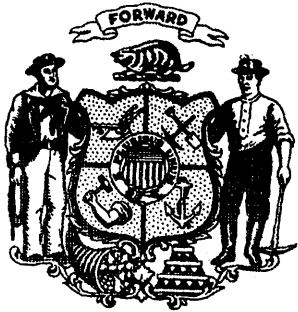


WISCONSIN
STATE
ASSEMBLY



SHELDON
WASSERMAN
STATE REPRESENTATIVE

Testimony of Representative Sheldon Wasserman
In Favor of Senate Bill 248
Before the Senate Committee on Privacy, Electronic
Commerce and Financial Institutions
January 20, 2000

Chairman Erpenbach and members of the committee, thank you for the opportunity to submit comments in support of Senate Bill 248 today.

Like most legislators, many of my bill ideas come from calls and letters I receive from my constituents and the public overall. Senate Bill 248 addresses a consumer protection issue that was initially brought to my attention by a citizen who happens to be my brother, Russell Wasserman.


As a business owner and a consumer, Russell is continually seeking out ways to hold down costs, including long distance telephone costs. One of the long distance telephone carriers he encountered in his search for competitive rates was NOS Communications. Russell entered into a service agreement with this company, and he did so with what he thought was a clear understanding of the rates he would be charged.

Unfortunately, after a number of months, Russell observed that his bills appeared to be much higher than they should be according to his calculations, based upon the "per-minute" rate charges that NOS Communications had explained to him. It seemed that the value of their "per-minute" rate was constantly changing. In subsequent conversations with NOS Communications, Russell discovered that he was not being charged a true "per-minute" rate, but instead the company billed customers using a "total call unit" or TCU, which is based on increments of a minute. He never received a clear definition of what the company's rates were at any given time despite numerous and vigorous attempts. Russell dropped his service with NOS Communications and filed a complaint with the state.

My brother is a person who is very intelligent, inquisitive and not often misled. He carefully examines and analyzes his household and business billing statements. If he finds a mistake or if something is unclear, he is active in speaking out and standing up for himself.

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-more-

Wasserman Testimony on Senate Bill 248, page two

Senate Bill 248 aims to help protect those citizens who may be easily misled by advertising practices and statements that may not deliver what they understand to be true. I'm sure there are those that will say, "It is the customer's responsibility to seek out the best deal, and if they don't receive it, they'll do business with someone else." Well, I'm equally convinced that there are customers who are less inclined to look for a problem because they trust that what is advertised is accurate and straightforward.

I'm not saying that a majority of businesses, or in the case of those affected by Senate Bill 248, long distance carriers, employ practices that are at best, misleading or at worst, illegal. In a competitive marketplace, that is the last thing one would assume they would do. There are good long distance companies out there who offer clear and concise "deals." But, what about those that don't? It should not be incumbent upon the average citizen to sort through what can sometimes be confusing and ambiguous terms of service.

Wisconsin law, under Chapter 100.207, with regard to telecommunications service rates, prohibits the use of false, misleading or deceptive statements or the omission of certain information. However, in my conversations with Legislative Reference Bureau attorneys and other experts, it is my understanding that there is room for further clarification.

Senate Bill 248 will aid in the enforcement process and protect consumers by requiring three things:

- ❖ It requires residential and business providers of long distance service to disclose whether an advertised rate is an introductory rate;
- ❖ If an advertised rate is an introductory rate, it requires disclosure of the rate that will be charged at the expiration of the introductory period; and,
- ❖ It requires that telecommunications providers that charge a rate that is not a true "per-minute" rate to disclose on the bill the per-minute cost of the rate.

The initial idea for Senate Bill 248 came about because of what my brother experienced, but it was not drafted with the intention of targeting one company or one specific incident.

Wasserman Testimony on Senate Bill 248, page three

This is a consumer protection issue that involves more than one business and more than one citizen. The legislation's intent is not to micromanage an industry, but to help prevent similar problems from happening in Wisconsin, and to make sure that customers are clearly informed of the terms and conditions of the long distance service to which they subscribe.

It is my hope that Senate Bill 248 will help guarantee that customers are given basic information in a manner that is clear and easy to understand. Ensuring full disclosure, truth in advertising and consumer protection is my goal. I look forward to working together with your committee and all interested parties to craft a bill that will accomplish this for Wisconsin citizens.

Thank you.



8140 Ward Parkway
Kansas City, MO 64114
Telephone: (913) 624-6825
Fax: (913) 624-8156

December 20, 2000

Members of the Senate Committee on Privacy,
Electronic Commerce and Financial Institutions
20 South State Capitol
Madison, Wisconsin 53701

Re: SB 248

Senators,

I am writing to express Sprint's opposition to SB 248 which is scheduled to be heard in your committee today.

Sprint is opposed to SB 248 because it attempts to legislate the manner in which companies advertise their rates to consumers. Many telecommunications companies are moving toward bundled offerings of services because that is what consumers are demanding. Consumers want to be able to receive multiple services, from one provider, with only one bill.

It is impossible to state the effective per-minute rate for individual customers through a newspaper or television advertisement that is directed to thousands of people. Each consumer operates his own distinct calling pattern. When a person chooses to sign up with Sprint, that phone call is verified by a third party. Within 7-10 days, the customer receives a fulfillment package that discloses the monthly recurring charge (if applicable), the rate in effect during specific times and days; and other fees that may be incurred. It is impossible to disclose all this information in a 20-second commercial or a 1/2 page in a newspaper. Once a consumer sees an advertisement that peaks interest, a call can be made to an 800 number to reach a Sprint customer service representative. Sprint's customer service representatives are trained to analyze potential customers' calling patterns and recommend the most cost-effective plan for the consumer.

If SB 248 were to be enacted, Sprint could not advertise its new bundled local/long distance service in Wisconsin as it is advertising in New York. I have attached a copy of the advertisement that Sprint ran in local New York newspapers in December. The plan advertised is a flat rate plan. The fee is the same if you use 100 minutes a month or 300 minutes a month. Depending on how many minutes a customer uses in a certain month, the cost per minute changes.

With the current competition for long distance service and the anticipated competition from new providers of bundled services, Sprint believes that customers will have adequate

options if they feel they have been misled by a particular provider. For these reasons, we hope the committee will not take any further action on SB 248.

If you have any questions, please contact me at 913-624-6825 or Chet Gerlach at 608-255-9337.

Sincerely,

A handwritten signature in black ink, appearing to read "Laurie", followed by a long horizontal flourish.

Laurie Itkin
Staff Director, State Government Affairs

Attachment

NEW!

**From
Sprint**

Unlimited local service from Sprint.

**Introducing Sprint Local UnlimitedSM
with Sprint Nickel Nights.SM**

Tired of paying every time you make a local call? Now you have a choice. Sprint now offers unlimited local calling in New York City. And if you sign-up before 12/31/99, you can receive up to 500 domestic long distance minutes (50 minutes for 10 months).

**Call for details and mention
the FREE minutes offer!**

1-800-PINDROP

\$35 monthly fee. Restrictions apply.



Sprint[®]

**Your point of contact for
local telephone service**

January 19, 2000

**TESTIMONY OF AT&T
ON
SB 248**

This bill seems to be targeting long distance providers that either are advertising an introductory usage rate, or are advertising a fixed monthly rate, as opposed to measured per-minute type rates.

Neither of these situations apply to AT&T. However, the portion of SB 248 that requires all long distance carriers to include a bottom line cost per minute is troubling and will be problematic. There are two fixed "pass through" type charges that appear on all AT&T consumer bills. If the intent of this bill is to include these types of charges into calculations for the effective cost of long distance, that would be misleading to consumers. One of the charges (the federal Universal Service Charge) for example is intended to support the E-Rate program for schools and libraries, and has no direct correlation to providing long distance service. Long distance providers have been directed by the federal government to fund this program, and have permission to recover costs.

The cost per minute requirement of SB 248 would require long distance carriers to develop billing processes specific to Wisconsin. The expense of developing this capability will be considerable, and will increase the expense of providing service to Wisconsin consumers.

Is more regulation necessary for this segment of the communication industry that now provides Wisconsin consumers with over 200 companies from which to choose service? The issues raised by this bill are certainly appropriate questions that consumers can raise when reviewing the offerings of long distance carriers.



**MCI Telecommunications
Corporation**

Public Policy
205 North Michigan Avenue
Suite 3700
Chicago, IL 60601
312 470 2121
FAX 312 470 4929

January 20, 2000

1999 Senate Bill 248

1999 Senate Bill 248 is designed to require long distance companies like MCI WorldCom to make certain disclosures in its advertisements for its interstate long distance services. These disclosures would include whether a rate is an introductory rate as well as the "per-minute cost of the long distance service to an average residential or business customer."

MCIWorldcom believes it is currently in line with the spirit of this proposal in both its advertisements and in providing customers with necessary information to make informed purchases. When a customer is solicited or contacts MCIW to sign up for long-distance service, they are informed by customer service of all fees and charges associated with the service. Additionally an independent third party verification system reviews the fees with the consumer and a "welcome kit" detailing the calling plan, charges and features is sent to the consumer. The consumer is free to switch services at any time.

The Department of Agriculture, Trade and Consumer Protection has already issued rules which require companies like MCI WorldCom to provide a toll free number customers can call to find out the specific rate for long distance telecommunications service between two points. The proposed legislation would appear to direct long distance carriers to provide consumers with information which is more general than the information the companies are already required to give pursuant to ATCP 123.02.

Also, the requirement that carriers give consumers the "per-minute cost of the long distance service to an average residential or business customer" may prove to be more misleading than informative, and may cause the companies to be in non-compliance with federal law.

As to the first point, the average per minute cost of a call depends largely on when the customer normally makes call and the duration of those calls. Not only would it be difficult to devise an "average rate" it might very well be misleading. For example, if MCI WorldCom discloses that the average rate is 5 cents per minute, for a customer making calls after 7:00 P.M. at night and on weekends, the consumer may be surprised to later learn that they paid an average of 10 cents per minute because they made several phone calls during business hours.

As to the second point, companies like MCI WorldCom are required to file tariffs with the Federal Communications Commission, "showing all charges" and "showing the classifications, practices, and regulations affecting such charges." 47 U.S.C § 203(a). The federal act makes it unlawful for a carrier to "charge, demand, collect or receive greater or less or different compensation for such communication...than the charges specified in the schedule then in effect" or to "extend to

any person any privileges or facilities in such communication, or employ or enforce any classifications, regulations, or practices affecting such charges, except as specified in such schedule." 47 U.S.C. § 203(c). If MCI WorldCom were to disclose "average rates" as required by the Senate Bill 248, MCI WorldCom might be accused of "demanding" a rate different than that contained in its FCC tariffs.

Debbi Flores
Senior Manager, Government Relations
MCI WorldCom

cc: Tony Driessen, Quarles & Brady LLP

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1/20/00

BILL NO. _____

OR

SUBJECT SB 248

(NAME) Sally Waleman

(Street Address or Route Number) _____

(City and Zip Code) _____

(Representing) _____

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: _____

BILL NO. _____

OR

SUBJECT SB 248

(NAME) Senator Jurek

(Street Address or Route Number) _____

(City and Zip Code) _____

(Representing) _____

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1-20-99

BILL NO. SB 248

OR

SUBJECT _____

(NAME) Chet Gerlach

(Street Address or Route Number) 44 E. Mifflin, Suite 900

(City and Zip Code) Madison 53703

(Representing) Sprint

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

10-04

(Please Print Plainly)

DATE: 1/28/00

BILL NO. SB 248
OR

SUBJECT _____

(NAME) Jim Leachart

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

10:03

(Please Print Plainly)

DATE: 1/20/00

BILL NO. SB 248
OR

SUBJECT _____

(NAME) Tony Brissard
Quarles + Brnd
411 E. Wisconsin Ave

(Street Address or Route Number)
Milwaukee WI 53202

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

PUBLIC HEARING

AJR 48 - Jon testify

AB 315 - Sub amendment announced
Jon testify

SB 248 - Jauch testify

SB 329 - Jon testify

EXECUTIVE SESSION

AJR 48 - A Motion for **RECOMMEND** passage of AJR 48?

AB 315 - There is a typo in this substitute amendment. Unless there is objection I would like to make that change by unanimous consent to amend the sub and have it redrafted. Will Leg Council please state the change for the committee?

Is there objection to **UNAMIOUS** consent for committee introduction of Senate Amendment 1 as amended to AB 315?

A Motion for **ADOPTION** of Senate Sub 1?

A Motion for **CONCURRENCE** of AB 315 AS AMENDED?

SB 248- ???A Motion for **RECOMMEND** passage of SB 248?

SB 329- A Motion for **RECOMMEND** passage of SB 329?

SB 259- This is the creation of the Consumer Privacy Advocate in the Department of Justice. Their seemed to be no concerns by the committee in regards to this legislation. Are their any objections committee members would like to address at this time?

A Motion for **RECOMMEND** passage of SB 259?

SB 267- This is the creation of a statewide DO NOT CALL list within DATCP. The substitute amendment changes the section of statute this is housed in, per Dept of Justice recommendation. There were also technical changes to make the program more self-sufficient. In addition, some changes suggested at the hearing in Menomonie were added into the sub. There are some typos in the drafting of this sub; I would like to correct those by unanimous consent right now if there are no objections and we will have the sub redrafted. Will Leg Council please read the changes?

IS THEIR OBJECTION TO UNAMIOUS consent for committee introduction of Senate Sub 1 to SB 267?

A Motion for **ADOPTION** of Senate Sub 1 as amended?

A Motion for **RECOMMEND** passage of SB 267 as AMENDED?

SB 274- A motion for **INTRODUCTION** and **ADOPTION** of Senate Amend 1?

A motion for **RECOMMENDED** passage of SB 274 as amended?

Thank you Committee members for your patience and attendance. We will have another hearing either at the end of January or early February.

