

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

In the Matter of)

Billed Party Preference)
for 0+ InterLATA Calls)

CC Docket No. 92-77)

COMMENTS

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MCI Telecommunications Corporation (MCI) hereby submits comments in response to the questions asked by the Commission concerning its proposal to require all providers of operator services at payphones and other aggregator locations to orally disclose to the party to be billed for a 0+ call the specific rate, as well as applicable surcharges and premises-imposed-fees, that the billed party will be charged for the call.

I. INTRODUCTION

In the Comments and Reply Comments in this proceeding, MCI and numerous other parties demonstrated that the Commission's proposed rate disclosure requirement would increase carrier costs of providing operator services. Thus, the Commission's proposal, which was intended to combat the problem of high operator service rates, would, ultimately, lead to higher prices for consumers. The Commission's rate disclosure plan also would be inconvenient for consumers because it would result in increased dialing delay for calls. In addition, it would not provide consumers with significantly more protection from unreasonable operator service rates than that which is already provided by Section 64.703(a) of the Commission's rules, which requires operator service providers (OSPs) to disclose their rates on request.

Rate disclosure, absent a request for such by the person paying for the call, clearly should

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not be required for all 0+ calls. As the Commission has acknowledged, the majority of 0+ calls are priced at or below the level of consumer expectations. Thus, the Commission should not burden the majority of OSPs with a rate disclosure requirement that would needlessly lead to higher costs and greater inconvenience for consumers.

Rather, the Commission should ensure that consumers are aware of the charges that will be incurred when making 0+ calls and, further, that their calls are routed to their carrier-of-choice, by requiring the implementation of billed party preference.

II. RESPONSE TO SPECIFIC QUESTIONS

1. Are there any industries in which price disclosure to consumers at the point of purchase is not the normal practice? If so, what are those industries and what are the particular circumstances surrounding the developments of those industries?

There are a number of industries in which price disclosure to consumers at the point of purchase is not the normal practice. For example, there is no price disclosure to consumers when they use and, thus, purchase, electric, gas and water. Rather, consumers receive a notice of how much of these services they consumed during the billing period with the charge for the consumption. For the most part, there is no price disclosure at the time services are received and, thus, purchased, in a hospital. Contractual relationships are established by acceptance of the use of hospital services provided, thus creating an implied contract to pay. Consumers receive a bill detailing the cost of every pill, shot, bandage, etc. when they leave the hospital. In addition, there is no notice at the time of making a purchase using a credit card of the amount of interest that will be due to the credit issuer as a result of that purchase.

The common characteristic of these industries is that the consumer uses the service before

paying for it, like telephone service and, specifically, 0+ operator services. In addition, the rates for electric, gas and water are subject to regulatory oversight, as are operator services, to ensure that the rates are reasonable.

2. What kinds of technologies (including payphone equipment and associated software) are currently available to provide on-demand call rating information for calls from payphones, other aggregator locations, and phones in correctional institutions that are provided for use by inmates? Commenters should discuss the anticipated declining cost of these technologies, assuming a wide-spread demand for these services.

MCI is not aware of any currently available technologies that are capable of providing on-demand rating information. The only current method of providing information on demand is through a live operator.

3. Are there any telecommunications markets outside of the U.S. that already make use of price disclosure prior to call completion, for example, in the U.K.? If so, please provide the technological and financial details behind the implementation of these services and any indication as to the cost and benefits from the perspective of consumers.

MCI is not aware of any markets outside of the U.S. that make use of price disclosure prior to call completion.

4. Some commenters have claimed that price disclosure prior to call completion would create an unacceptable delay to consumers. Are there any studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indications of consumer satisfaction or dissatisfaction with 0+ services provided in this fashion?

Customers demand convenience in the use of telephone services and one of the most common complaints concerns dialing delay-- customers do not like to dial extra digits because it takes too long and they do not like extra instructional scripts for the same reason. The

importance of convenience was highlighted in a study conducted by The Gallop Organization for MCI in 1994 (copy attached), which found that the majority of calling card users (72%) prefer to use a calling card where you just dial zero instead of a special access code. Moreover, a majority of card users (54%) expressed their need for convenience over price and responded that they would not switch to a card that was less convenient for a 10% discount on calls. In addition, in a customer satisfaction survey conducted in August and September, customers indicated that the number one reason for dissatisfaction with 0+ operator services was that the call takes too long to set up.

Adding rate quote information, and the scripts to provide that information, whether live or automated, would add to the delay. In addition, the extra system queries required to obtain the rate information necessary for a quote would add time to the call set-up, since many different billing and customer database systems would need to be checked on each call. For example, after the caller enters the destination number and the billing method, a database would be queried to determine the rate based on distance and time of day; the customer service database would be queried to determine any appropriate customer discount; the rate would be calculated and delivered for scripting; the script would be played for the customer; and the customer would accept the rate, hang-up, or go to a live operator. These additional steps could add 5 to 10 seconds to each call if an automated system was implemented. And, if a live operator must be used, the delay would be even longer, possibly 30 to 60 seconds, due to the interaction between the operator and the consumer. In addition to annoying the consumer, this delay would result in the imposition of additional access charges-- further increasing the cost of the call.

Finally, the number of requests for rate quote information on 0+ calls today is minimal.

Thus, it is clear that consumers are not requesting this information and, therefore, the potential benefit of providing this information on all 0+ calls, does not justify the cost.

5. If some or all of embedded base equipment and software are incapable of providing audible notice to consumers for on-demand call rating, what time period would be reasonable for substituting equipment and software that is capable of doing so?

The implementation of the ability to provide a rate quote for all 0+ calls would impact virtually every system in MCI's network. Therefore, MCI estimates that it would require a significant amount of time, possibly two years, to develop and implement the software and technology necessary to perform a rate quote for all 0+ calls.

6. What percentage of interstate 0+ calls do calls from correctional institutions constitute, both in quantity and dollar volume, over the last 5 years?

MCI estimates that correctional facilities generate approximately 26 million telephone calls per year, which generate approximately \$120 million in annual revenue.

7. What effects, if any, will the recent Report and Order in In the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have on this proceeding?

The Commission's Order concerning payphone compensation will significantly increase the cost of calls from payphones-- both because of the compensation amount and the costs carriers will incur to implement per-call compensation, which will be passed along to consumers through higher rates. The Commission's proposal to require rate disclosure will impose an

additional cost burden on carriers, which, ultimately, also will be passed along to consumers through higher rates.

III. Conclusion

Based on the foregoing, MCI respectfully requests that the Commission not require all OSPs to provide rate disclosure information on all 0+ calls, absent a request by the consumer.

Respectfully submitted,

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MCI TELECOMMUNICATIONS CORPORATION

Washington, DC

Calling Card User Study

Executive Summary

Prepared by

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Introduction

The Calling Card User survey was administered by The Gallup Organization for MCI Communications in order to determine the current perceptions and attitudes of telephone calling card users. The areas examined include usage levels, ease of use, and customer needs and experiences using calling cards.

Methodology

The study utilized a random sample design in order to obtain a representative nationwide sample of telephone calling card users. A total of 508 calling card users participated in the study. The study was conducted from February 4-8, 1994. The sample of 508 calling card users has a confidence interval of ± 4.38 at the 95% confidence level. This means that 95 times out of 100 the results obtained with a sample of users would vary no more than $\pm 4.38\%$ from the results that would be obtained from interviewing all telephone calling card users during the same time period.

Study Findings

The majority of calling card users (over three-quarters) either use their cards frequently, 12 months out of the year, or infrequently, one to three months a year (see Figure 1). A majority of card users (66%) feel that a calling card is a necessity (see Figure 2).

The study results support the contention that the majority of telephone calling card users want convenience as well as the ability to choose the carrier and telephone they use to make a calling card call.

The majority of card users (72%) responded that they agreed strongly or agreed somewhat with the statement "You prefer to use a calling card where you just dial zero instead of a special access code" (see Figure 3). A majority of card users (54%) also expressed their need for convenience in responding that they would not switch to a card that was less convenient for a 10% discount on calls (see Figure 4).

Calling card users were also asked about the desirability of various calling card features using a 5-point scale, where "5" means "extremely desirable" and "1" means "not at all desirable" (see Figure 5). A solid majority of card users rated the ability to use a calling card from any phone a desirable feature. Ninety-five percent (95%) of card users rated this feature "4" or "5." The ability to choose which long-distance carrier will carry a calling card call was rated "4" or "5" by just over 60% of card users. The preference for zero-plus dialing over access codes was expressed again (this was asked in a similar question -- see Figure 3), with 70% of calling card users rating the feature a "4" or "5."

When asked about restricted access or over-charging problems they may have had, a significant percentage of card users responded that they had experienced these problems "occasionally" or "a lot" (see Figure 6). The problem that highest percentage of card users reported experiencing was not being able to use a calling card from a certain pay phone -- this occurred "occasionally" for 32% of card users and "a lot" for 6% of card users. One-quarter of calling card users responded that they occasionally could not use their card from certain hotel rooms, while five percent (5%) of users reported that they experienced this problem "a lot." Being over-charged by an unfamiliar phone company was cited as an "occasional" occurrence by 17% of card users and a problem that occurred "a lot" by six percent (6%) of calling card users.

Calling Card Usage

(n=508)

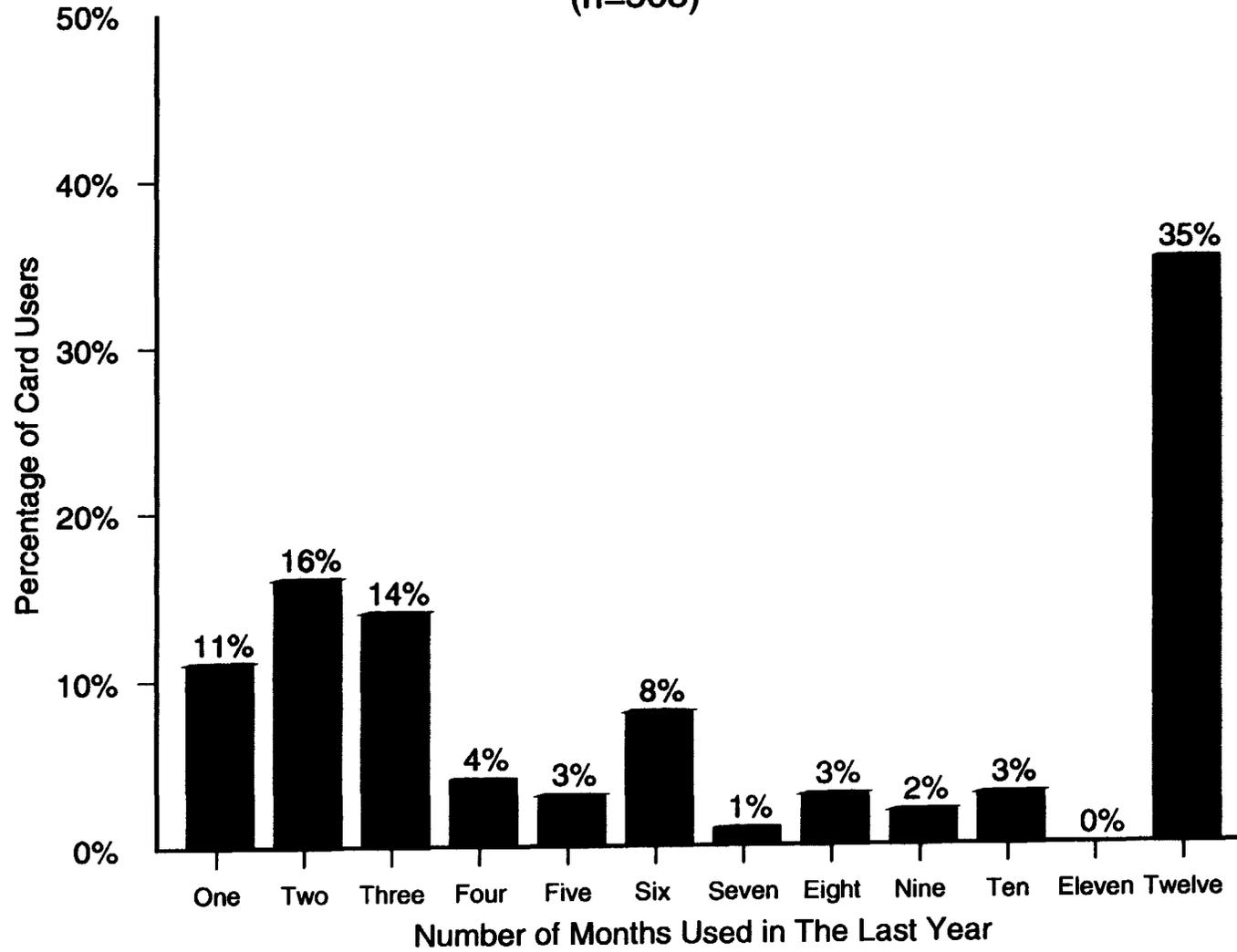
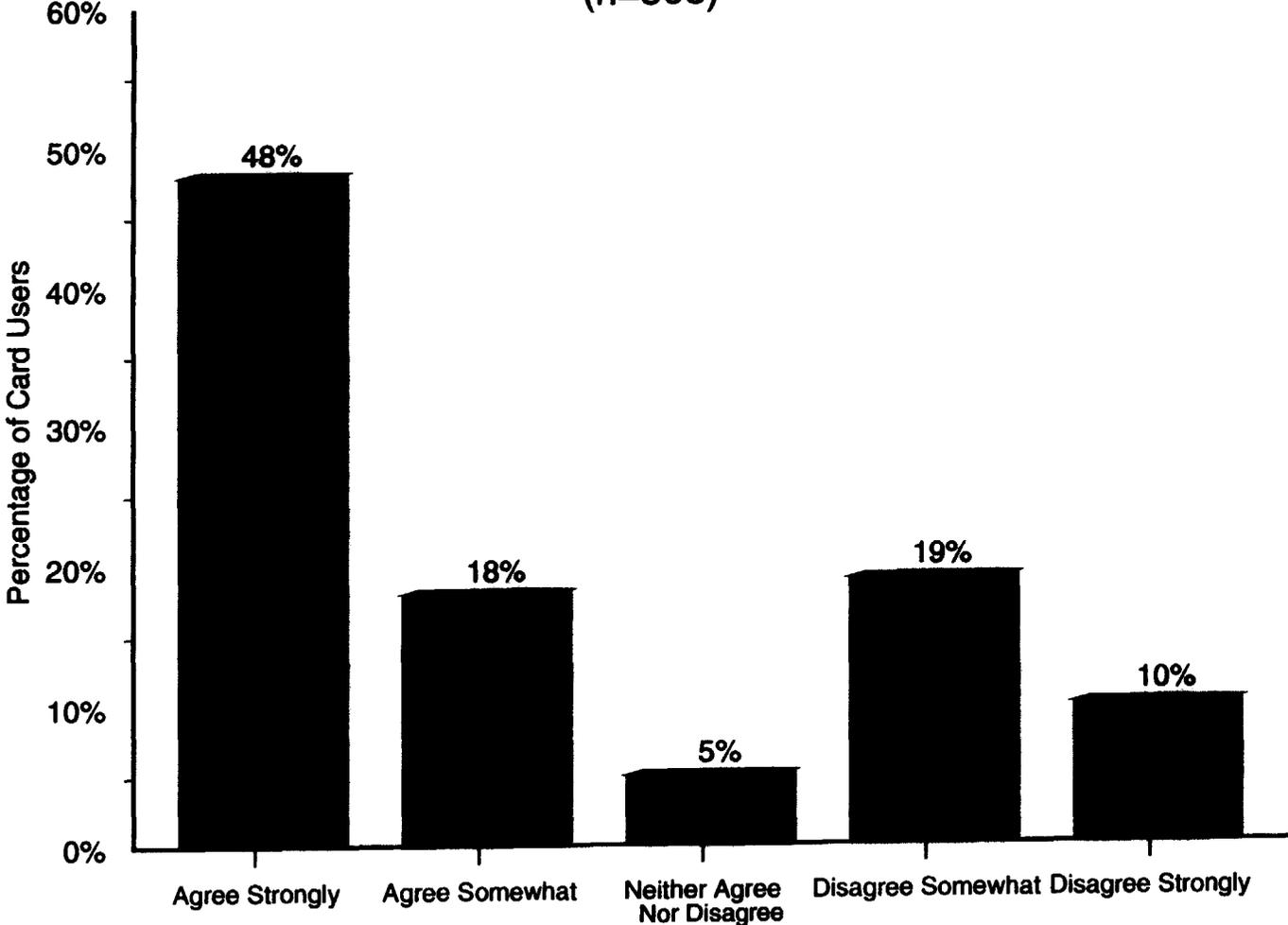


Figure 1

Calling Card User Rating of Card Necessity

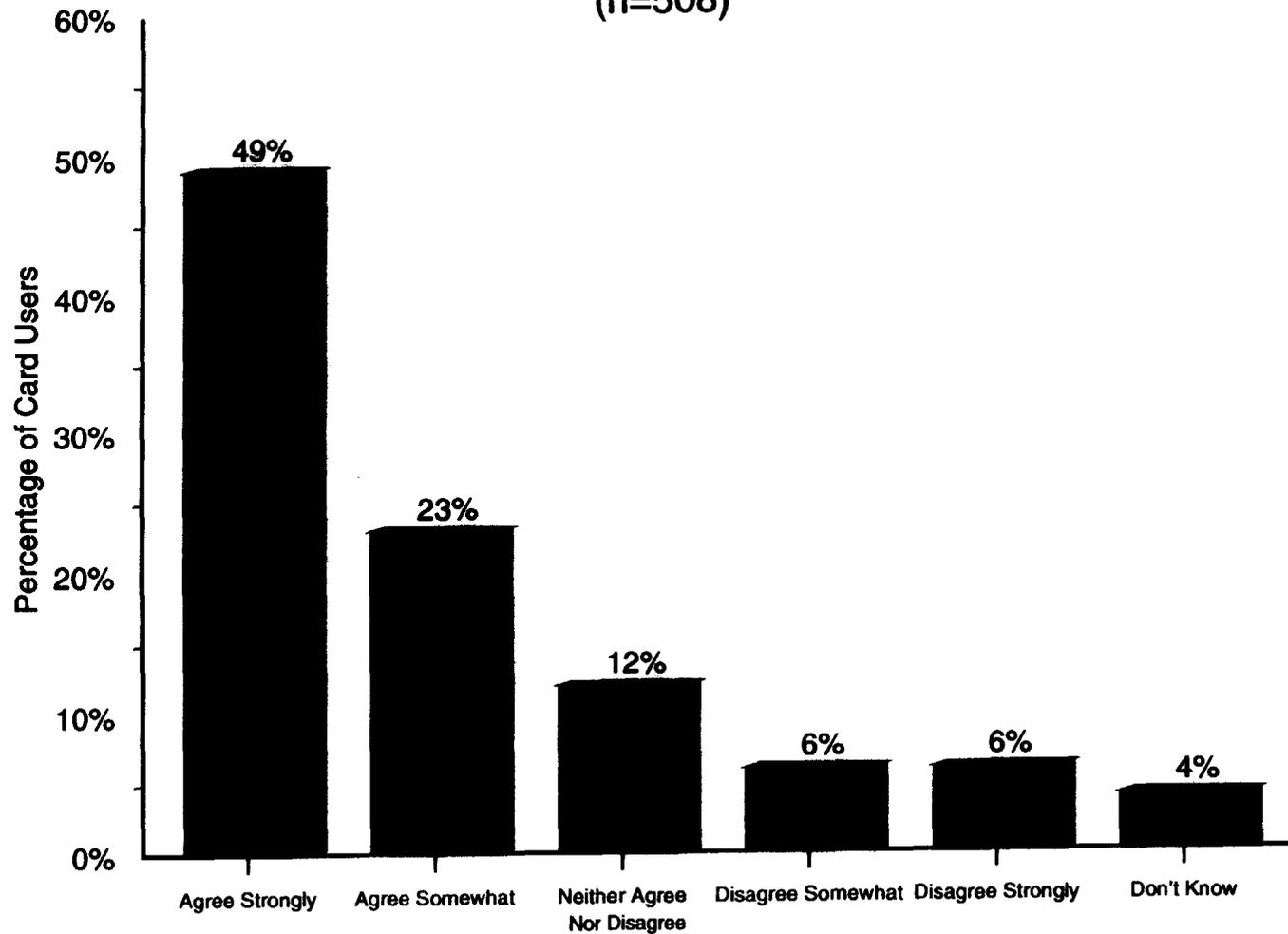
(n=508)



Statement: A calling card is a necessity

Figure 2

Calling Card User Rating of 0+ Dialing (n=508)

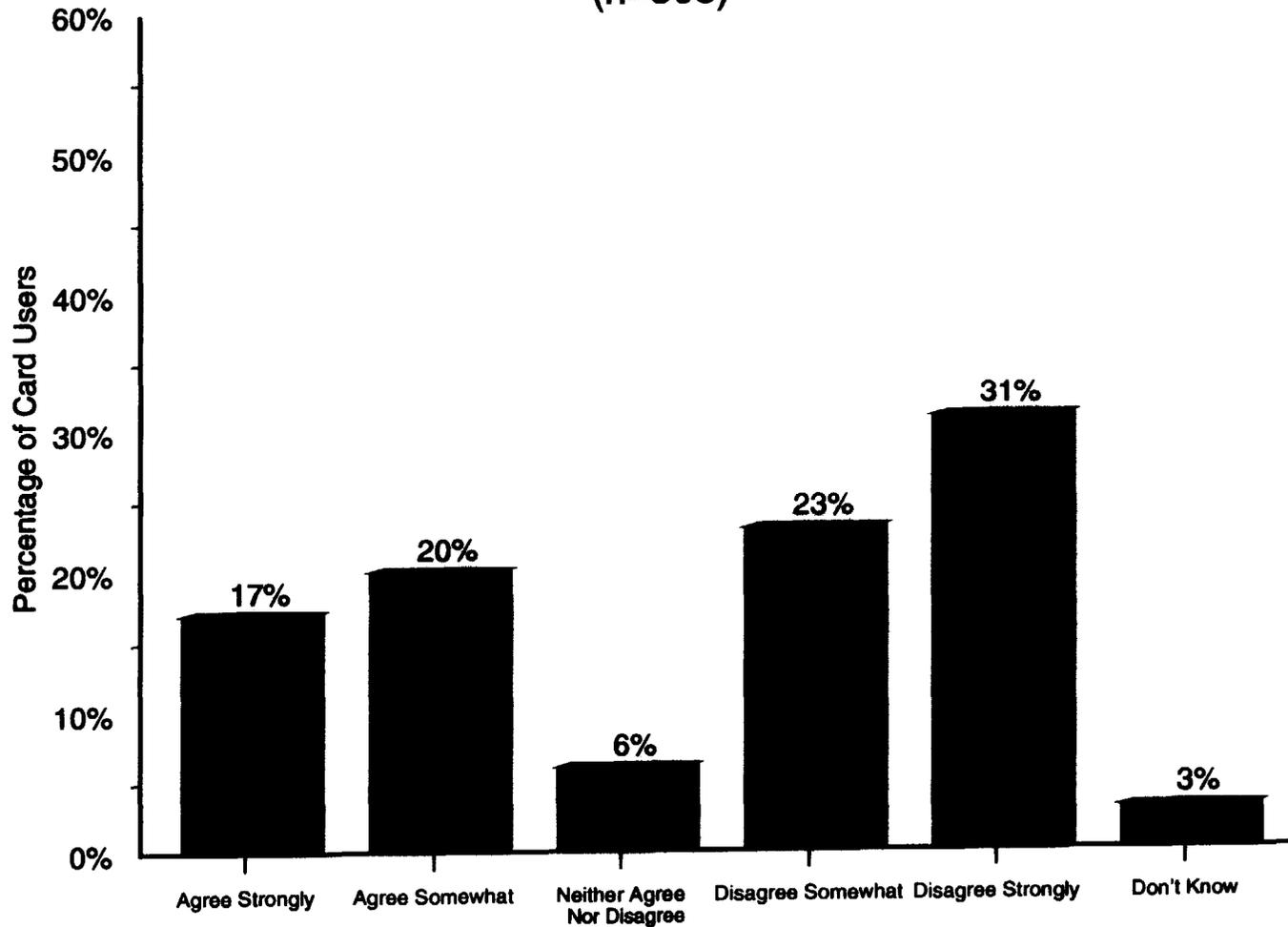


Statement: You prefer to use a calling card where you just dial zero instead of a special access code

Figure 3

Calling Card User Rating of Discount Offer on Less Convenient Card

(n=508)



Statement: You would be willing to use a less convenient calling card if you received a 10% discount on calls.

Figure 4

Calling Card User Ratings of Feature Desirability (n=508)

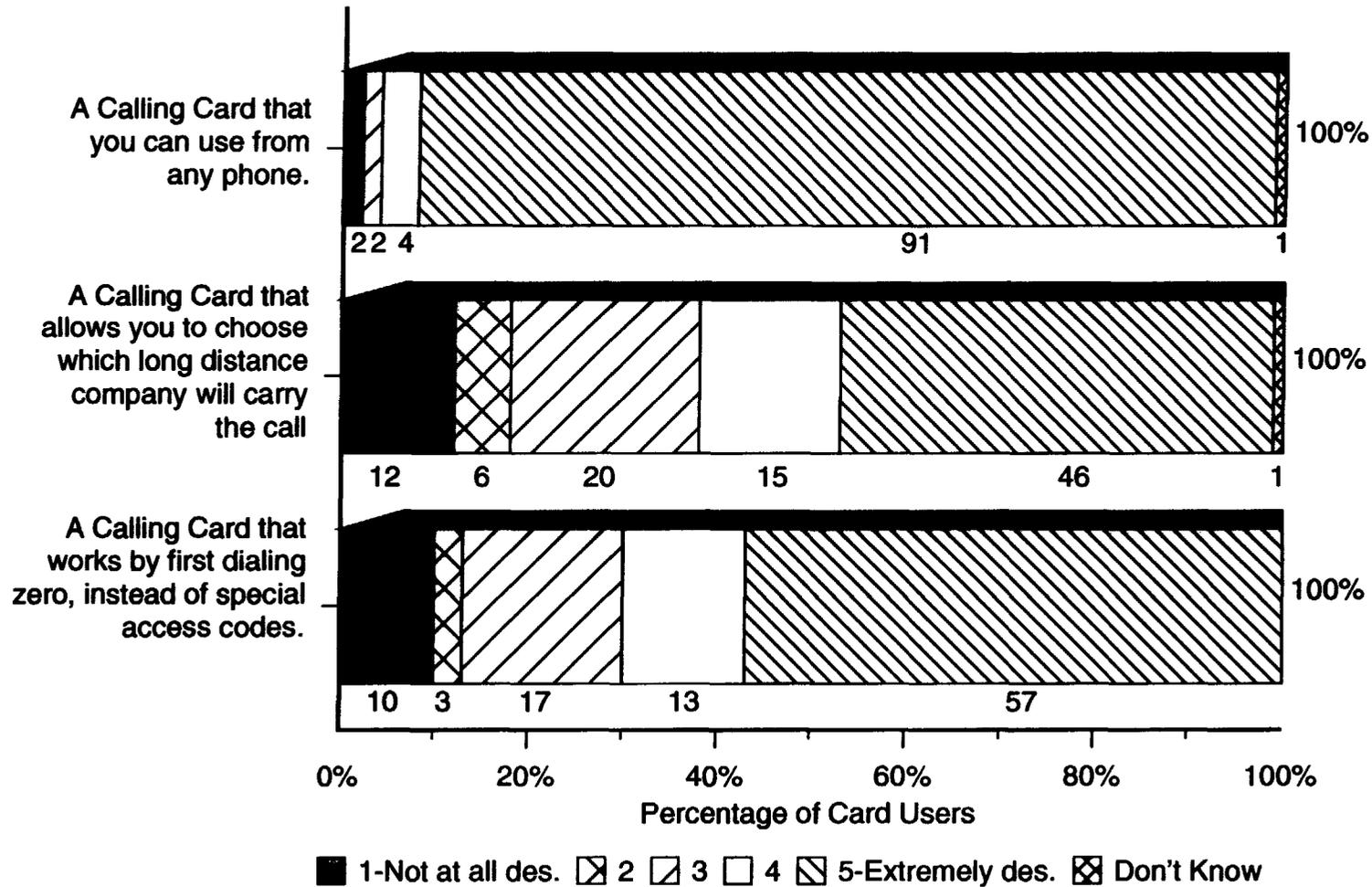


Figure 5

Calling Card User Experience

(n=508)

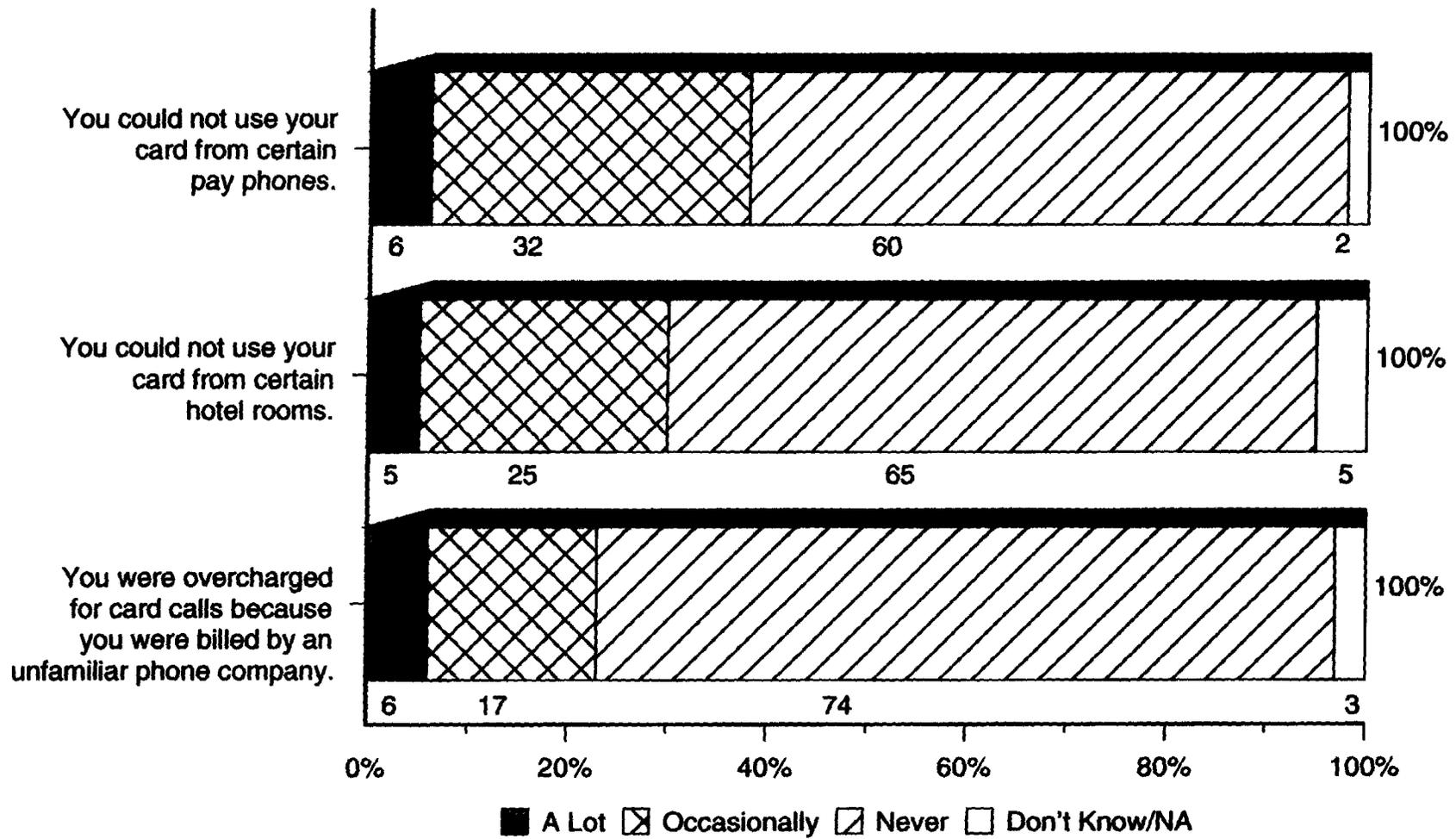
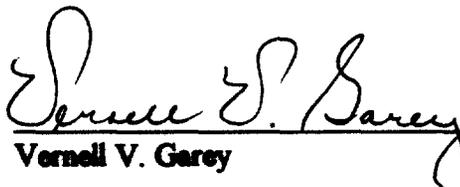


Figure 6

CERTIFICATE OF SERVICE

I, Vernell V. Garey, hereby certify that the foregoing "COMMENTS", CC Docket No. 92-77 was served this 13th day of November, 1996, by mailing true copies thereof, postage prepaid, to the following persons at the addresses listed below:

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