

ISSUE DATE: December 10, 1997

DOCKET NO. P-421/EM-96-1597

ORDER APPROVING PROPOSAL WITH CONDITIONS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
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Commissioner

In the Matter of a Proposal to Unbundle
Elements of Universal Emergency Number
Service Transport

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PROCEDURAL HISTORY

On December 20, 1996, US WEST Communications, Inc. (US WEST or the Company) filed a proposal to unbundle the elements of its Universal Emergency Number Service tariff, commonly known as 911 service. Under the proposal, US WEST would divide the offering into its main three components: Basic 911, Enhanced 911, and Subscriber Records (the data management service which checks telephone numbers against information in a data base). Counties who previously purchased the complete, bundled 911 service from US WEST could now purchase any or all of the piece parts from the Company.

On January 10, 1997, the Commission received comments from the Metropolitan 911 Board, which reviews the contracts of 911 providers in the Twin Cities metropolitan area. The Metropolitan 911 Board raised a number of questions regarding US WEST's service pricing, the language of the proposed tariff, and service standards.

On January 24, 1997, US WEST filed a revised tariff addressing some of the concerns raised by the Metropolitan 911 Board.

Pursuant to the statute governing rate changes, Minn. Stat. § 237.075, subd. 1, the revised proposal went into effect on February 17, 1997, upon 60 days notice to the Commission.

On June 26, 1997, the Metropolitan 911 Board filed supplemental comments. Although many issues had been resolved in the revised tariff and conversations with US WEST, the Board still had questions regarding pricing and service quality.

On September 17, 1997, the Department of Public Service (the Department) filed comments recommending approval of the filing with two conditions: 1) US WEST should initiate a Request for Proposals (RFP) for 911 data management services within two years of the Commission's Order; and 2) upon receipt of the bids generated by the RFP, US WEST should report to the Commission regarding the bid prices, and compare those prices with the prices charged by US WEST's current data management provider.

On November 25, 1997, the matter came before the Commission for consideration.

At the meeting, the US WEST representative stated that its data management provider, SCC, is doing an excellent job of providing data management service in Minnesota and the rest of US WEST's 14 service states. US WEST argued that its continued use of SCC's services until the expiration of the parties' ten-year contract in 2005 would capture system efficiencies. In its normal course of practice, US WEST would issue an RFP towards the end of the contract period, in approximately 2002, to prepare the Company for data management needs after this contract ends. US WEST asked that the Commission grant its unbundling request without conditions; if the Commission establishes an RFP process as a condition, the RFP should not be required before 2002.

At the November 25, 1997 meeting, the Metropolitan 911 Board representative expressed the Board's general satisfaction with US WEST's proposal and with SCC's data management services. The Board had no opinion on the proper term for a contract between US WEST and any data management service provider, or upon the proper timing of the RFP process. The Board did note that a change in provider for any 911 component necessitates systems changes for the Board and for all affected counties.

FINDINGS AND CONCLUSIONS

At this time, SCC may well be the only qualified data management provider for US WEST's 911 system needs. Given the explosion in telecommunications technology, however, it is likely that competitors will arise to fill this niche. The Department is aware of this likelihood and would like to ensure that US WEST avails itself of any opportunities to improve the quality of 911 data management service, the price of the service, or both. The Commission agrees with the Department that the RFP process is the logical means for US WEST to obtain the necessary service and price comparisons to make a reasoned provider choice.

The record does not indicate that US WEST would suffer contract penalties if it conducts an RFP process at the end of 1999, as requested by the Department, or if it unilaterally terminates its contract to obtain better price or service quality opportunities revealed through the RFP. If the RFP does not uncover any meaningful competition in service or price, US WEST will simply continue under the terms of its existing contract. Since an RFP in late 1999 is only about two years ahead of US WEST's normal schedule, the Department's recommendation should not greatly inconvenience US WEST.

For these reasons, the Commission will approve US WEST's proposal for unbundling 911 service

with the following conditions: 1) US WEST must initiate an RFP for 911 data management services and prices within two years of the date of this Order; 2) Upon receipt of all RFP bids, US WEST must file a report with the Commission indicating the prices offered by competing companies and comparing those prices to those offered by SCC.

ORDER

1. The Commission approves US WEST's December 20, 1996 proposal to unbundle 911 services, with the following conditions:
 - a. US WEST must initiate an RFP for 911 data management services and prices within two years of the date of this Order.
 - b. Upon receipt of all RFP bids, US WEST must file a report with the Commission indicating the prices offered by competing companies and comparing those prices to those offered by SCC.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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