DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

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DON HOWELL

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WORKING FILE

FROM:SUSAN HAMLIN

DATE:APRIL 1, 1996

RE:CASE NO. USW-S-96-2, HOFFMAN’S PETITION TO CHANGE RATES FOR U S WEST’S NON-PUBLISHED AND NON-LISTED PHONE NUMBERS

On February 2, 1996, Mr. David Hoffman submitted a Petition to the Commission signed by 25 people asking for a change in one of U S WEST’s tariffs.  The Complaint states that it is contesting U S WEST’s practice of charging a monthly fee for securing non-listed or non-published numbers.  On February 28, 1996, the Commission issued a summons to U S WEST notifying it of the Complaint filed by David Hoffman and petitioners (Petitioners).  On March 20, 1996, U S WEST filed an Answer with the Commission that asked for the following: (1) that the Complaint be dismissed, (2) that if the Commission determines it will hear the Complaint that the Commission consolidate this case with the next general rate case, (3) that if the Commission proceeds in this case outside a general rate case that it follow the specific guidelines listed in their Answer, or (4) other relief as the Commission deems reasonable.

HISTORY

In September 1985, Order No. 19956, the Commission established the rates for non-listed and non-published telephone numbers at $2.50 and $4.00 respectively.  The Order states: “The request for a non-listed or a non-published telephone number does contribute to the need to call Directory Assistance.  The cost of maintaining privacy should be borne by the person who desires it.” Order No. 19956 also changed the number of free calls to Directory Assistance from five to three and increased direct-dialed Directory Assistance calls from $.27 to $.30 each.

The Commission retained Title 61 regulation for directory exclusion service in March 1989, Order No. 22416.  Currently, a one-time setup charge of $20 for a business and $8 for  a residence applies to requests for either non-listed or non-published numbers in addition to the monthly charge.  Directory Assistance services were also moved to Title 62 regulation in Order No. 22416.  The Company has exercised its Title 62 authority to change Directory Assistance rates at will.  Currently, U S WEST Price List, Section 6, pp. 33, 34 and 35 allow residential customers one call per month at no charge.  A caller may request a maximum of two telephone numbers for each call to Directory Assistance.  For each additional call placed that same month, the customer will be charged $.60 each.  In November 1989, the Company reduced the number of free Directory Assistance calls from two calls to one and increased the rate for additional calls from $.30 to $.35.  These changes, U S WEST said, would generate a $795,100 increase in Directory Assistance revenue.  Now that Directory Assistance calls cost $.60, Staff estimates the Company is receiving several million more dollars in Directory Assistance revenue than it was in 1985 when non-published and non-listed rates were last changed.

As of December 31, 1995, 3,888 residential customers had non-published numbers and 27,478 residential customers had non-published numbers.  Excluding the setup charge, this equals $1,435,584 per year for U S WEST.

Mr. Hoffman’s Complaint

The Petitioners asked the Commission to change and eliminate the tariff and/or fee of the monthly charge for non-listed and non-published telephone numbers.  They asked that a one-time fee be charged by U S WEST for the purposes of deleting the requesting information from Directory Assistance.  The Petitioners allege that U S WEST deletes the information from Directory Assistance and the phone book in a quick one-time process that does not include any activity on a month-to-month basis.  Mr. Hoffman further alleges that a month-to-month charge for this service is unreasonable and unjustified for this one-time process.

Answer by U S WEST

U S WEST claims that the rate structure for the non-published service, i.e., a monthly recurring charge has been in place for U S WEST’s customers in southern Idaho for at least 25 years, and is the same structure used by Bell Operating Companies in all 50 states.  The Company also claims that most, if not all, independent companies in Idaho charge for this service on a monthly basis.

U S WEST disagrees with the allegations of the Complaint that there are no recurring costs associated with the provisions of non-published/non-listed services.  It states that to ensure the customer’s number and related information continue to be accurate and continue to be available for the purpose for which the information can be used such as billing provisions of enhanced 911 service, U S WEST must update various company data base frequently, some as often as daily.  Special codes are used for each non-published listing to maintain its protection from release and Directory Assistance operations.

U S WEST believes that Commission Order No. 19956, which set the current non-published services rates, still remains valid.  The Order states that non-published customers increase calls to Directory Assistance, and further, that it is appropriate for customers who request anonymity to pay for it.  The Company states that it has obtained a balance between the customers who want anonymity and their willingness to pay for their privacy.  U S WEST claims that if the Commission were to dramatically lower the monthly rate or charge to an inexpensive one-time charge for this service, the overall value of the public network for all regularly listed customers would decline due to stimulation and the number of unreachable, non-published customers.

U S WEST admits that the rate charge for this service was not based on the cost of provision of that service on an individual basis.  Rather, the rate was established as part of an overall  rate design approved by the Commission.  This rate design was developed following a determination of the overall revenue requirement of the Company to provide the whole penelope of services pursuant to Title 61.  To the extent that the rate established by the Commission for this particular service may exceed the Company’s revenue requirement associated with that service, the revenue collected serves to subsidize rates for other services offered by the Commission, e.g., flat rate basic residence service.

U S WEST asks that this Complaint be dismissed.  However, U S WEST states that if this Complaint goes forward on a stand alone basis, to reprice non-published/non-listed service the following guidelines need to be adopted:

1.The pricing must be accomplished on a revenue neutral basis.

2.All price increases associated with this revenue shift must be put onto Title 61 services, which are being offered below cost, such as basic residential service.

3.The charges for non-published/non-listed service continue on a monthly basis to provide consistency across the U S WEST region and across the country for the pricing of this kind of service.

Finally, U S WEST suggests that the Commission wait to address the question of pricing of this particular Title 61 service until it has had an opportunity to address pricing of all Title 61 services in a general rate proceeding.

Staff’s Recommendation

Staff recognizes that the balance struck by the Commission in 1985 between the cost of providing Directory Assistance and the price for non-published and non-listed services have been lost due to U S WEST’s repricing of Directory Assistance.  The rate for a Directory Assistance call has more than doubled and the free-call allowance has been reduced from three to one call since 1985 while non-published and non-listed service rates have remained the same during the same period.  Staff also points out that U S WEST’s Title 61 rates have been frozen as one of the terms of the Revenue Sharing Plan.  Thus, Staff would agree with the Petitioners that it is perhaps time to reexamine the prices for listing services.  Given the separation of Title 61 and Title 62 revenues, it will be necessary to look at the costs and prices for Title 61 services alone.

In Case No. USW-S-95-4, the Company has indicated it may need to file a Title 61 rate case this year and the Staff agreed it should.  Therefore, Staff recommends the issue of non-published and non-listed service prices be deferred to that proceeding.  This way, the Commission can appropriately look at the effect of price changes on all U S WEST Title 61 customers, not just the petitioners.

Commission Decision

1.  Does the Commission wish to proceed with this Complaint outside a general rate case?  Does the Commission wish to include the guidelines listed in U S WEST’s Answer?

2.  Does the Commission wish to consolidate this Complaint with the next general rate case of U S WEST?

3.  Does the Commission wish to dismiss the Complaint?

4.  Does the Commission have another suggestion?

Susan Hamlin

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