issued its ORDER SETTING REGULATORY REQUIREMENTS FOR OPERATOR SERVICES FROM TRANSIENT LOCATIONS in the above-captioned matter. Among other things, that Order required alternative operator services (AOS) providers to state their identities on bills sent to end-users. This requirement is known as sub-carrier identification or sub-carrier ID. Any AOS provider unable to provide sub-carrier ID within 120 days was obliged to apply for a waiver from the Commission.

On March 25, 1992, the Commission issued its ORDER AFTER RECONSIDERATION. In that Order the Commission affirmed most findings of the November 19, 1991 Order, including the sub-carrier identification requirement. The Commission extended the deadline for submitting compliance filings in accordance with the November 19 Order.

Several AOS providers and two billing and collection clearinghouses, Zero Plus Dialing, Inc. (ZPDI) and Operator Assistance Network (OAN), submitted compliance filings and requests for waivers of the sub-carrier ID requirement. As these parties noted, AOS providers usually do not bill customers directly but rather through billing and collection clearinghouses such as ZPDI or OAN. The clearinghouses often contract with local exchange companies (LECs), who bill the end-users and transmit proceeds to the AOS providers. The parties stated that many LECs and clearinghouses are not yet technologically capable of fulfilling the sub-carrier ID requirement. For this reason, the parties requested waivers of the sub-carrier ID requirement.

On November 24, 1992, the Commission issued its ORDER GRANTING AND DENYING REQUESTS FOR WAIVERS, ACCEPTING COMPLIANCE FILINGS, AND REQUIRING FONE AMERICA TO SHOW CAUSE. In that Order the Commission granted requesting parties a one-year waiver of the sub-carrier ID requirement. The Commission also directed parties to submit, at least 30 days prior to the expiration of the waiver period, their plan for implementing the requirement.

On December 3, 1993, the Commission issued its ORDER EXTENDING WAIVER OF SUB-CARRIER IDENTIFICATION REQUIREMENT. In that Order the Commission deferred requests for exemption from the ID requirement submitted by US Sprint, Inc.<sup>1</sup> (Sprint), US Link, and MCI Communications (MCI). The Commission extended the waiver of the sub-carrier ID requirement for 90 days for all AOS providers and ordered the Department of Public Service (the Department) to report on the status of sub-carrier ID implementation.

On January 25, 1994, the Department submitted its report. The Department recommended that the Commission waive the sub-carrier ID requirement for AOS calls billed through LECs which lack the technological capability to provide cost-effective identification. As an alternative, the Department suggested that the Commission extend the March 3, 1994 implementation deadline for another 90 days. The Department also recommended denial of the exemption requests filed by US Link, MCI, and Sprint.

On February 23, 1994, MCI and Sprint filed a joint letter withdrawing their exemption petition and supporting the Department's recommendations.

On March 22, 1994, the Department filed a supplemental report. After investigating implementation of sub-carrier ID, the Department recommended that the requirement be waived for carriers not currently capable of providing it.

On April 4, 1994, the Minnesota Independent Coalition filed a letter urging the Commission to follow the Department's recommendation for a permanent waiver of the sub-carrier ID requirement.

On April 15, 1994, US Link filed a letter in support of the Department's recommendations. US Link stated that the Commission need not address its exemption request if the Commission granted a permanent waiver of the sub-carrier ID requirement.

The matter came before the Commission for consideration on May 3, 1994.

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<sup>1</sup> Now known as Sprint Communications Company, L.P.

## FINDINGS AND CONCLUSIONS

### **I. Waiver of the Sub-Carrier ID Requirement**

The Department's careful investigation revealed that LECs serving approximately 90% of the state's access lines have the capability of implementing sub-carrier ID. The Department stated that the costs of billing system conversion to ID capability would exceed benefits to end-users for some of the remaining LECs. In the opinion of the Department, new consumer protections and the relative ease of access to outside dialing codes mean that sub-carrier ID is now highly desirable but not essential.

The Commission agrees with the Department that the sub-carrier ID requirement must be viewed in the context of current AOS realities. When the investigation of AOS began, numerous complaints regarding AOS had been registered with the Department and the Commission. The Commission responded by establishing a number of consumer protections, including the sub-carrier identification requirement. As the Commission stated in the November 19, 1991 Order, sub-carrier ID was meant to enable transient customers to "readily verify bills, compare rates, or register complaints." Order at p. 9.

The AOS safeguards established in the Commission's Orders have been effective consumer protections. Such requirements as branding<sup>2</sup>, the posting of consumer information, and the prohibition against blocking alternative providers have brought a sharp decrease in consumer complaints. While the sub-carrier ID requirement is still an important piece of the consumer protection package, the necessity for the requirement must now be weighed against the costs to end-users. Because costs of conversion would be heavy for some of the LECs not yet capable of providing sub-carrier ID, the Commission will waive the requirement for AOS providers who bill through LECs not capable of providing ID. AOS providers who bill through any LEC which is currently capable of providing sub-carrier ID, or who develops the capability in the future, shall abide by the requirement as established by the Commission in its Orders.

### **II. Interim AOS Authority to Permanent Authority**

In its November 19, 1991 Order, the Commission required AOS providers currently operating under interim certificates to submit a filing demonstrating compliance with the AOS requirements established in the Order. Effective upon further Commission Order, those providers who submitted satisfactory compliance filings would have their temporary AOS authority converted to permanent authority.

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<sup>2</sup> Branding is the oral identification of the AOS provider at the beginning of a call.

In the Commission's November 24, 1992 Order, the Commission found that a number of AOS providers<sup>3</sup> had demonstrated compliance with all requirements except the implementation of sub-carrier ID. At p. 6 of the November 24 Order, the Commission stated:

The compliance filings submitted by the AOS providers listed in Part II of this Order are accepted. These providers will continue to operate under interim authority, pending resolution of the sub-carrier identification issue.

With this Order the Commission is waiving the sub-carrier identification requirement for those AOS providers who bill through LECs incapable of implementing sub-carrier ID. AOS providers with interim authority who conform to the rest of the Commission's AOS requirements, and who bill through LECs incapable of implementing sub-carrier ID, are hereby granted permanent AOS authority.

AOS providers who bill through LECs who have sub-carrier ID capability, or who gain the capability in the future, must conform to this requirement as well as all others established by the Commission. AOS providers with interim authority who conform to all Commission requirements, including sub-carrier ID where applicable, are hereby granted permanent AOS authority.

### **III. The Requests for Exemption from the Sub-Carrier ID Requirement**

MCI, Sprint, and US Link requested exemption from the sub-carrier ID requirement, based upon their status as telecommunications carriers under Minn. Stat. § 237.74. MCI and Sprint later formally withdrew their requests. While US Link did not withdraw its request for exemption, it did state that the Commission need not address its request if a waiver from sub-carrier ID is granted.

Since the Commission has granted a waiver of the sub-carrier ID requirement for AOS providers who bill through LECs who lack ID capability, the Commission need not reach the questions originally raised in the telecommunications carriers' petitions. The Commission will not address the merits of the parties' arguments at this time.

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<sup>3</sup> The companies allowed a one-year waiver are: International Telecharge, Inc. (now also d/b/a Oncor); US Link; Value Added Communications; Ascom Autelca Communications; One Call Communication d/b/a OPTICOM; Teleconnect Long Distance Company now d/b/a Telecom USA); Strategic Alliance, Inc.; US Osiris Corporation; Cable and Wireless Communications Inc.; American Telecommunications Corporation; US Long Distance, Inc.; MCI Communications; Sprint; Alternate Communication Technology, Inc.; and ComTel Computer Corporation.

## ORDER

1. The Commission waives the sub-carrier identification requirement for those AOS providers who bill through LECs incapable of implementing sub-carrier ID. AOS providers with interim authority who conform to the rest of the Commission's AOS requirements, and who bill through LECs incapable of implementing sub-carrier ID, are hereby granted permanent AOS authority.

AOS providers who bill through LECs who have sub-carrier ID capability, or who gain the capability in the future, must conform to this requirement as well as all other AOS requirements established by the Commission. AOS providers with interim authority who conform to all Commission requirements, including sub-carrier ID where applicable, are hereby granted permanent AOS authority.

The Companies receiving permanent authority under this Order are: International Telecharge, Inc. (now also d/b/a Oncor); US Link; Value Added Communications; Ascom Autelca Communications; One Call Communication d/b/a OPTICOM; Teleconnect Long Distance Company (now d/b/a Telecom USA); Strategic Alliance, Inc.; US Osiris Corporation; Cable and Wireless Communications, Inc.; American Telecommunications Corporation; US Long Distance, Inc.; MCI Communications; Sprint Communications Company, L.P.; Alternate Communication Technology, Inc.; ComTel Computer Corporation; Hotelco; TCI Communications; PhoneTel Technologies; and Business Telecom, Inc. d/b/a BTI.

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)