

BEST PRACTICES IN TELECOMMUNICATIONS POLICY

NARUC Communications Committee and
The National Regulatory Research Institute

Help us identify "best practices" used either by regulators or industry to successfully implement the Telecommunications Act of 1996.

You will have the opportunity to present your suggestion at the Winter NARUC Communications Committee meeting in Washington, D.C. (February 22-24, 1999). Suggestions will be compiled and distributed to state commissions and other interested parties.

I. INFORMATION ABOUT YOU

Name: Ron Binz

Position: President

Organization: Competition Policy Institute

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Phone: 303-393-1556 Fax: 303-321-1248 E-mail: rbinz@csn.org

II. TYPE OF SUGGESTION

This is a "best practice" suggestion for (check one):

Regulatory agencies Industry Both

The suggestion is best characterized as:

Broad policy Management policy or process Practical level process

This suggestion concerns (check one or more): Wholesale pricing Retail pricing

Interconnection Universal service Service quality

Enforcement Customer service/education

Operations support systems/performance BOC entry (Section 271)

Advanced telecommunications services (Section 706) Other (please explain):

III. BEST PRACTICE

Briefly describe your suggestion:

As the role of telecommunications regulators moves away from economic regulation and towards consumer protection, state public service commissions should become much more efficient at processing consumer complaints about practices of companies certified to do business in a jurisdiction. My suggestion is that state commissions institute the equivalent of a “small claims court” where a consumer can get a rapid resolution of a complaint. The “court” would operate under rules designed to move complaints along quickly and remedies would be limited to actual damages the commission is authorized to impose. Typically, neither the consumer nor the responding company would be represented by an attorney. If one of the parties (Party A) escalates the process by using an attorney, then Party A would pay legal costs of Party B if Party A loses.

Who had the idea and how did it get started and implemented?

The idea was first described by a member of the Utility Consumer Board to the Colorado Office of Consumer Counsel who was reacting to the difficulty consumers had in filing formal complaints against a carrier for “held orders” (the failure to provide dial tone service on a timely basis). The concept obviously has more general application, including slamming complaints, cramming complaints, bill disputes, etc. I am unaware whether the suggestion has been implemented at any commission.

How has the best practice improved efficiency or effectiveness? (for example, saves time, saves labor, or reduces customer complaints; please be as precise as possible)

The practice would likely unburden state commissions’ dockets, speed up the resolution of certain consumer complaints, improve consumer attitudes about the regulatory process, reduce legal costs and, most importantly, sharpen the incentives of regulated companies to comply with customer service and consumer protection rules.

How transferable do you think this practice is to others? Why?

The practice would likely be transferable to any state commission with clear customer service rules and the ability to impose sanctions on a carrier that violates those rules. In some cases, it may be necessary to adopt new rules or seek legislative change. Staffing could be covered by an administrative law judge and a paralegal assistant.

What next steps do you suggest (if any) to improve this practice? Is your organization taking such steps? Not Applicable

List any documents you are attaching:

IV. COMMUNICATIONS COMMITTEE MEETING

Will someone from your organization be willing to attend the February 1999 NARUC Communications Committee meeting to briefly present this suggestion (3-5 minutes)?

Yes No Don't know yet.

If other than you, who (name, phone)?

Ron Binz or Debra Berlyn (202-835-0202)

Please complete this form, attach any necessary additional material and return it by December 1 — electronically, if possible — to:

*Vivian Witkind Davis, Ph.D.
Senior Institute Policy Analyst
National Regulatory Research Institute
1080 Carmack Road
Columbus, Ohio 43210*

Phone: (614) 292-9423 Fax: (614) 292-7196
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The form is available for download from the NRRI's web site at www.nrri.ohio-state.edu: click on "Best Practices Form" under "Recent Updates"

WE APPRECIATE YOUR PARTICIPATION!

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Operations support systems/performance BOC entry (Section 271)

Advanced telecommunications services (Section 706) Other (please explain):

The suggestion concerns the manner in which telecommunications regulators handle carrier-to-carrier complaints.

III. BEST PRACTICE

Briefly describe your suggestion:

The role of telecommunications regulators is changing from an arbiter of rates to that of an umpire on the field of competition. Because successful inter-carrier transactions are so important to competition, regulators should modify their practices for handling complaints among telecommunications providers. Commissions should modify traditional procedures to try to limit litigation and produce a decision in such cases much more rapidly. This suggestion entails several possible elements, including: 1) a “quick look” process in which a complainant and respondent are advised by a settlement judge of the likely outcome of their case; 2) sharply expedited procedures to arrive at a decision; 3) mandatory mediation for complaints; 4) the ability of a commission to award litigation costs to a prevailing party; and 5) the ability of a commission to sanction parties if it determines that a complaint or response constitutes harassment. The basic suggestion is that commissions “think different” about their process of these complaints. While regulatory lag might have provided some correct incentives during cost-of-service regulation of a monopoly, it is injurious to competition. Incumbents and new entrants alike prefer the certainty of a quick decision, since competitive market conditions change rapidly.

Who had the idea and how did it get started and implemented?

Some of the ideas described here were raised at the January 1999 Symposium for State Regulators hosted by the Competition Policy Institute. Elements of this suggestion are probably in use in several state commissions.

How has the best practice improved efficiency or effectiveness? (for example, saves time, saves labor, or reduces customer complaints; please be as precise as possible)

The practice would likely unburden state commissions’ dockets, speed up the resolution of certain carrier-to-carrier complaints, reduce legal costs and sharpen the incentives of regulated companies to comply with contracts, arbitrated agreements, and commission rules. Most importantly, it would provide competing companies with a timely outcome of a complaint, reducing risk and uncertainty for carriers and their customers.

How transferable do you think this practice is to others? Why?

The practice would likely be transferable many state commissions. In some cases, it may be necessary to adopt new rules or seek legislative change.

What next steps do you suggest (if any) to improve this practice? Is your organization taking such steps? Not Applicable

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