DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

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DAVID SCOTT

WORKING FILE

FROM:BRAD PURDY

DATE:DECEMBER 1, 1997

RE:MCIMETRO ACCESS TRANSMISSION SERVICE INC. APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND FOR AUTHORITY TO PROVIDE LOCAL EXCHANGE SERVICE AS A COMPETITIVE LOCAL CARRIER, CASE NO. MCM-T-97-1

On August 1, 1997, MCImetro Access Transmission Service (MCImetro; Company) filed an Application with the Commission for authority to provide local exchange service within the state of Idaho.  MCImetro is a wholly owned subsidiary of MCI Telecommunications Corporation that is currently providing interexchange long distance service in Idaho.

The Company proposes initially to resell local telecommunication exchange services, but plans to offer a broader range of facilities-based exchange and access services as its customer base grows.  MCImetro is applying to provide service in U S WEST and GTE serving areas.  It does not yet have interconnection agreements with U S WEST or GTE, but has submitted all of the information required in IPUC Order No. 26665.

According to the illustrative tariff that MCImetro has filed, it plans to offer local exchange service and exchange access service.  Included in these services are two-way lines/trunks, direct inward/outward dialing options, local calling, operator assisted services, directory assistance, dual party relay, and 911 emergency services.  It may also offer local services by using the switching/transport capacity of other existing telecommunications providers.  The Company will not offer access to 900 services.

On September 17, 1997, the Commission issued a Notice of Modified Procedure soliciting comments in response to MCImetro’s Application.  The only party to file comments was the Commission Staff.  Staff noted that MCImetro requested exemption from the requirement listed in Order No. 26665 to submit evidence of an escrow account if a company requires advance deposits by its customers.  MCImetro requested a waiver of this requirement until it begins providing service and noted that it has the financial capability to pay any liability for return of deposits in Idaho.  Staff recommended approval of this waiver.

The Consumer Assistance Staff also noted areas of concern regarding MCI’s interexchange service, identifying several areas of concern: billing, marketing practices, and carrier selection (including “slamming”).  Staff urged the Commission to take note of the consent decree MCI entered with the Federal Communications Commission regarding slamming allegations that involved a voluntary payment of $30,000 to the U.S. Treasury and an agreement to provide additional customer protections against slamming.  Staff did not feel, however, that its concerns regarding its interexchange operations within Idaho were sufficient reason to deny MCImetro’s application for a certificate to provide local exchange service.  However, Staff will monitor MCImetro’s performance and will expect MCImetro to be responsive to its customers’ concerns and to fully cooperate with the Staff in investigating complaints.

After Staff filed its comments, MCI met with Staff to discuss various issues, including its dispute resolution procedures, verification process for outbound telemarketing and relationship with resellers of its services.  Staff was assured of MCI’s intent to address concerns raised and cooperate fully with the Staff in both its interexchange and local service environment.

MCImetro filed an illustrative tariff with the IPUC.  Staff has begun working with MCImetro to resolve several minor problems in this tariff,  but the necessary corrections have not yet been made to bring this illustrative tariff into compliance with the Commission’s rules.  However, Staff does not believe this should interfere with granting MCImetro’s request for a Certificate of Public Convenience and Necessity.  MCImetro is aware that it cannot offer services in Idaho until it has filed a tariff that complies with our requirements.

RECOMMENDATION

Staff recommends approval of MCImetro’s Application for a Certificate of Public Convenience and Necessity to provide local telephone services in Idaho.  Staff also recommends approval of MCImetro’s request for exemption from escrow requirements until such time as it actually provides service in Idaho.

Does the Commission agree?

Brad Purdy

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