Erosion of CI-III Equilibrium

The benefits of integration are eroded as regulators deal with each of the non-structural safeguards in isolation responding to pressure from potential competitors — on an individual basis changes may not seem onerous but in the aggregate become unworkable.

Computer Inquiry III — CPNI Safeguard

In response to an industry challenge, the Commission again declined to impose a prior authorization rule for BOC access to CPNI because "no party supporting such a change had offered any new arguments demonstrating that the existing CPNI rule should be replaced."

– Docket No. 85-229, *Memorandum Opinion and Order on Further Reconsideration and Second Further Reconsideration,* Released August 1, 1989

Computer Inquiry III — CPNI Safeguard

"The prior authorization rule is unnecessary because:

(i) the most valuable information in marketing enhanced services is not CPNI, but comes directly from the customer, relates to its information processing needs, and is equally available to both BOCs and ESPs;

(ii) many ESPs that perform data processing possess marketing information more valuable than CPNI;

(iii) access to CPNI does not assure a BOC of success, since the BOC would be entering any enhanced service market with zero market share; and

(iv) customers' knowledge that the enhanced services market is competitive will result in the customer contacting competing ESPs, even if a BOC makes an initial enhanced service solicitation."

– Docket No. 85-229, *Memorandum Opinion and Order on Further Reconsideration and Second Further Reconsideration*, Released August 1, 1989

Computer Inquiry III — CPNI Safeguard

- When added to password/ID and NSO/Integrated split of sales personnel requirements, a prior authorization requirement would preclude use of traditional sales channels.

- CPNI is additional information recently made available. Most ESPs entered the market before having access to that information. ESP complaints are designed to use the regulatory process to impede competition.

- There are three reasons the majority of customers do not respond to CPNI notifications:

  (1) Customers are not concerned about BOC enhanced services personnel access to CPNI because they expect the telephone company to have, use and protect the information;

  (2) Customers do not care one way or the other; or

  (3) Customers do not understand the rules.

CPNI Safeguard Conclusions

- **Based on customer response and expectation, there is no need to change direction now.**
- **Changing the rules now would be additional disruption of the tenuous equilibrium between customer benefit, competitive safeguards and BOC incentives to serve the mass markets.**
- **There is nothing new in opponents arguments to justify changing the rules.**