DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RITA SCOTT

CAROLEE HALL

JOE CUSICK

BEVERLY BARKER

DAVID SCOTT

WORKING FILE

FROM:WELDON STUTZMAN

DATE:August 10, 1998

RE:CASE NO. GNR-T-97-15

APPROVAL OF APPLICATION OF WORLDCOM TECHNOLOGIES, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

On August 13, 1997, Worldcom Technologies, Inc. (Worldcom) filed an Application for a Certificate of Public Convenience and Necessity requesting authorization to provide local telecommunications service pursuant to Title 61 and Title 62, Idaho Code.  Worldcom amended its Application on November 25, 1997 to comply with applicable Idaho laws and Commission rules regarding applications for a certificate.  Worldcom currently is authorized to provide telecommunication service pursuant to Title 62, Idaho Code and plans to provide local exchange service through a wholly owned subsidiary—MFS Intelenet, Inc.—to Idaho residences and businesses within U S WEST and GTE service areas.  Although Worldcom does not yet have an interconnection agreement with U S WEST or GTE, Worldcom plans to provide local service through resale arrangements with those companies.

On March 13, 1998, the Commission issued a Notice of Application and Notice of Modified Procedure to process Worldcom’s Application.  During the comment period, written comments were filed by the Commission Staff and the Ada County Highway District.  Staff expressed concerns that allegations of slamming had been brought against Worldcom, including 20 from January 1 through March 27, 1998.  However, Staff also noted that because Worldcom resells its services to other interexchange carriers, it is possible that companies other than Worldcom were  actually responsible for the alleged slamming.  Customers do not always know which company originated the unauthorized request to switch companies because resale of services sometimes involves complex billing arrangements.

The second issue identified by Staff of concern relates to Worldcom’s financial stability.  Staff had been informed by the Ada County Highway District that Worldcom had not paid for permits required to install facilities within Ada County.  Since filing its written comments, Staff has been informed that Worldcom has paid its obligations to the highway district.

Staff has worked with Worldcom to resolve Staff’s concern of slamming.   Worldcom has provided additional information regarding complaints against its resellers, and also about the remaining complaints against Worldcom.  Staff understands that the majority of slamming complaints may more properly be lodged against Worldcom’s resellers. It does not appear that Worldcom engages in false or deceptive marketing practices or routinely switches carriers without authorization by the customer. Although Staff is concerned about the relatively high number of complaints against resellers of Worldcom’s services, Worldcom maintains that it should not be held responsible for the actions of its customers.  This presents a difficult issue that perhaps is not resolved by delaying Worldcom’s request for operating authority.  Staff therefore recommends approval of Worldcom’s Application, and will respond to allegations of slamming against Worldcom’s resellers should they be brought to the Commission.

Commission Decision:

Should the Application of Worldcom Technologies, Inc. for a Certificate of Public Convenience and Necessity to provide local telecommunications services be approved?

Weldon Stutzman

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