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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

EX PARTE OR LATE FILED

June 9, 1998

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*By Hand Delivery*

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: **EX PARTE**  
CC Docket No. 96-61

Dear Ms. Salas:

Today, June 9, 1998, David Joseph-Lacagnina and Charles Kremer of Salestar, George David of CCMI, Kim Russo and Yvonne Goldschmidt of Tele-Tech Services, members of the Telecommunications Management Information Systems Coalition, and the undersigned met with Paul Gallant, Legal Advisor to Commissioner Gloria Tristani. We restated our previous arguments set forth in the pleadings filed in the above-captioned proceeding and in the attached talking points, Wall Street Journal article, and presentation by the National Regulatory Research Institute.

Two copies of this letter have been submitted to the Secretary of the Commission for inclusion in the public record, as required by Section 1.1206(b)(2) of the Commission's rules.

Sincerely,



Cheryl A. Tritt  
Counsel for the Telecommunications  
Management Information Systems  
Coalition

cc: Paul Gallant

**DETARIFFING PROCEEDING  
CC DOCKET NO. 96-61  
JUNE 9, 1998 EX PARTE PRESENTATION**

- The Telecommunications Management Information Systems Coalition is composed of three companies formed for the purpose of participating in this proceeding -- Salestar, CCMI and Tele-Tech. These companies are small businesses of long standing that have provided essential pricing information to their customers for the past 10-25 years. They all gather on behalf of their customers publicly available pricing information and then abstract this information or create databases and various software pricing tools utilizing his information.
- The Coalition urges the Commission to reinstitute its earlier-adopted public disclosure requirement for mass market services.

Elimination of the information disclosure requirement is contrary to the public interest.

- Without information, consumers cannot obtain sufficient information to make informed decisions about complex choices available from multitude of carriers.
  - Consumers want this information -- recent survey commissioned by Salestar, in which 85% opposed FCC's elimination of information disclosure requirement.
  - Small to medium-sized business and residential customers especially need this information given the difficulty of obtaining it independently.
  - Contrary to FCC's conclusion, billing and marketing materials are not sufficient.
    - ❖ Billing information is available only to existing customers, not potential customers making initial service decisions.
    - ❖ Bills are notoriously inaccurate and difficult to understand -- National Regulatory Research Institute study, shows between 20-25% of survey respondents reported billing errors in past 12 months, with majority involving long distance billing problems.

- ❖ Marketing materials are incomplete at best, because carriers advertise only the services they have targeted for specific customers.
- ❖ Marketing materials are inaccurate or confusing at worst. National Consumers League study showed 71% of survey participants found telecom advertising to be “confusing,” with 28% finding it “very confusing”.
- Without information, the FCC will be unable to enforce Section 254(g).
  - FCC’s initial decision concluded that publicly available information was necessary for this enforcement purpose and that carrier certifications were insufficient.
  - Without additional information on record, FCC reversed course.
  - Although FCC and state agencies can still obtain this information, they have limited resources and still rely upon public as guardians of complaint process.
  - At same time as information is limited, FCC has raised the threshold for pleading formal complaints, further limiting likelihood of effective enforcement by public.
- FCC concerns about price coordination are not eliminated by abandoning the information disclosure requirement.
  - In a competitive market more information helps the market to function more efficiently. The FCC has long characterized the long distance market as robustly competitive.
  - FCC also acknowledged that large competitors will still be able to obtain each other’s pricing information. Elimination of information disclosure, thus, fails to address any threat of price collusion but definitely harms consumers.
  - Any remaining risk of collusive pricing is diminished by availability of Section 201 of the Act and federal and state antitrust laws.

# Best Phone Discounts Go to Hardest Bargainers

By JOHN J. KELLER

Staff Reporter of THE WALL STREET JOURNAL

Shhhh. Don't tell anybody, but now Ma Bell is a "dime lady," too.

Millions of customers switched to Sprint Corp.'s dime-a-minute plan over the past two years, lured by the simple but limited offer from its "dime lady" pitchwoman, Candice Bergen. The Sprint plan charges just 10 cents a minute for long-distance calls on nights and weekends and 25 cents a minute on weekdays. Stung, AT&T Corp. responded with a flat-rate offer that,

## TELECOMMUNICATIONS

while less catchy, charges 15 cents a minute around the clock. AT&T named the plan One Rate.

Now it turns out that One Rate actually is two rates: AT&T customers can get dime-a-minute calling 24 hours a day, seven days a week — if only they know to ask for it. That is the hardest part, for AT&T has been uncharacteristically quiet about the new offer. The company hasn't advertised it; it hasn't sent out press releases heralding the latest effort to one-up the folks at Sprint. AT&T's customer-service reps don't even like to talk about it.

"How did you find out about this? Who told you?" one AT&T representative demanded to know when a customer dialed the company's main toll-free number seeking the secret discount.

AT&T's "you-gotta-ask-for-it" plan is a risky defense. While aimed at stopping customers from sprinting away to Sprint, it is going to irk people who discover they are

## The Long-Distance Haggle

COMPANY	ADVERTISED PLAN	IF YOU CALL AND ASK	TOLL-FREE NUMBER
AT&T	<b>One Rate:</b> 15 cents per minute on any long-distance call made at any time in the U.S.	<b>One Rate Plus:</b> 10 cents per minute on any long-distance call plus a \$4.95 per month fee that is sometimes waived for two or more months.	1-800-CALL-ATT (1-800-225-5288)
Sprint	<b>Sprint Sense:</b> 10 cents per minute 7 p.m. to 7 a.m. Mon.-Fri. and all weekend. During the day the charge is 25 cents per minute	<b>Sprint Sense Day:</b> 15 cents per minute, around the clock, if you tell Sprint you're a work-at-home person or homebound. Sprint also offers a 10-cents-per-minute rate on the one number you call the most.	1-800-PIN-DROP (1-800-746-3767)
MCI	<b>MCI One:</b> 12 cents per minute if you spend at least \$25 a month. Spend less than \$25 and the per-minute charge is 15 cents. MCI also bundles wireless, Internet and other services into its package.	None, apparently. "We're not in the promo game at all," a spokesman says.	1-800-444-3333
LCI International	<b>All America:</b> 19 cents per minute on daytime calls, 14 cents on evenings, 12 cents after 11 p.m. and weekends	<b>Option S:</b> 25 cents per minute 6 a.m. to 6 p.m. and 10 cents all other times; <b>Option T:</b> 15 cents per minute around the clock	1-800-524-4685

paying more than they have to. The stealthy offer also reveals a new consumer caveat: the days of one-size-fits-all discount plans may be over, and how good your deal is will depend on how hard you haggle.

Some customers, of course, have played long-distance providers off one another in recent years, surfing among carriers to land cash bonuses for switching. Now, the heavily advertised discount plans — from AT&T's True Reach to MCI One to Sprint Sense — are yielding to a new kind of telecom bazaar, in which different customers will get different rates.

In the entirely unheralded AT&T offer,

which it calls One Rate Plus, the toughest bargainers can do even better than the dime-a-minute deal; they can persuade AT&T to waive a \$4.95-a-month fee for several months. Sprint, which usually charges 25 cents a minute in daylight hours, will match AT&T's 15-cent rate — but only if customers demand it. (MCI Communications Corp. claims it doesn't dicker: It stands by a 12-cent-a-minute rate for customers who spend at least \$25 a month.)

"When I called AT&T, at first the customer rep acted like she didn't know what I was talking about," says Cheryl-Ann Barrington, a One Rate customer in

Odenton, Md. "But then I told her my sister got the 10-cent rate, and she gave me the details." Ms. Barrington, who spends up to \$90 a month on long-distance calls, landed the all-hours, dime-a-minute rate plus a six-month freebie on the monthly fee. "If my monthly bills don't go down, I'll do something else," she says.

The negotiations unnerve even some customers who are nervy enough to handle. "I was notified about a 12-cent-a-minute MCI plan, and I called AT&T to see if they could offer anything cheaper," says Jack Balos, an AT&T customer in New York. Emboldened by the surprise dime

*Please Turn to Page B12, Column 6*

The Wall Street Journal  
2/13/97 p. B1

# Go to Best Hagglers

*Continued From Page B1*

offer, he also landed a refund of \$27.90 for the nickel-a-minute extra he has been paying since signing up with One Rate. And he got AT&T to waive the \$4.95-a-month fee — albeit for only two months rather than six.

"The individual negotiations are ridiculous," Mr. Balos complains. "They're not advertising this, and that's not fair to the people who have signed up for AT&T's 15-cent One Rate plan."

An AT&T spokesman makes no apologies for the special pricing, given the intense competition. It is used, he says, on "a case-by-case basis with an AT&T customer who has gotten an attractive offer from a competitor."

But consumers might well wonder "who's being true," says Yankee Group analyst Brian Adamik, borrowing from AT&T's high-profile ad campaign for the True Reach discount program. Over the past year or so "all carriers have had secret pricing offers in their back pockets, and they take them out and use them when needed," he says.

AT&T gave its telemarketers the dime plan two weeks ago to keep customers from fleeing to rival discount services. Its unusual level of discretion in making One Rate Plus known may be understandable: The plan marks a 33% discount off the existing One Rate. If millions of customers grabbed for it, that would hinder the already-slow growth in AT&T's revenue, which grew 2.7% last year.

That is why AT&T has been raising its basic rates in the past couple of years, and why rivals have been following in lockstep. They aim to offset a falloff in revenue brought about by discounting. Consumer watchdogs have long decried the fact that more than half of AT&T's 80 million household customers still pay high basic rates, apparently unaware of, or uninterested in, cheaper plans.

Even the \$4.95 monthly fee in One Rate Plus may not necessarily alleviate the revenue pressure. Under the 15-cent-a-minute plan, a customer who makes 300 minutes of long-distance calls in a month would be charged \$45. The same customer at a dime a minute would be charged \$34.95, or 22% less, even factoring in the \$4.95 fee.

The mishmash of discounts and hard bargaining will probably increase as customers negotiate individual service plans that bundle in everything from local and long-distance phone service to cellular, paging and Internet access. It lets the phone companies try to differentiate their services from commoditylike long-distance rates.

MCI bundles local, long-distance, Internet and wireless services with its MCI One plan. Sprint bundles long-distance, paging, toll-free calls and other services. GTE Corp. has begun to do this in its national markets. Such packaging could enable carriers to wean consumers off discounts — but will require customers to become savvy about the back-and-forth.

A media executive, say, could get her own bundle of phone, Internet and other services, while a person with a home office could get his different bundle at different prices. With every combatant — from AT&T to even something called the Long Distance Wholesale Club — offering cut-rate pricing, "fighting on price alone just isn't sustainable," says Mr. Adamik of Yankee Group, a Boston research firm. "Another company will always rise up to beat your price."

AT&T is willing to take up the challenge — for now, although it won't say how long the dime deal will last. While such bargains are unadvertised, with a little persistence you can find out about the latest one by calling the company. Just dial 1-800-CALLATT.

# **Residential and Business Customer Perspectives and Experiences with Local Exchanged Carrier Billing**

**Prepared for**

**Federal Communications Commission  
Local Exchanged Carrier Billing for Other Businesses  
Public Forum**

**by**

**Raymond Lawton, Ph.D.  
Associated Director**

**June 24, 1997  
Washington, D.C.**

**The National Regulatory Research Institute  
1080 Carmack Road  
Columbus, Ohio  
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**The views and opinions expressed herein are not necessarily those of the National Regulatory Research Institute, the National Association of Regulatory Utility Commissioners, or of any particular state regulatory commission.**

## Billing

Billing is the third major QOS area examined that consumers can initiate a QOS action with their local telephone company. All survey respondents were asked to evaluate the bills they receive from their local telephone company in terms of three attributes: understandability, amount of detail, and accuracy. Two general patterns can be observed in Tables 1-31, 1-32, and 1-33. The first is that business/nonresidential customers award lower grades on ease of understanding, detail, and accuracy, than residential customers do. The second is that bill accuracy gets the highest grades, followed by "bill detail," and ease of understandability.

Survey respondents were asked to say how many of their bills over the last 12 phone bills contained one or more errors. A filtering question was used for business/nonresidential respondents to find the person who receives the bill. The data in Table 1-34 reveal that 65.1 percent of business/nonresidential and 76.0 percent of residential customers report that they had no bills with errors in the last 12 months. Ordinarily percentages of this magnitude might indicate that no particular problem exists. However, it is reasonable to conclude that it is a problem if 23.4 percent of business/nonresidential and 20.2 percent of residential customers report one or more bills containing an error in the past 12 months.

Respondents were also asked if they had contacted their local telephone company about any billing problem, including long distance charges listed on their bill. Table 1-35 tracks the information given by respondents in Table 1-34 and indicates that 31.8 percent of business/nonresidential and 24.4 of residential have contacted their local telephone company about the billing problem. Those respondents with a billing problem were asked to describe their most recent billing problem (Table 1-36). Billing problems most frequently mentioned had to do with long distance toll charges.

TABLE 1-31		
GRADE GIVEN ON HOW EASY BILL IS TO UNDERSTAND (expressed in percentages)		
Grade	Business/Nonresidential	Residential
A	37.9	42.4
B	30.6	31.9
C	16.6	14.6
D	6.5	4.5
F	5.3	3.5
DK/NA	3.1	3.1

Source: RQ66 and BQ71.

TABLE 1-32		
GRADE GIVEN ON HOW MUCH DETAILED INFORMATION IT GIVES YOU (expressed in percentages)		
Grade	Business/Nonresidential	Residential
A	45.6	52.6
B	32.1	30.1
C	12.7	10.3
D	3.4	1.9
F	2.8	1.4
DK/NA	3.4	3.8

Source: RQ67 and BQ72.

<b>TABLE 1-35</b> <b>HAS RESPONDENT HAD CONTACT WITH THEIR LOCAL TELEPHONE COMPANY ABOUT A BILLING PROBLEM IN THE LAST 12 MONTHS?</b> <b>(expressed in percentages)</b>		
<b>Response</b>	<b>Business/Nonresidential</b>	<b>Residential</b>
Yes	31.8	24.4
No	65.4	75.1
DK/NA	2.8	0.5

Source: RQ70 and BQ76.

<b>TABLE 1-36</b> <b>MOST RECENT BILLING PROBLEM</b> <b>(expressed in percentages)</b>		
<b>Problem</b>	<b>Business/Nonresidential</b>	<b>Residential</b>
900 calls	2.7	6.2
LD: call not made	39.3	53.8
LD: slamming	0.9	1.0
LD: charging error	4.5	3.6
LD: overbilling	7.1	2.6
Bill not received	2.7	4.1
Did not understand bill	13.4	3.6
Overbill: local	0.9	5.6
Slamming: local	0.9	3.1
Payments not credited	2.7	5.1
LD carrier selection	0.0	1.5
Other	20.5	8.2
DK/NA	4.5	1.5

Source: RQ71 and BQ77.

<b>EASE RESPONDENT HAD FOLLOWING RECORDED VOICE INSTRUCTIONS (expressed in percentages)</b>		
<b>Degree of Ease</b>	<b>Business/Nonresidential</b>	<b>Residential</b>
<b>Easy</b>	80.8	73.8
<b>Difficult</b>	19.2	12.8
<b>No instructions</b>	0.0	5.6
<b>DK/NA</b>	0.0	7.7

Source: RQ72 and BQ80.

Aggregated, long distance relevant billing problems were identified by 50.5 percent of business/nonresidential and 67.2 percent of residential respondents. Two relevant issues arise here. The first is the need to determine the root cause of the long distance billing problems. The second is the early indicator the responses here provide regarding potential future third-party billing problems. As it is widely expected that local telephone companies will serve as third-party billing agents in the future for a wide range of telecommunications providers, these data suggest that third-party billing functions may need more attention.

Most business/nonresidential and residential respondents indicated that they found the recorded voice instructions easy to follow relevant to billing. Table 1-38 below reveals that most found it easy to reach a live representative. However, a large percentage of business/nonresidential (42.3 percent) and residential respondents (44.6 percent) found it difficult to reach a live representative.

<b>Degree of Ease</b>	<b>Business/Nonresidential</b>	<b>Residential</b>
Easy	55.8	53.6
Difficult	42.3	44.6
DK/NA	1.9	1.8

Source: RQ73 and BQ81.

As shown in Tables 1-39 and 1-40, the grades given for billing knowledge are fairly low, with business/nonresidential respondents giving slightly lower grades. Again residential customers give higher courtesy grades than knowledge grades.

The largest percentage of business/nonresidential and residential respondents said they had their billing problem resolved within one day. However, 12.5 percent of business/nonresidential and 10.2 percent of residential respondents indicated that it had taken more than 14 days to resolve their billing problem (Table 1-41).

Respondents were also asked how satisfied they were with how their billing problem was resolved (Table 1-42). Satisfaction scores are higher than the grades given for the knowledge of their billing service representative, even though expressed on a different scale (see Table 1-39). More residential customers (65.1 percent) said they were very satisfied than business/nonresidential respondents (53.1 percent). Those respondents that said they were not very satisfied were asked to say why they were not satisfied. The results of their descriptions are summarized in Table 1-43. Residential respondents most frequently said they still had an unresolved billing problem. Businesses had a mixture of reasons, with no clear pattern emerging.

TABLE 1-39

GRADE RESPONDENTS GAVE REGARDING THE  
KNOWLEDGE OF THEIR SERVICE REPRESENTATIVE AS IT  
RELATED TO SOLVING RESPONDENTS' PROBLEMS  
(expressed in percentages)

Grade	Business/Nonresidential	Residential
A	31.3	34.9
B	34.9	34.9
C	14.5	15.3
D	6.0	2.6
F	8.4	9.5
DK/NA	4.8	2.6

Source: RQ74 and BQ82.

TABLE 1-40

GRADE RESPONDENTS GAVE REGARDING THE COURTESY  
SHOWN BY THEIR SERVICE REPRESENTATIVE  
RELEVANT TO RESPONDENTS' PROBLEMS  
(expressed in percentages)

Grade	Residential
A	55.6
B	27.5
C	6.9
D	3.2
F	3.7
DK/NA	3.2

Source: RQ75.

- **Ohio Survey**
- **May 1997 billing experience**
- **Quality-of-service trilogy**
  - **Repair**
  - **Installation**
  - **Billing**
- **Types of customers**

## Findings

- **Business/nonresidential give lower grades on the understandability, detail, and accuracy of their bills than do residential customers.**
- **Bill accuracy is graded highest, then bill detail, followed by ease of understandability**

	Percent Giving An "A" Grade	
	Business	Residential
<b>Understandable</b>	<b>37.9%</b>	<b>42.4%</b>
<b>Detail</b>	<b>45.6%</b>	<b>52.6%</b>
<b>Accuracy</b>	<b>52.1%</b>	<b>63.6%</b>

- **23.4% of business/nonresidential and 20.2% of residential customers reported receiving a bill containing an error in the past 12 months.**
- **31.8% of business/nonresidential and 24.4% residential customers report contacting their local telephone company about billing problem**
- **Most frequently mentioned billing problem: long distance charge errors**
  - **50.5% business/nonresidential**
  - **67.2% residential**

- **Most customers (74%r-81%b) found recorded voice instructions easy to follow**
- **42.3% of business/nonresidential and 44.6% of residential found it difficult to reach a live representative**

- **Lowest grades for billing**

**Per Cent "A" Grades Given For Knowledge of  
LEC Service Representative**

	<b>Business</b>	<b>Residential</b>
<b>Billing</b>	<b>31.3%</b>	<b>34.9%</b>
<b>Installation</b>	<b>42.2%</b>	<b>55.3%</b>
<b>Repair</b>	<b>45.8%</b>	<b>40.8%</b>

- **Lowest satisfaction levels for billing**

**Per Cent Saying They Were Very  
Satisfied With Their Most Recent Experience**

	<b>Business</b>	<b>Residential</b>
<b>Billing</b>	<b>53.1%</b>	<b>65.1%</b>
<b>Installation</b>	<b>66.0%</b>	<b>78.8%</b>
<b>Repair</b>	<b>73.0%</b>	<b>72.9%</b>

- **Optional Billing Payment Plans**

- **19.3% of all residential respondents said that they had been informed about alternative payment plans**
- **Most (89.6%) were satisfied with the payment plan explanation**
- **35.1% of the respondents aware of optional billing plan used plan in last 12 months**
- **96.3% felt payments were accurately credited**

- **27.4% business/nonresidential respondents indicated specific billing improvements needed**
- **Active users differ**

**Per Cent Giving "A" Grade**

	<b>Average</b>		<b>Active</b>	
	<b>Bus.</b>	<b>Res.</b>	<b>Bus.</b>	<b>Res.</b>
<b>Understandable</b>	45.0	51.5	31.6	31.4
<b>Detail</b>	48.5	53.1	43.0	52.0
<b>Accuracy</b>	59.8	71.7	45.2	54.2

**Per Cent Reporting Errors  
in Last 12 Months**

<b>Errors</b>	<b>8.0</b>	<b>6.2</b>	<b>38.2</b>	<b>37.7</b>
---------------	------------	------------	-------------	-------------

## Is LEC Billing for Others Important to Consumers?

1. Yes.
2. Linchpin model
  - A. Resale
  - B. Unbundling
3. Red flag: third-party billing
4. Four-part bill approach
  - A. Summary
  - B. Detail
  - C. Definitions
  - D. Contact point

- 5. Budget billing plans work**
- 6. No cut-off of basic service for nonpayment of non-basic services**
- 7. Billing weakest member of quality-of-service triad: competitive impact**
- 8. Eligible telecommunications carrier**
- 9. Cannon polishing**

TABLE 1-49

**BILL IMPROVEMENTS SUGGESTED BY  
BUSINESS/NONRESIDENTIAL RESPONDENTS**  
(expressed in percentages)

<b>Suggested Improvements</b>	<b>Business/Nonresidential</b>
Remove \$5.00 service charge	1.8
Simplify bill	16.7
More itemize and detail	8.8
Bill consolidation	2.6
Timely bill correction	0.9
Information on called party	3.5
Information on calling party	1.8
More explanation on bill	4.4
Rate design: level	18.6
Improve clarity	19.3
Bill accuracy	3.5
Summarize bill	1.8
Eliminate brochure	0.9
Other	13.2

Source: BQ87.

**TABLE 1-35**  
**HAS RESPONDENT HAD CONTACT WITH THEIR LOCAL TELEPHONE**  
**COMPANY ABOUT A BILLING PROBLEM IN THE LAST 12 MONTHS?**  
 (expressed in percentages)

Response	Business/Nonresidential	Residential
Yes	31.8	24.4
No	65.4	75.1
DK/NA	2.8	0.5

Source: RQ70 and BQ76.

**TABLE 1-36**  
**MOST RECENT BILLING PROBLEM**  
 (expressed in percentages)

Problem	Business/Nonresidential	Residential
900 calls	2.7	6.2
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LD: charging error	4.5	3.6
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Overbill: local	0.9	5.6
Slamming: local	0.9	3.1
Payments not credited	2.7	5.1
LD carrier selection	0.0	1.5
Other	20.5	8.2
DK/NA	4.5	1.5

Source: RQ71 and BQ77.

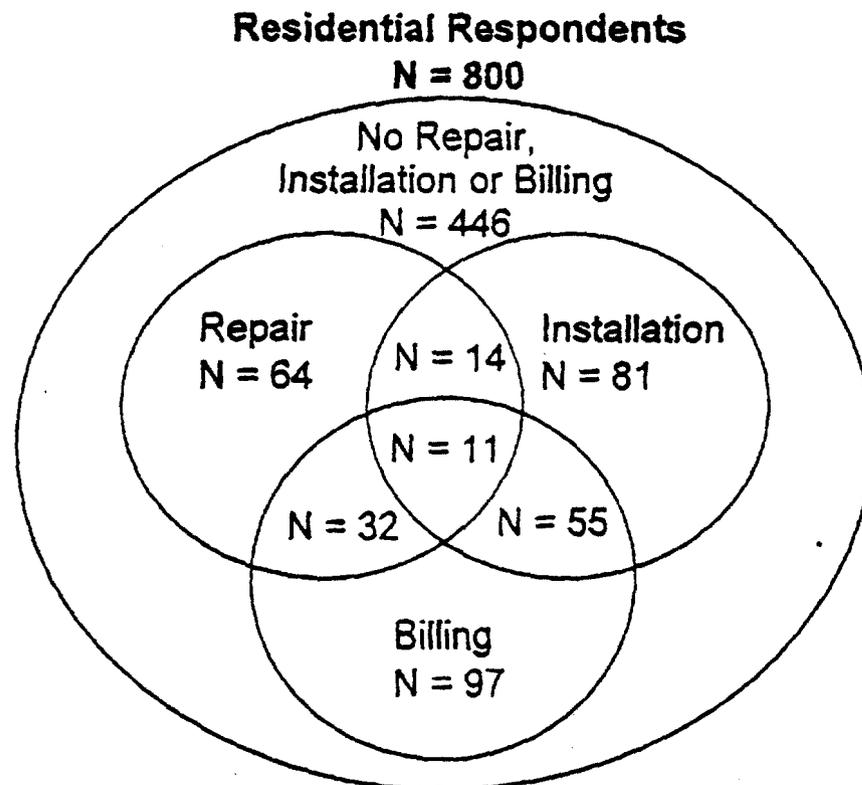
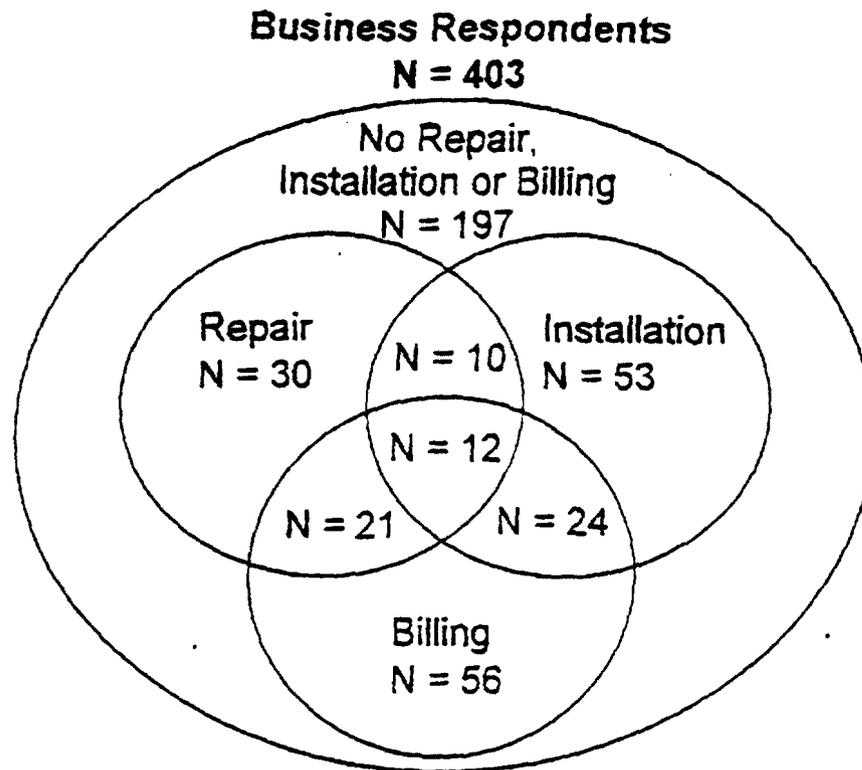


Figure 2. Identification of customer with various combinations of repair, installation, and billing quality-of-service problems.

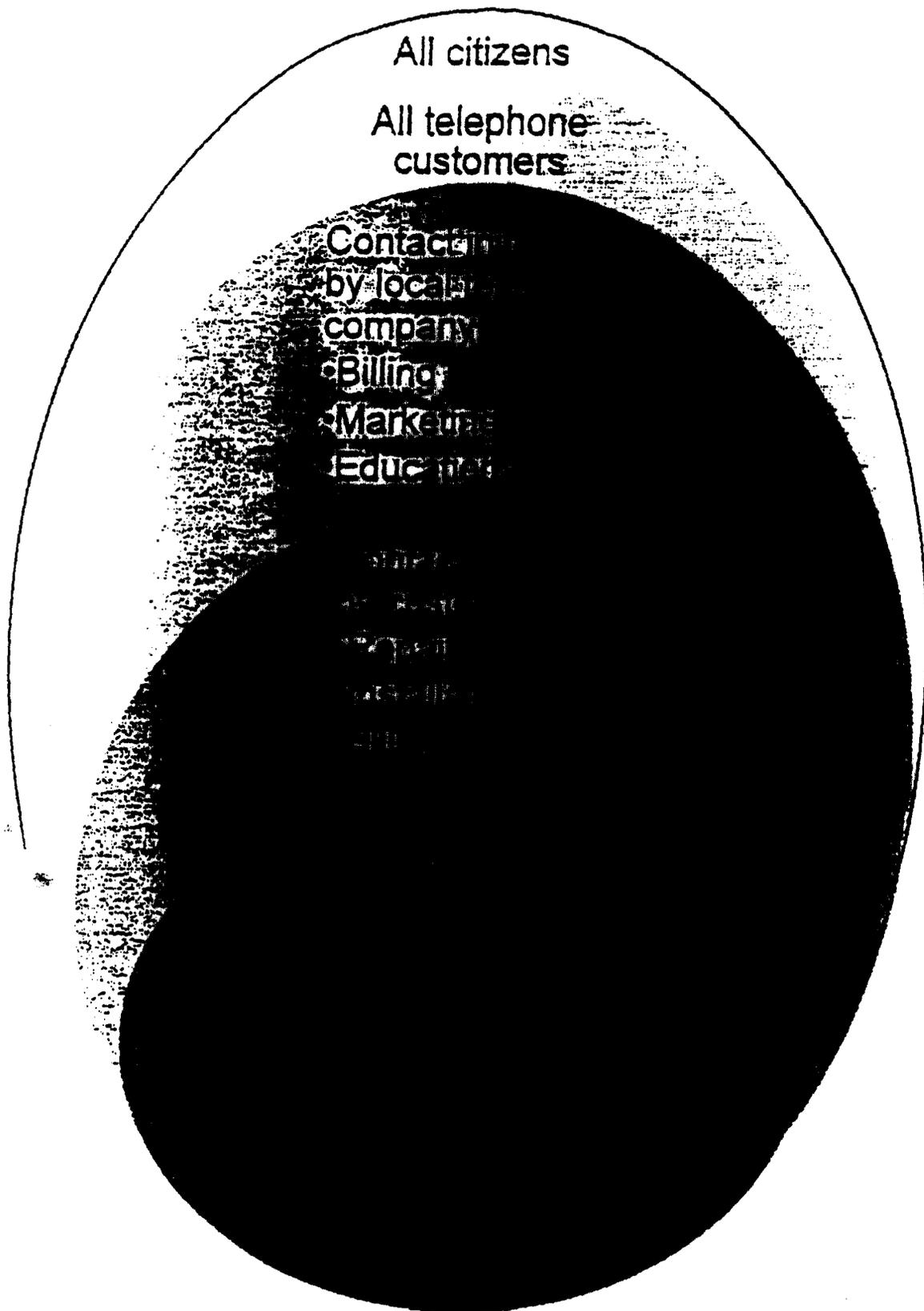


Figure 1. Distribution of quality-of-service characteristics