

P-515/M-93-1224 ORDER AUTHORIZING PROVISION OF CLASS SERVICES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Proposal by Interstate
Telecommunications Cooperative to Offer
CLASS Services in Minnesota

ISSUE DATE: July 11, 1994

DOCKET NO. P-515/M-93-1224

ORDER AUTHORIZING PROVISION OF
CLASS SERVICES

PROCEDURAL HISTORY

On January 4, 1994 Interstate Telecommunications Cooperative (ITC 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 April 4, 1994 the Company made a supplementary filing. The filings were based on the Commission's June 17 and December 3, 1993 Orders authorizing CLASS services and setting conditions on their provision.¹

On February 16, 1994 the Department of Public Service (the Department) filed its initial report, alleging serious defects in the Company's proposal. The Department later filed a supplementary report stating most of its original concerns had been resolved in the Company's supplementary filing. The Department recommended approving the Company's amended proposal, with additional recordkeeping and reporting requirements.

The filing came before the Commission on May 31, 1994 and June 28, 1994.

¹ 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 nine CLASS services:² Caller ID - Number (Calling Number Identification); Caller ID - Name (Calling Name Identification); Continuous Redial (Automatic Call Back); Last Call Return (Automatic Recall); Priority Call (Distinctive Ringing/Call Waiting); Selective Call Acceptance; Selective Call Rejection (Call Screening); Selective Call Forwarding; and Call Trace (Customer Originated Call Trace).

The Company planned to provide the business and residential per-call and per-line blocking options required under the CLASS Orders.

The Company intended to limit CLASS services initially to calls originating and terminating within the same exchange. However, it planned to extend CLASS to long distance connections in the fall of 1994 and to raise CLASS rates at that time.

Finally, the Company sought an exemption from the requirement to provide free Anonymous Call Rejection to all CLASS customers. The Company explained that most of its service area is in South Dakota, which does not require free Anonymous Call Rejection, and that it had bought CLASS software to meet South Dakota requirements. The cost of adding free Anonymous Call Rejection at this point would require an across-the-board increase in CLASS rates. The Company proposed instead to offer optional Anonymous Call Rejection for 50 cents per month.

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. Exemption from Anonymous Call Rejection Requirement

The December 3 CLASS Order requires companies offering CLASS services to provide free Anonymous Call Rejection to all CLASS customers. The December 3 Order explains the requirement as follows:

The Commission is convinced that giving the customer control over how he or she handles blocked calls, together with the amount of information and the range of choices necessary to make that control meaningful, is the soundest public policy. Companies offering CLASS services will therefore be required to offer per-call business blocking, Anonymous Call Rejection, and per-call unblocking of blocked lines without separate charge.

ORDER AFTER RECONSIDERATION (December 3, 1993) at 8.

The Commission considers Anonymous Call Rejection an important tool for balancing the competing interests affected by Caller ID and remains committed to requiring that it be provided to CLASS subscribers without charge. At the same time, the Commission realizes that ITC faces unique obstacles to meeting this requirement.

ITC is a small company with sixteen exchanges. Of these sixteen, only one exchange is entirely in Minnesota. Three straddle the Minnesota/South Dakota border; the other twelve are in South Dakota. The Company bought CLASS software to meet South Dakota requirements.

² 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.

The cost of adding free Anonymous Call Rejection at this point would require an across-the-board increase in proposed CLASS rates. The Company proposed instead to offer optional Anonymous Call Rejection to all customers for 50 cents per month.

The Commission believes these circumstances justify the action proposed by the Company. The Company acted reasonably in designing its system to meet South Dakota requirements. It also acted before it knew that Minnesota would require free Anonymous Call Rejection.

The number of customers affected is small. The monthly fee proposed is small and cost-based; it should not be a significant deterrent to using a service the Commission has found valuable. Finally, the Company's proposal will prevent CLASS subscribers in the same exchange from being treated unequally, depending upon whether they live in the Minnesota or South Dakota part of the exchange.

For all these reasons the Commission will approve the 50 cent monthly charge, with the understanding that future experience with CLASS services may cause changes in this or other features of the Company's CLASS offering.

IV. Call Trace Rates Reduced

The Company proposed Call Trace rates of \$4.00 per "successful trace." The Company defined "successful trace" as the act of forwarding to law enforcement authorities the originating number(s) of all harassing calls traced by a customer during a 72 hour period.

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 \$4.00 to \$1.00, 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 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.

V. Future Rates Deferred to Future Proceeding

The Company filed two sets of rates, one to go into effect immediately and one to go into effect after the Company begins offering interexchange CLASS services. The Commission will approve the current rates and defer any consideration of future rates to a future filing.

The Company may well be correct in believing that interexchange CLASS connections are imminent and desirable. The Commission is concerned, however, that those connections not undermine the consumer protection framework carefully constructed in the June 17 and December 3 Orders.

The Commission will therefore require the Company to give at least 60 days notice before providing interexchange CLASS services. This will allow the Commission, the Department, and interested parties to examine the proposal to ensure that none of the consumer protections required under the CLASS Orders are compromised.

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 Company has been working with the Department and Commission staff to finalize them. Final materials 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. In brief, the revisions will reduce Call Trace rates from \$4.00 to \$1.00 and limit rate information to rates in effect prior to any offering of interexchange CLASS services.

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. 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.

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. Proposed rates characterized in the Company's filing as "full" rates are disapproved. Any rate increase proposed in the future must be filed with the Commission and the Department.
3. The Company shall reduce its rate for Call Trace from \$4.00 to \$1.00 per "successful trace," as defined above.
4. The Company shall reduce its rate for Anonymous Call Rejection from \$1.50 to 50 cents.
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. The tariffs shall become effective 30 days following approval of the Company's customer education materials.
6. The Company shall serve copies of its proposed final customer education materials on the Department.
7. 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.

8. 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.
9. The Company shall work closely with the Department in providing any information the Department considers necessary to prepare its annual reports on CLASS services.
10. The Company shall file for review and approval by the Commission or its staff all future educational materials on CLASS services.
11. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)