

Approved 5-6-92
Date

MINUTES OF THE House COMMITTEE ON Computers, Communications & Technology.

The meeting was called to order by George Dean at
Chairperson

12:00 a.m./p.m. on March 4, 1992 in room 529-S of the Capitol.

All members were present except:

Representative Kline
Representative Patrick
Representative Rock

Committee staff present:

Julian Efird, Research
Donna Stadel, Committee Secretary

Conferees appearing before the committee:

Representative Bob Van Crum
Mike Reeht - AT&T
Rob Hodges - Kansas Telecommunications Association
Dana Bradbury - KCC
Eva Powers - MCI
Paul Sieracki - Sprint

Others attending: See attached list.

Chairman Dean opened the meeting and announced H.B. 2945,
relating to pay-per-call service was on the agenda for today.

Representative Bob Van Crum appeared before the committee and testified in favor of the bill. He urged the committee to pick out sections 5, 6, 7, 8, 10, 11, and 12; and work the bill (attachment 1).

Mr. Mike Reeht with AT&T appeared before the committee in opposition to the bill and proposed a balloon amendment (attachment 2).

Mr. Rob Hodges, President of the Kansas Telecommunications Association appeared before the committee expressing their concerns about the proposed bill (attachment 3).

Discussion followed regarding Page 5, Section 10, as to how this would affect switching capabilities.

Dana Bradbury, Assistant General Counsel, Kansas Corporation Commission, appeared before the committee stating their position in regard to this bill (attachment 4).

Eva Powers, MCI, appeared before the committee and stated they shared the same concerns as expressed by AT&T.

Mr. Paul Sierecki, Sprint, appeared before the committee and said they also endorse AT&T's proposals.

After minutes were reviewed by committee members, by Rep. McKechnie moved to adopt the minutes from the meetings of January 23,, and February 4. Seconded by Rep. Pauls. Motion carried.

There being no further business, the meeting was adjourned until Thursday, March 5, 1992.

GUEST LIST

COMMITTEE: House COT

DATE: 3-4-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Dorothy A. Barnes	Topeka	Board of Agric.
W J Burns	TOPEKA	KSBA
Wayne Thomas	"	KDHR
Jim Cantrell	"	K.D.H.R
Russ Shantz	Topeka	IBM
Jim GREEN	"	KDHE
Jon McKenzie	"	KCC
Cheryl Weber	"	SRS
Mawin Trout	Topeka	IBM.
JEFF LEWIS	Topeka	KOOC
Mary Shivers	Topeka	KDOT
Alan Decker	Topeka	CURB
Dana Bradberry	Topeka	KCC
Ray Hauke	Topeka	Board of Regents
JEFF ROSSSELL	TOPEKA	UNITED TELE.
Rob Adges	TOPEKA	KTA
Eva Powers	Topeka	MCI
Karen Matson	Topeka	KCC
JIM PARKER	TOPEKA	DISC
GENE JAMES	"	"
JEAN TURNER	"	"
Dave Larson	"	Legislature

HOUSE BILL No. 2945

By Representative Vancrum

2-12

8 AN ACT concerning consumer protection; relating to pay-per-call
9 service; enforcement by the attorney general.

10
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. As used in this act:

13 (a) "Attorney general" means the attorney general or the attorney
14 general's designee.

15 (b) "Caller" means a person who accesses a pay-per-call service.

16 (c) "Interactive program" means a pay-per-call program that al-
17 lows callers to choose between options or to communicate with other
18 callers.

19 (d) "Interexchange carrier" means an interexchange telecom-
20 munications company providing service within the state.

21 (e) "Local exchange company" means a local exchange telephone
22 company providing service within the state.

23 (f) "Pay-per-call service" means any passive, interactive, polling,
24 conference or other similar audiotext service that is accessed through
25 a seven or 10 digit telephone number and that generates an audiotext
26 service-related fee billed to a subscriber.

27 (g) "Service bureau" means a person who provides equipment,
28 assistance or facilities, or acts as an agent for a sponsor in connection
29 with the provision of a pay-per-call service.

30 (h) "Sponsor" means an individual, corporation, association, part-
31 nership or other entity that sells a pay-per-call service and on whose
32 behalf charges are billed, but shall not include a public utility reg-
33 ulated by the state or the federal communications commission or an
34 interexchange carrier which provides transport or billing, or both,
35 and collection services for a pay-per-call service unless the public
36 utility or interexchange carrier actually produces or promotes the
37 pay-per-call service.

38 (i) "Subscriber" means a customer of local or long distance tel-
39 ephone service from which a pay-per-call service is accessed.

40 Sec. 2. All advertisements or promotions in any form and in any
41 media for pay-per-call services doing business in this state shall:

42 (a) Accurately describe the message content and all material
terms and conditions associated with the service;

House CCT
Attachment 1
3-4-92

1 (b) clearly and conspicuously disclose the total price of the serv-
2 ice, including:

- 3 (1) The initial flat rate charge, if any;
4 (2) the per-minute charge, if any;
5 (3) the minimum per-call charge, if any;
6 (4) any other charges, if any; and
7 (5) where charges are assess-based, in whole or in part, on the
8 length of the call, the average duration of a call to the service; and

9 (c) if directed at, or likely to be of interest to minors, must clearly
10 and conspicuously display notice that parental consent must be ob-
11 tained before a minor may dial the number.

12 Sec. 3. All sponsors of pay-per-call services doing business in
13 this state shall:

14 (a) Commence the service with a disclosure message or preamble
15 provided at no charge to the caller, clearly indicating the following
16 information:

- 17 (1) An accurate description of the service;
18 (2) the total price of the service, including:
19 (A) The initial flat rate charge, if any;
20 (B) the per-minute charge, if any;
21 (C) the minimum per-call charge, if any;
22 (D) any other charges, if any; and
23 (E) where charges are assess-based, in whole or in part, on the
24 length of the call, the average duration of a call to the service;

25 (3) if the service is directed at, or likely to be of interest to
26 minors, instruction to hang up if parental consent has not been
27 obtained;

- 28 (4) the legal name of the sponsor of the service; and
29 (5) that, if the caller does not wish to be charged for the call,
30 the caller has a period of time, which shall be not less than 15
31 seconds from the close of the preamble, in which to hang up without
32 incurring any charge; and

33 (b) provide a grace period at the conclusion of the introductory
34 disclosure message required by subsection (a) of not less than 15
35 seconds during which time the caller may hang up, thereby discon-
36 necting with the service and incurring no charge for the call. The
37 conclusion of the grace period shall be indicated by a signal des-
38 ignating the commencement of charge.

39 Sec. 4. (a) All interactive services shall provide periodic notifi-
40 cation to the caller of the passage of time by use of tones, signals
41 other means.

42 (b) Any bypass mechanism which allows callers to avoid listening
43 to the preamble shall be disabled for a period of 10 days from the

1 effective date of any price increase.

2 (c) Failure to meet the requirements of this section shall result
3 in a forfeiture of the right to collect for any and all calls made to
4 the service.

5 Sec. 5. It shall be an unlawful practice for sponsors of pay-per-
6 call services doing business in this state to sell or offer for sale pay-
7 per-call services:

8 (a) Directly or indirectly purporting to extend callers any form
9 of credit, loan or charge card unless:

10 (1) The caller receives a complete and accurate description of all
11 terms, including all fees, interest rates, minimum account balances,
12 and other conditions, limitations or charges associated therewith dur-
13 ing the course of the call;

14 (2) the sponsor is authorized to act as an agent in connection
15 with the issuance of the loan, credit or charge card by an authorized
16 financial institution; and

17 (3) the sponsor has complied with all applicable state and federal
18 laws relating to the extension of loans, credit or charge cards;

19 (b) directly or indirectly offering employment or job-placement
20 related services unless:

21 (1) All advertisements and promotions and the preamble include
22 an accurate description of the material terms and conditions asso-
23 ciated with the job or employment opportunities that are the subject
24 of the service, including geographic locations and applicant
25 qualifications;

26 (2) the sponsor has instituted procedures to ensure that the in-
27 formation contained on the service is timely; and

28 (3) the sponsor has complied with all applicable state and federal
29 laws related to the offering of employment or job-placement services;

30 (c) that involve any form of sweepstakes, contest, raffle, lottery,
31 or other form of game of chance offering something of value to
32 successful callers. For purposes of this section, any sweepstakes,
33 contest, raffle, lottery, or other form of game of chance that incor-
34 porates some element of aptitude or skill on the part of the caller
35 is deemed to be a game of chance;

36 (d) that involve unsolicited notification to prospective callers they
37 are or may be entitled to a prize, award or other thing of value and
38 with respect to which they are requested to access a pay-per-call
39 service;

40 (e) directed at children who do not have the capacity to make
41 informed purchasing decisions and who are not likely to have funds
42 of their own to pay for charges incurred for pay-per-call services.
43 The advertisement or promotion of pay-per-call services on television

1 during a time slot used by television stations to air programming
2 for children age 12 and under shall give rise to a rebuttable pre-
3 sumption of a violation of this subsection. Advertisement or pro-
4 motion of pay-per-call services directed at children under age 18
5 shall:

6 (1) Not use imperative statements, including but not limited to,
7 language such as "call now" or "you must call";

8 (2) contain a message stating that children under the age of 18
9 shall obtain parental consent before calling the advertised number.
10 The cost for pay-per-call services directed at children under the age
11 of 18 shall not exceed \$10 per call. A pay-per-call service directed
12 at children under the age of 18 shall not contain embedded messages
13 to call other pay-per-call numbers.

14 Sec. 6. It shall be an unlawful practice for pay-per-call service
15 sponsors doing business in this state to utilize equipment pro-
16 grammed to randomly or sequentially dial telephone numbers to
17 advertise or promote pay-per-call services.

18 Sec. 7. No person involved directly or indirectly in the billing
19 of subscribers for charges for pay-per-call services doing business in
20 this state shall state or imply that failure to pay pay-per-call service
21 charges shall in any way affect continuance of the subscriber's local
22 or long distance telephone exchange service.

23 Sec. 8. Every local exchange company or interexchange carrier
24 providing billing and collection services for pay-per-call services do-
25 ing business in this state shall:

26 (a) Automatically remove pay-per-call service charges from the
27 subscriber's bill upon complaint that:

28 (1) The caller or subscriber was misled, deceived or confused by
29 the pay-per-call advertisement;

30 (2) the caller or subscriber did not receive a preamble, the pre-
31 amble was not clearly and conspicuously made, the preamble did
32 not include all of the information required, the price of the call was
33 misrepresented in the preamble, or the price advisement received
34 was false, misleading or deceptive;

35 (3) the pay-per-call service was incomplete, or of such quality as
36 to render it inaudible or unintelligible, or the caller or subscriber
37 was prematurely disconnected from the service;

38 (4) the pay-per-call service provided untimely or out-of-date
39 information;

40 (5) the caller or subscriber terminated the call during grace pe-
41 but was nonetheless charged for the call;

42 (6) the caller was under the age of 18 and did not have parental
43 permission to make the call or was otherwise an individual not

1 authorized by the subscriber to make the call;

2 (7) the caller or subscriber no longer wishes to make the char-
3 itable or political donation solicited by the pay-per-call service;

4 (8) the pay-per-call service was provided in a manner not in
5 compliance with the tariffs of either the local exchange company or
6 the interexchange carrier; or

7 (9) an interactive service did not include a beep tone or other
8 signal, or was unnecessarily repetitive, redundant or prolonged.

9 (b) upon caller or subscriber request, provide the name, tele-
10 phone number and address of a pay-per-call service sponsor;

11 (c) not collect or attempt to collect disputed charges or charges
12 that have been removed from a subscriber's bill;

13 (d) not report the subscriber to a credit bureau or collection
14 agency for nonpayment of pay-per-call or other nonregulated service
15 charges;

16 (e) always apply partial payment received from a subscriber to
17 such subscriber's regulated charges before applying any amounts to
18 pay-per-call or other nonregulated service charges; and

19 (f) within 60 days after the effective date of this act, revise any
20 contract for the provision of billing and collection services to a spon-
21 sor or service bureau to include a provision which prohibits the
22 sponsor or service bureau, or any assignee or agent thereof, from
23 taking action to collect or to attempt to collect charges for a pay-
24 per-call service whenever such charges shall have been removed
25 from a subscriber's bill pursuant to subsection (a). No local exchange
26 company or interexchange carrier may provide billing and collection
27 services to a sponsor or service bureau unless such contract includes
28 such a provision.

29 Sec. 9. (a) All pay-per-call service billing contracts shall establish
30 the local exchange company or interexchange company as the au-
31 thorized agent for the receipt of service of process for any sponsor
32 or service bureau whose principal place of business is out-of-state.

33 (b) All pay-per-call service billing and collection contracts for pay-
34 per-call services doing business in this state shall incorporate by
35 reference the provisions of this act. Knowing violations of this section
36 are a separate offense under this act. No person shall provide or
37 continue to provide billing or collection services for any pay-per-call
38 service doing business in this state for which the person has actual
39 knowledge of the failure to comply with the requirements of this
40 act.

41 Sec. 10. Every local exchange company shall provide to its sub-
42 scribers the option of having access to pay-per-call services blocked.
43 The local exchange company shall not charge the subscriber any fee

or other cost for blocking access to pay-per-call services unless the local exchange company has previously provided such blocking without charging a fee. For second and subsequent blockings to the same line, the local exchange company may charge a fee not to exceed the actual cost of implementing the blocking.

Sec. 11. A violation of this act shall be a violation of the Kansas consumer protection act, and the penalties provided for therein shall apply to violations of this act.

Sec. 12. When it appears to the attorney general that a person has engaged in or is engaging in, or is about to engage in any practice declared to be unlawful under this act, or where the attorney general believes it to be in the public interest that an investigation should be made to ascertain whether a person, in fact, has engaged in, is engaging in or is about to engage in, any such practice, the attorney general, with or without a subpoena, may:

(a) Require such person to file on such forms as are prescribed a statement or report, in writing, under oath or otherwise, as to all the facts and circumstances concerning their practices, including any information and data as the attorney general deems necessary;

(b) examine, under oath, any person in connection with the practices;

(c) examine any merchandise or sample thereof, record, book, document, account or paper as the attorney general deems necessary; or

(d) require any person or persons associated in any way with the practice or practices which are the subject of the investigation, including any local exchange company, interexchange carrier or service bureau to provide any information deemed necessary by the attorney general.

Sec. 13. (a) Whenever the attorney general reasonably believes, whether or not based upon an investigation conducted under this act, that any person has engaged in, or is engaging in, any practice declared unlawful by this act or any rule or regulation adopted under this act and that, unless an emergency cease and desist order is entered, the practice is likely to continue contrary to the public interest, the attorney general may issue an order, without notice and an opportunity to be heard, directing the person to cease and desist from the practice which shall be accompanied by a sworn statement setting forth all facts relied upon to sustain the entry of the order.

(b) An emergency cease and desist order may direct a long distance carrier, local exchange carrier or any other person holding revenues associated with the practices which are the basis of the

1 cease and desist order, to place such revenues in escrow pending a
2 final administrative hearing.

3 (c) An emergency cease and desist order shall be personally
4 served by the attorney general within 48 hours of its entry and in
5 the manner provided by the laws of this state concerning service of
6 process.

7 (d) An emergency cease and desist order shall be heard by the
8 attorney general in a summary proceeding within 48 hours of service
9 of the order upon the person subject to its directions.

10 (e) At the summary proceeding, the attorney general shall con-
11 sider all admissible testimony and exhibits relevant and material to
12 the continuation, dissolution or modification of the emergency cease
13 and desist order.

14 (1) The attorney general shall continue the emergency cease and
15 desist order on an interim basis and pending a final administrative
16 hearing if, upon review of all of the evidence presented, there is a
17 prima facie showing of an unlawful practice and a reasonable like-
18 lihood that the practice will recur in the absence of an order.

19 (2) An interim cease and desist order shall be appealable as in
20 the case of any interim order entered by the attorney general in
21 accordance with the laws of this state governing appeal and review.

22 (3) If no appeal is filed within the time prescribed by the laws
23 of this state, the person subject to the interim cease and desist order
24 shall file with the attorney general a written response to the alle-
25 gations in the sworn statement within 10 days of the entry of the
26 interim order and, upon filing or in default of filing as required by
27 the order, the matter will proceed in accordance with the laws of
28 this state governing administrative proceedings.

29 (f) If no appearance is made at the summary proceeding by or
30 on behalf of the person subject to the emergency cease and desist
31 order, the attorney general may consider the matter ex parte based
32 upon the allegations in the sworn statement and may enter a final
33 cease and desist order by default against the person.

34 (1) A final cease and desist order by default shall be personally
35 served by the attorney general within 48 hours of its entry in the
36 same manner as provided for service of an emergency cease and
37 desist order.

38 (2) No appeal shall be taken from a final cease and desist order
39 by default and any application for relief shall be made in the first
40 instance to the attorney general.

41 Sec. 14. Any person who engages in any unlawful practice of
42 this act or any rule or regulation adopted under this act shall be
43 liable to any person who sustains an ascertainable loss in connection

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with the unlawful practice of three times the amount unlawfully
acquired, reasonable attorney fees, filing fees and court costs.

Sec. 15. (a) The liability and relief provided by this act shall be
in addition to and cumulative of any other liability and relief arising
out of the common law, statutes and rules and regulations of this
state.

(b) Nothing in this act shall be construed to deny or limit any
such common law, statutory or administrative liability and relief.

Sec. 16. The attorney general may adopt rules and regulations
necessary to effectuate the purposes of this act.

Sec. 17. If any provision of this act or the application thereof to
any person or circumstance is held invalid, the invalidity does not
affect other provisions or applications of the act which can be given
effect without the invalid provision or application, and to this end
the provisions of this act are severable.

Sec. 18. This act shall take effect and be in force from and after
its publication in the statute book.



Mike Reecht
State Director
Government Affairs
Kansas

Capitol Tower
400 SW 8th Street, Suite 301
Topeka, KS 66603
Phone (913) 232-2128

**TESTIMONY OF MIKE REECHT
ON BEHALF OF AT&T
BEFORE THE HOUSE CCT COMMITTEE
REGARDING HOUSE BILL 2945
March 4, 1992**

My name is Mike Reecht. I am State Director for AT&T in Kansas and I appear before you today to oppose House Bill 2945.

I have attached to my testimony a balloon amendment. This amendment is similar if not identical to that of Representative Vancrum. Several of the proposed changes deal with areas that have been preempted by the FCC who regulates the interstate telecommunications industry. Other sections have already been addressed by the FCC in Docket 91-65 which I have also attached to the testimony. Docket 91-65 often sets higher standards for the industry than the proposed House Bill 2945.

As a part of AT&T's commitment to promulgating national standards for 900 service, I have available copies of the "Voluntary Procedures Regarding Future 900 Promotions" that AT&T and the Attorney Generals have agreed upon in an effort to self police this service. Our Kansas Attorney General is a part of the consortium of Attorneys General that developed the procedure and he is in agreement with the safeguards.

I am also attaching a copy of AT&T MultiQuest/900 Billing Guidelines dated February 7, 1992 that reflect AT&T compliance with the FCC order in 91-65. If a 900 provider fails to agree to the guidelines, AT&T will stop billing for the service. We believe that this effort will dissuade unscrupulous 900 providers.

In congress, the Senate and House both have passed legislation designed to protect the customer from unscrupulous 900 providers.

*House CCT
Attachment 2
3-4-92*

It is our position that House Bill 2945 is unnecessary. Currently Kansas does not have an approved 900 tariff for INTRASTATE calling. The abuses of 900 are interstate in nature and being dealt with by the FCC and Congress on a national basis. We believe it is more appropriate to have one set of standards, guidelines and laws under which all Information Providers and Interexchange carriers operate rather than a patchwork of state laws dealing with this nationwide problem.

With the amount of attention being given to 900 at the Federal level and the consortium of Attorneys General, I do not feel that state legislation is necessary. If at a future date, a 900 service is approved in the state and if abuse occurs on those numbers that is not enforceable under Federal statutes and rules, then would be the proper time to address the situation.

HOUSE BILL No. 2945

By Representative Vancrum

2-12

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- STRIKE "CONFERENCE"

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2-3

2-4

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STRIKE
FCC PREEMPT - IP CANNOT DETERMINE LENGTH OF CALL

STRIKE - TOO VAGUE -

STRIKE
FCC PREEMPTION

STRIKE
GUIDELINES REQUIRE STRICTER TIME

2-5

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STRIKE
OR REQUIRE SAFEGUARDS
IF NECESSARY

- CHANGE TO "REQUIRED"

STRIKE
- ELIMINATES SANTA CLAUS
+ EASTER BUNNY : EACH INC

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5 shall:

6 (1) Not use imperative statements, including but not limited to,
7 language such as "call now" or "you must call";

8 (2) contain a message stating that children under the age of 18
9 shall obtain parental consent before calling the advertised number.
10 The cost for pay-per-call services directed at children under the age
11 of 18 shall not exceed \$10 per call. A pay-per-call service directed
12 at children under the age of 18 shall not contain embedded messages
13 to call other pay-per-call numbers.

14 Sec. 6. It shall be an unlawful practice for pay-per-call service
15 sponsors doing business in this state to utilize equipment pro-
16 grammed to randomly or sequentially dial telephone numbers to
17 advertise or promote pay-per-call services.

18 Sec. 7. No person involved directly or indirectly in the billing
19 of subscribers for charges for pay-per-call services doing business in
20 this state shall state or imply that failure to pay pay-per-call service
21 charges shall in any way affect continuance of the subscriber's local
22 or long distance telephone exchange service.

23 Sec. 8. Every local exchange company or interexchange carrier
24 providing billing and collection services for pay-per-call services do-
25 ing business in this state shall:

26 (a) Automatically remove pay-per-call service charges from the
27 subscriber's bill upon complaint that:

28 (1) The caller or subscriber was misled, deceived or confused by
29 the pay-per-call advertisement;

30 (2) the caller or subscriber did not receive a preamble, the pre-
31 amble was not clearly and conspicuously made, the preamble did
32 not include all of the information required, the price of the call was
33 misrepresented in the preamble, or the price advisement received
34 was false, misleading or deceptive;

35 (3) the pay-per-call service was incomplete, or of such quality as
36 to render it inaudible or unintelligible, or the caller or subscriber
37 was prematurely disconnected from the service;

38 (4) the pay-per-call service provided untimely or out-of-date
39 information;

40 (5) the caller or subscriber terminated the call during grace pe-
41 riod but was nonetheless charged for the call;

42 (6) the caller was under the age of 18 and did not have parental
43 permission to make the call or was otherwise an individual not

STRIKE - AT-T GUIDELINES
CALL FOR \$4.00 MAXIMUM
AND EXTENSIVE PROTECTIONS

- CHANGE TO "AFTER NOTIFICATION AND
INVESTIGATION IF OR WHEN WARRANTED"

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1 authorized by the subscriber to make the call;
 2 (7) the caller or subscriber no longer wishes to make the char-
 3 itable or political donation solicited by the pay-per-call service;
 4 (8) the pay-per-call service was provided in a manner not in
 5 compliance with the tariffs of either the local exchange company or
 6 the interexchange carrier; or
 7 (9) an interactive service did not include a beep tone or other
 8 signal, or was unnecessarily repetitive, redundant or prolonged.
 9 (b) upon caller or subscriber request, provide the name, tele-
 10 phone number and address of a pay-per-call service sponsor;
 11 (c) not collect or attempt to collect disputed charges or charges
 12 that have been removed from a subscriber's bill;
 13 (d) not report the subscriber to a credit bureau or collection
 14 agency for nonpayment of pay-per-call or other nonregulated service
 15 charges;
 16 (e) always apply partial payment received from a subscriber to
 17 such subscriber's regulated charges before applying any amounts to
 18 pay-per-call or other nonregulated service charges; and
 19 (f) within 60 days after the effective date of this act, revise any
 20 contract for the provision of billing and collection services to a spon-
 21 sor or service bureau to include a provision which prohibits the
 22 sponsor or service bureau, or any assignee or agent thereof, from
 23 taking action to collect or to attempt to collect charges for a pay-
 24 per-call service whenever such charges shall have been removed
 25 from a subscriber's bill pursuant to subsection (a). No local exchange
 26 company or interexchange carrier may provide billing and collection
 27 services to a sponsor or service bureau unless such contract includes
 28 such a provision.

29 Sec. 9. (a) All pay-per-call service billing contracts shall establish
 30 the local exchange company or interexchange company as the au-
 31 thorized agent for the receipt of service of process for any sponsor
 32 or service bureau whose principal place of business is out-of-state.

33 (b) All pay-per-call service billing and collection contracts for pay-
 34 per-call services doing business in this state shall incorporate by
 35 reference the provisions of this act. Knowing violations of this section
 36 are a separate offense under this act. No person shall provide or
 37 continue to provide billing or collection services for any pay-per-call
 38 service doing business in this state for which the person has actual
 39 knowledge of the failure to comply with the requirements of this
 act.

42 Sec. 10. Every local exchange company shall provide to its sub-
 43 scribers the option of having access to pay-per-call services blocked.
 The local exchange company shall not charge the subscriber any fee

STRIKE SEC 9(a)
 AT+T OPPOSES BEING CHARACTERIZED AS AN
 AUTHORIZED AGENT. SERVICE IS SOLD BY THE IP
 TO CONSUMER ; I.P. BUYS 900 SERVICE FROM ANY ONE
 OF IXB.

- INSERT "RESIDENTIAL" ; STRIKE "THE"

1 or other cost for blocking access to pay-per-call services unless the
2 local exchange company has previously provided such blocking with-
3 out charging a fee. For second and subsequent blockings to the same
4 line, the local exchange company may charge a fee not to exceed
5 the actual cost of implementing the blocking.

6 Sec. 11. A violation of this act shall be a violation of the Kansas
7 consumer protection act, and the penalties provided for therein shall
8 apply to violations of this act.

9 Sec. 12. When it appears to the attorney general that a person
10 has engaged in or is engaging in, or is about to engage in any practice
11 declared to be unlawful under this act, or where the attorney general
12 believes it to be in the public interest that an investigation should
13 be made to ascertain whether a person, in fact, has engaged in, is
14 engaging in or is about to engage in, any such practice, the attorney
15 general, with or without a subpoena, may:

16 (a) Require such person to file on such forms as are prescribed
17 a statement or report, in writing, under oath or otherwise, as to all
18 the facts and circumstances concerning their practices, including any
19 information and data as the attorney general deems necessary;

20 (b) examine, under oath, any person in connection with the
21 practices;

22 (c) examine any merchandise or sample thereof, record, book,
23 document, account or paper as the attorney general deems necessary;
24 or

25 (d) require any person or persons associated in any way with the
26 practice or practices which are the subject of the investigation, in-
27 cluding any local exchange company, interexchange carrier or service
28 bureau to provide any information deemed necessary by the attorney
29 general.

30 Sec. 13. (a) Whenever the attorney general reasonably believes,
31 whether or not based upon an investigation conducted under this
32 act, that any person has engaged in, or is engaging in, any practice
33 declared unlawful by this act or any rule or regulation adopted under
34 this act and that, unless an emergency cease and desist order is
35 entered, the practice is likely to continue contrary to the public
36 interest, the attorney general may issue an order, without notice
37 and an opportunity to be heard, directing the person to cease and
38 desist from the practice which shall be accompanied by a sworn
39 statement setting forth all facts relied upon to sustain the entry of
40 the order.

41 (b) An emergency cease and desist order may direct a long dis-
42 tance carrier, local exchange carrier or any other person holding
43 revenues associated with the practices which are the basis of the

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1 cease and desist order, to place such revenues in escrow pending a
2 final administrative hearing.

3 (c) An emergency cease and desist order shall be personally
4 served by the attorney general within 48 hours of its entry and in
5 the manner provided by the laws of this state concerning service of
6 process.

7 (d) An emergency cease and desist order shall be heard by the
8 attorney general in a summary proceeding within 48 hours of service
9 of the order upon the person subject to its directions.

10 (e) At the summary proceeding, the attorney general shall con-
11 sider all admissible testimony and exhibits relevant and material to
12 the continuation, dissolution or modification of the emergency cease
13 and desist order.

14 (1) The attorney general shall continue the emergency cease and
15 desist order on an interim basis and pending a final administrative
16 hearing if, upon review of all of the evidence presented, there is a
17 prima facie showing of an unlawful practice and a reasonable like-
18 lihood that the practice will recur in the absence of an order.

19 (2) An interim cease and desist order shall be appealable as in
20 the case of any interim order entered by the attorney general in
21 accordance with the laws of this state governing appeal and review.

22 (3) If no appeal is filed within the time prescribed by the laws
23 of this state, the person subject to the interim cease and desist order
24 shall file with the attorney general a written response to the alle-
25 gations in the sworn statement within 10 days of the entry of the
26 interim order and, upon filing or in default of filing as required by
27 the order, the matter will proceed in accordance with the laws of
28 this state governing administrative proceedings.

29 (f) If no appearance is made at the summary proceeding by or
30 on behalf of the person subject to the emergency cease and desist
31 order, the attorney general may consider the matter ex parte based
32 upon the allegations in the sworn statement and may enter a final
33 cease and desist order by default against the person.

34 (1) A final cease and desist order by default shall be personally
35 served by the attorney general within 48 hours of its entry in the
36 same manner as provided for service of an emergency cease and
37 desist order.

38 (2) No appeal shall be taken from a final cease and desist order
39 by default and any application for relief shall be made in the first
40 instance to the attorney general.

41 Sec. 14. Any person who engages in any unlawful practice of
42 this act or any rule or regulation adopted under this act shall be
43 liable to any person who sustains an ascertainable loss in connection

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1 with the unlawful practice of three times the amount unlawfully
2 acquired, reasonable attorney fees, filing fees and court costs.

3 Sec. 15. (a) The liability and relief provided by this act shall be
4 in addition to and cumulative of any other liability and relief arising
5 out of the common law, statutes and rules and regulations of this
6 state.

7 (b) Nothing in this act shall be construed to deny or limit any
8 such common law, statutory or administrative liability and relief.

9 Sec. 16. The attorney general may adopt rules and regulations
10 necessary to effectuate the purposes of this act.

11 Sec. 17. If any provision of this act or the application thereof to
12 any person or circumstance is held invalid, the invalidity does not
13 affect other provisions or applications of the act which can be given
14 effect without the invalid provision or application, and to this end
15 the provisions of this act are severable.

16 Sec. 18. This act shall take effect and be in force from and after
17 its publication in the statute book.

SUMMARY OF FCC ORDER
DOCKET 91-65

Preamble

- Para.18 o Preamble must be placed on:
- ALL usage sensitive programs.
- ALL programs over \$2.00 per call.
- Para.19 NOTE: includes asynchronous programs.
- Para.7 o Preamble must contain:
- Name of information provider.
- Brief description of service.
- Price of transaction:
- Para.20-23 * Usage sensitive price by unit of time.
* Minimum charge if any.
* Average cost of usage sensitive call unless length determined by caller.
* Total price if predetermined length.
- Para.11 - Inform caller billing will not start until after preamble and that caller may hang up before program begins without charge.
- Para.30 o Billing for usage sensitive calls may only begin after preamble ends.

Parental Permission Warning

- Para.35 o A statement that the caller should hang up unless he/she has parental permission must be in the preamble of all programs "aimed at or likely to be of interest to" children under eighteen.

Preamble Bypass

- Para.38 o Callers may bypass preamble however, bypass mechanism must be disabled for 30 days after a program price increase.

Blocking

- Para.46 o Where technically feasible, LECs must offer residential and business subscribers the option to request blocking of 900 service.

- Para.47 - Residential Blocking-Free to subscribers in following categories:
- * Subscribes for an initial period of time when blocking first available.
 - * New subscribers.
 - * Subscribers who dispute or question a 900 charge for the first time.
- Request for removal of 900 blocking must be made in writing.

Disconnection of Basic Communication Service

- Para.64 o Common carriers are prohibited from disconnecting or ordering the disconnection of residential or commercial telephone subscribers "basic communications service" due to failure to pay interstate 900 charges.

Automated Collect Calls

- Para.70 o Common carriers are prohibited from providing transmission services for programs which initiate calls to consumers unless called party has to take affirmative action to accept the collect call.

Autodialer Line Seizing

- Para.73 o Autodialer delivering a recorded message must use current capabilities to disconnect promptly.

Dual Tone, MF Tones

- Para.79 o Carriers are prohibited from providing transmission service to any pay per call program that employs tones generated in advertising to complete a call to the pay per call program.

State Regulation of 900 Services

- Para.86 o FCC preempts state imposed preamble requirements due to absence of ability to identify intrastate 900 calls. A state preamble requirement would require application of state requirements to interstate 900 service.

GUIDELINES

FOR

**AT&T MULTIQUEST®
PREMIUM BILLING SERVICES**

(June, 1991)

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GUIDELINES

AT&T MULTIQUEST® PREMIUM BILLING SERVICES

This document identifies the content and advertising guidelines for Premium Billing for Sponsor programs that utilize AT&T MultiQuest Interacter, MultiQuest HICAP, MultiQuest Broadcaster and/or Call Acknowledgement (Call Counter) tariffed services. All Sponsor programs must also comply with the requirements set forth in the Billing Services Agreement. These Guidelines are incorporated in full and are part of the Billing Services Agreement.

AT&T reserves the right to:

1. Modify these Guidelines at any time.
2. Impose conditions, not specifically identified in these Guidelines, on AT&T's provision of Premium Billing Services for any program.
3. Consider factors not specifically identified in these Guidelines in determining whether to provide Premium Billing Services for any program.

THESE GUIDELINES DO NOT CONSTITUTE LEGAL ADVICE.

THEY ARE MINIMUM STANDARDS THAT A SPONSOR MUST MEET BEFORE AT&T WILL AGREE TO PROVIDE PREMIUM BILLING FOR ANY PROGRAM. IF A SPONSOR HAS ANY QUESTIONS ABOUT THE LEGALITY OF HIS PROGRAM, HE SHOULD CONSULT HIS OWN ATTORNEY.

GENERAL REQUIREMENTS

PRESALES ACCEPTANCE

For all programs, AT&T

- . Will review the proposed message and advertising for the program.
- . Requires from all intermediary customers (e.g., service bureaus) the name, address, and customer service telephone number of the Information Provider.
- . Requires a descriptive name of up to 10 characters which will appear on the caller's bill. Failure to provide such a name will result in AT&T's assigning a descriptor of its own choice.
- . Reserves the right to request that the Sponsor at any time to furnish a written transcript or audiotape of the program.

PROHIBITIONS

AT&T WILL NOT PROVIDE PREMIUM BILLING FOR ANY PROGRAM WHOSE MESSAGE CONTENT OR PROMOTIONAL MATERIALS CONTAIN:

- . Vulgar language, explicit or implicit descriptions of violence or sexual conduct, adult entertainment, or incitement to violence.
- . Inflammatory or demeaning portrayals of any individual's or group's race, religion, political affiliation, ethnicity, gender, sexual preference, or handicap.
- . Criticism or disparagement of the general use of telecommunications or computer products and services.
- . Material that is unlawful, highly controversial or that may generate widespread adverse publicity or that may result in regulatory or legislative activity that could tend to affect adversely AT&T's ability to conduct its business.
- . GAB lines, chat lines, or other live group interaction programs, where the sole purpose is for callers to interact with one another for social or entertainment reasons. (This excludes Conference Lines described below.)
- . Multi-level marketing or "pyramid" schemes.
- . False, misleading or deceptive advertising.
- . Commentary adverse to the policies or practices of AT&T or its subsidiaries.

AT&T WILL NOT PROVIDE PREMIUM BILLING SERVICES FOR ANY PROGRAM:

- . That is promoted or advertised by means of automatic dialing equipment (autodialers).
- . Where a caller is required to dial additional 900 numbers in order to obtain the service advertised.
- . That uses radio or TV advertising where an electronic tone signal is emitted during the broadcast of the ad and automatically dials the 900 telephone number.
- . Where the Sponsor refuses to provide AT&T with the name, address, and customer telephone number of the information provider (if different from the Sponsor).

PREAMBLES

AN INTRODUCTORY MESSAGE, OR PREAMBLE, IS REQUIRED ON ALL PROGRAMS (EXCEPT BROADCASTER AND CALL COUNTER):

- Where the charge to the caller is more than \$5 per minute
- Where total charges to the caller, including minimums or other billed charges associated with the service, are more than \$10 per call or have the potential to be more than \$10 because the caller controls the length of the call.
- Directed at children age 12 years of age or under. (See Children's Programs below.)

THE PREAMBLE SCRIPT WILL BE REVIEWED BY AT&T AND MUST NOTIFY CALLERS OF THE FOLLOWING INFORMATION:

- A clear and accurate description of the program
- Charges for the program per call or per minute, including any minimum charges and minimum period of time required in order to receive the advertised information or service.

FOR ALL PROGRAMS REQUIRING A PREAMBLE, THE SPONSOR MUST PURCHASE THE 18-SECOND CALLER GRACE PERIOD.

- From the time the call is answered at the Sponsor's premises, the period for the preamble message must be no longer than 15 seconds, and callers must be provided with a minimum of 3 seconds after the end of the introductory message in which to hang up before billing begins. (A period of dead silence is not required—the Sponsor's program may actually begin after the required information has been disclosed—but billing of the caller will not begin until after the 18th second.)

SPONSORS SHALL DISABLE, FOR A PERIOD OF 15 DAYS, ANY BYPASS MECHANISM AFTER THE INSTITUTION OF A PRICE INCREASE.

ADVERTISING REQUIREMENTS

ALL ADVERTISEMENTS AND OTHER PROMOTIONS USED TO INDUCE CALLS TO THE PROGRAM, WHETHER IN PRINT, TV, OR RADIO, MUST:

- Disclose all material conditions for the purchase in such a manner that the general public may correctly understand the nature of the program and its associated charges. All conditions that must be met to obtain the advertised service must be identified (i.e., separate processing fees).
- Comply in full with applicable federal and state laws prohibiting unfair, false, deceptive, and misleading advertising and trade practices.
- Contain truthful statements about the program and not omit significant information about the program.
- Disclose any limitations on the program's availability (e.g., age, time of day to call, geography, closing date of program).
- Contain the Sponsor's or Information Provider's name and city and state of business or customer service telephone number.
- Advise callers under 18 to obtain parents' permission before calling, where there is the potential for minors to be attracted to the program.
- Notify the caller of any requirement for Touch-Tone capability in clear language conspicuously displayed underneath the 900 number and price.

FOR PRINT AND BROADCAST T. V. ADVERTISING, THE ABOVE REQUIREMENTS APPLY, AND IN ADDITION:

- Accurately disclose, in Arabic numerals, the charges per-call or per-minute, including any minimum dollar requirements and any minimum period of time required in order to receive the advertised information or service.
- Display charges immediately above, below, or next to the 900 number in type size that can be seen as clearly and conspicuously at a glance as the 900 number. AT&T reserves the right to determine the appropriateness of the type size.
- Age limitations should appear immediately above, below, or next to the 900 number and price.
- Conspicuously display caller requirements for Touch-Tone capability underneath the 900 number and price.

IN ADDITION, FOR BROADCAST T.V. ADVERTISING:

- Charges, including any minimum dollar requirements and time limit requirements, must be announced every time the 900 number is displayed.
- Charges, in Arabic numerals, must be shown on the screen for the same duration as the 900 number is shown, each time the 900 number is shown.

FOR ADVERTISING WHICH TAKES PLACE DURING A TELEPHONE CALL:

- The ad script must accurately describe the message content and all charges and minimums for the 900 numbers (tag lines) advertised on the call, and those tag lines must comply with all applicable federal, state, and local laws.
- The above guideline applies to 800 numbers and regular long distance numbers which require the caller to dial a 900 number in order to receive the information or service offered. Such requirement, including charges and minimums for all calls, must be clearly described in all advertising and promotional materials.

NO ADVERTISEMENTS FOR A SPONSOR'S PROGRAM MAY USE ANY TRADEMARK, SERVICE MARK, OR LOGO OF AT&T, NOR INDICATE THAT AT&T ENDORSES, AUTHORIZES, APPROVES, OR IS ASSOCIATED WITH THE PROGRAM IN ANY WAY, WITHOUT AT&T'S EXPRESS WRITTEN PERMISSION.

GUIDELINES FOR SPECIFIC PROGRAM CATEGORIES

CHILDREN'S PROGRAMS

INCLUDES ANY PROGRAM WHOSE MESSAGE CONTENT OR PROMOTION IS DIRECTED AT CHILDREN 12 YEARS OF AGE AND UNDER.

AT&T REQUIRES THAT SPONSORS OF CHILDREN'S PROGRAMS COMPLY WITH THE FOLLOWING GUIDELINES:

- . On all calls, a preamble is required which:
 - Provides message content
 - Provides per-call or per-minute charges, including minimum dollar requirements and any minimum period of time required in order to receive the advertised information or service.
 - States that if the caller does not have parental approval, they should hang up immediately.
 - A notification of the time within which the caller may hang up before charging begins.
- . Sponsor shall not implement a preamble bypass mechanism.
- . A Caller Grace Period must be purchased on all children's programs.
- . The advertising must clearly state in writing (and by voice in broadcast advertising), in age-appropriate language:
 - A description of the program
 - Per-minute or per-call charges, including all minimums
 - A direction to ask a parent's permission before calling the 900 number. (For example, "This call will cost \$1.00 for the first minute and \$.45 for each additional minute," and "Ask your mom or dad if it's OK before you call.")
- . Sponsors must agree to 100% automatic adjustments by AT&T to callers requesting refunds for unauthorized children's calling.
- . Charges must be capped at \$4.00 per call. Where technically feasible, Sponsors should limit the number of calls that may be accepted by the 900 number and charged to an individual calling number.
- . Children may not be asked to make a recorded statement that includes their names, addresses, or telephone numbers, or other identifying information.
- . A children's program may not require an additional purchase for the complete message to be received (e.g., the purchase of a book or toy, the viewing of a

pay TV show, or the placement of another premium-billed 900 call to find out the ending of a story). Programs that require the viewing of a free TV program to obtain the complete message should be avoided.

- . Sponsors may not require or urge children to submit parent's phone bills.

AT&T STRONGLY RECOMMENDS THAT ADVERTISEMENTS FOR PROGRAMS DIRECTED AT CHILDREN ALSO COMPLY WITH THE FOLLOWING GUIDELINES:

- . Include a warning to dial the number carefully.
- . Not use imperative language, such as "call now." Instead, use words such as "you can call."
- . Ads should run for a minimum of 30 seconds, so that complete information can be presented to and understood by the child.
- . Include a visual of a child listening to a program with a supervising adult. This visual should be at least five seconds in length and placed at the end of the ad.
- . If the program consists of a recorded message from an individual or a fictional character, the ad should state that the caller will "hear about" or "listen to a story about" the person or character, and not state or suggest that the caller will "talk to" the person or character.
- . If the length of the children's program is stated in its advertising, the program should run for that entire period. Any references to other programs, products, or services should come after the advertised period and should be identified as advertising.
- . When an information-only or ~~entertainment-only~~ service is provided, Sponsors should avoid using products, especially toys, in program advertising.

CONFERENCE LINES

INCLUDES LIVE, INTERACTIVE PROGRAMS WHERE THE PURPOSE OF THE CALL IS LIMITED TO GOVERNMENT, BUSINESS, PROFESSIONAL (I.E., DOCTOR, LAWYER, CPA, ETC.), EDUCATIONAL, OR NON-CHILD-ORIENTED SPORTS TOPICS. SPONSORS MUST COMPLY WITH THE FOLLOWING:

- The program must be limited to a specified period of time, for example, one or two hours, or weekly for one or two hours, with a definite start and stop; and
- The program must be led by a moderator with a specific agenda.

SPONSORS MUST BLOCK STATES IN LEC TERRITORIES WHERE SUCH OFFERS ARE PROHIBITED.

CREDIT/LOAN INFORMATION PROGRAMS

PROGRAMS WHICH OFFER INFORMATION ON HOW TO OBTAIN CREDIT (LOANS OR CREDIT CARDS).

- Advertising must clearly and conspicuously disclose all conditions on the availability of credit. Examples of such conditions are: requirement of collateral deposit or purchase from a given catalog, processing fees, and limitations on availability.
- Financial institution making credit offer must submit written certification from its attorney of compliance with all laws governing such offers, including but not limited to registration requirements, in every state where program is promoted.
- Sponsors must agree to 100% automatic adjustments by AT&T to callers requesting refunds if total price of the call exceeds \$10.
- Callers must not be required to make a second call (either caller-paid or toll-free) to obtain the advertised information or service.
- Sponsor must block states in LEC territories where such offers are prohibited (e.g., this type of program is prohibited in Southwestern Bell Territory). See Appendix A for list of states.

FULFILLMENT

PROGRAMS WHERE THE PREDOMINANT PURPOSE OF THE CALL IS TO PROVIDE VALUE-ADDED INFORMATION (NOT PRODUCT SALES), WITH A SUPPLEMENTAL TANGIBLE ITEM SENT FREE OF CHARGE TO THE CONSUMER AFTER THE COMPLETION OF THE CALL. (FOR EXAMPLE, LISTEN TO SAMPLE CUTS FROM ROCK STAR'S NEW ALBUM, VOTE FOR FAVORITE SONG, AND RECEIVE FREE ALBUM.)

- Price is limited to no more than \$20 per call.
- Sponsors must agree to 100% automatic adjustments by AT&T to all callers requesting refunds.
- The advertising and script must contain an 800 number or business name and full address for callers to obtain additional information or to follow-up on items not yet received.
- Sponsors must block states in LEC territories where such offers are prohibited. For example, in U. S. West territory, unless the tangible item is duplicative of or incidental to the information on the call, blocking must be implemented. In states billed by Southwestern Bell, printed materials only are permitted up to a value of \$10. (See Appendix A for list of states in these RBOC territories.)

FUNDRAISING

INCLUDES ANY PROGRAM THAT SOLICITS FUNDS FOR CHARITABLE, NON-PROFIT, OR POLITICAL ORGANIZATIONS.

AT&T'S REVIEW OF ADVERTISING AND SCRIPTS AND THE APPLICATION OF THESE GUIDELINES DO NOT CONSTITUTE COUNSELING OR LEGAL ADVICE FOR FUNDRAISERS. AT&T IS NOT REGISTERED AS FUNDRAISING COUNSEL IN ANY STATE AND DOES NOT UNDERTAKE TO PROVIDE SUCH ADVICE.

SPONSORS MUST BLOCK STATES IN LEC TERRITORIES WHERE FUNDRAISING IS PROHIBITED. (CHECK WITH THE MULTIQUEST® ACTION CENTER FOR THE MOST RECENT LIST.)

1. CHARITABLE AND NON-PROFIT ORGANIZATIONS

- Solicitation Programs (Requests For Donations)

Programs which explicitly solicit contributions for a charity or non-profit organization require the following items to be submitted to AT&T:

- . Charitable or non-profit entity's IRS Form 501(c)(3)
- . Written certification, on the charity's or non-profit organization's letterhead, of the organization's registration in the states where it is operating. If an agent of the charity or non-profit organization is operating as a professional solicitor or fundraiser, the charity or non-profit entity must submit written certification that the agent complies with all statutory requirements (including registration and bonding).
- . Draft advertisement for the program disclosing the name, national headquarters street address, and year of inception of the charitable or non-profit organization.
- . AT&T reserves the right to request additional documentation or specific language for ads on a case-by-case basis.

SPONSORS OF SOLICITATION PROGRAMS FOR CHARITABLE AND NON-PROFIT ORGANIZATIONS MUST AGREE TO 100% AUTOMATIC ADJUSTMENTS BY AT&T FOR CALLERS WHO REQUEST REFUNDS.

- Commercial Programs

Programs where a charity or non-profit organization provides value-added information, rather than explicitly solicits donations, must meet the following requirements:

- . Compliance with all the requirements for Solicitation Programs listed above.

- A copy of the advertising copy and telephone script must be submitted upon initial application for Premium Billing Services. AT&T must be notified of any material changes to the advertising and scripts.

- PROGRAMS WHERE AN INFORMATION PROVIDER INDICATES THAT A PORTION OF THE PROCEEDS FOR HIS INFORMATION PROGRAM WILL BE GIVEN TO A SPECIFIC CHARITY OR NON-PROFIT ENTITY REQUIRE THE SPONSOR TO:

- Include written proof (a statement on the charitable or non-profit organization's letterhead) that such entity agrees with the use of its name.
- Certify to AT&T, in a letter from the Sponsor's attorney, compliance with state laws and rules regarding charitable solicitation and disclosure of amounts to donated.

2. POLITICAL ORGANIZATIONS (POLITICAL CANDIDATES AND COMMITTEES)

INCLUDES PROGRAMS BOTH SOLICITATION AND INFORMATIONAL POLITICAL PROGRAMS. IF A PORTION OF THE PREMIUM-BILLED CHARGES FOR A PROGRAM WILL BE REMITTED TO A POLITICAL CANDIDATE OR COMMITTEE, THE FOLLOWING GUIDELINES MUST BE MET:

- The program script and the promotional materials should clearly state that a portion of the charges will be remitted to a political organization.
- The program script and advertising must identify the political organization.
- A message should be included at the beginning of the program identifying the person who has authorized and paid for the program, and stating that a contribution to the political organization is not tax-deductible.
- An application for a program for political fundraising must include:
 - A general representation and warranty that the Sponsor and the political organization will comply with all applicable federal, state, and local laws during the term of the program.
 - For programs for candidates for federal office or political organizations registered at the Federal Election Commission (FEC), a representation and warranty that the Sponsor will comply with Section 432(b) of Title 2 of the United States Code [2 U.S.C. §432(b)] and Section 102.8 of Title 11 of the Code of Federal Regulations (11 C.F.R. §102.8), which require the Sponsor to forward to the treasurer of the political organization:
 - All funds (after deducting its fees and expenses), within 10 days of receipt;
 - A copy of the Call Detail Report listing the telephone numbers recorded by Automatic Number Identification (ANI), within 2 days of receipt.

A letter from the treasurer of each political organization that is registered at the FEC that contracts with the Sponsor stating that the treasurer agrees to the following guidelines:

- The treasurer will agree to abide by Section 103.3 of Title 11 of the Code of Federal Regulations (11 C.F.R. §103.3) with regard to the receipt, deposit, and refund of contributions raising genuine questions of legality.
- The treasurer will utilize the telephone numbers of callers provided by AT&T to identify subscriber names and addresses. Contributions from subscribers which may not be accepted (i.e., corporate or union subscribers) will be returned by the treasurer or his agent. Contributions from individuals who have previously contributed the maximum permitted by law will also be returned by the treasurer or his agent.
- The treasurer will request the Sponsor to record caller name, address, and telephone numbers. For subscribers that cannot be identified through ANI, the treasurer will:
 - o Request the transcription of this information and utilize it to identify additional contributors and/or
 - o telephone unidentified numbers to obtain the subscriber's name and address.

Contributions that cannot be identified after following these procedures must be considered anonymous contributions per Section 110.4(c)(3) of Title 11 of the Code of Federal Regulations [11 C.F.R. §110.4(c)(3)]. The treasurer may retain any unidentifiable contribution under \$50 from a single telephone number. All other unidentified contributions may not be accepted by the treasurer but may be used for any lawful purpose *unrelated* to any federal election.

- For programs in which advertising may stimulate telephone calls from outside the United States (i.e., candidates in states along the Mexican or Canadian border), the treasurer must agree to Numbering Plan of America (NPA) blocking for area codes in those countries.
- The treasurer will compare the identity of contributors and record all contributions of subscribers who have contributed more than \$50 in the same year.
- Records need not be made for other contributions of less than \$50. Instead, the treasurer need only record the date and total amount of funds received from the program.
- The treasurer must report all expenditures for the program, including the funds withheld by the Sponsor to cover its fees and expenses. The treasurer should identify the Sponsor as the recipient of all funds withheld from contributions received.
- **The Sponsor must agree to provide 100% automatic adjustments by AT&T for callers who request refunds.**

GAMES OF CHANCE

INCLUDES ANY TYPE OF GAME OF CHANCE OR CONTEST, SWEEPSTAKES, CONTEST LISTING, OR INFORMATION THAT INVOLVES THE USE OF A 900 CALL TO A PROGRAM AS ONE OF THE MEANS OF ENTRY OR QUALIFYING FOR A PRIZE OR AWARD.

AT&T'S STANDARDS FOR GAMES OF CHANCE ARE MINIMUM GUIDELINES THAT A SPONSOR MUST MEET BEFORE AT&T WILL AGREE TO PROVIDE BILLING SERVICES. GAMES OF CHANCE ARE SUBJECT TO FEDERAL AND STATE LAW, AND A SPONSOR IS REQUIRED BY THE BILLING SERVICES AGREEMENT TO REPRESENT AND WARRANT COMPLIANCE WITH THESE LAWS.

AT&T'S GUIDELINES DO NOT CONSTITUTE LEGAL ADVICE.

IF A SPONSOR HAS ANY QUESTIONS ABOUT THE LEGALITY OF HIS PROGRAM, HE SHOULD CONSULT WITH HIS OWN ATTORNEY.

- SPONSORS MUST PROVIDE AT&T WITH:

- . All advertising copy
- . A complete program script
- . The official rules of the game or contest, which include a disclosure of price.

- THE GAME MUST BE ONE WHERE A PRIZE OF NO VALUE, OR ONLY A PURELY NOMINAL PRIZE (E.G., A MUG, T-SHIRT, OR OTHER ITEM WORTH \$5.00 OR LESS) IS AWARDED;

OR

- IF A PRIZE OF VALUE IS AWARDED:

- . The game must be operated as a means of promoting goods or services (other than the game itself);
- . A no-purchase alternative method of participating must be available which provides all entrants (no-purchase and 900 phone-in) with an equal chance of winning.
- . Prizes may not be financed from the proceeds of the Sponsor's premium-billed charges.
- . The amount or value of the prize awarded may not be dependent upon the number of entries received.
- . The selection of a winner may not be dependent on the outcome of a future sporting contest or other future contingent event not under the participant's control (other than the random selection of an entry).
- . An information service or message (other than just a chance to win) must be provided on the call to the 900 number.

- FOR ALL GAMES OF CHANCE THAT ARE ACCEPTED FOR PREMIUM BILLING, THE FOLLOWING STATEMENTS MUST BE INCLUDED IN THE OFFICIAL RULES AND IN ALL BROADCAST OR PRINT ADVERTISING OF THE GAME:

- . A disclosure of all charges.
- . A statement that no purchase is necessary to participate and a description of the means of free entry.
- . A statement listing the specific states where the game is prohibited or restricted by law.
- . The Sponsor's or Information Provider's name.
- . The geographic area where the game is available.
- . The starting and closing dates of the game.
- . Any age restrictions for participants.
- . A statement that promotion details and complete official rules are available at participating businesses or from the Sponsor at a designated address.
- . A statement that the game is subject to the complete official rules.
- . If minors are eligible to participate, a statement that persons under age of 18 should get parents' permission prior to calling the 900 number.
- . No statement may be made indicating that AT&T is a Sponsor of the game.

POSTCARD SWEEPSTAKES

"POSTCARD SWEEPSTAKES" ARE GAMES OF CHANCE OR SWEEPSTAKES THAT URGE A CALLER TO DIAL A 900 NUMBER TO CLAIM A PRIZE. ADVERTISING FOR THE PROGRAM, GENERALLY ACCOMPLISHED BY MEANS OF A POSTCARD OR OTHER DIRECT MAIL ADVERTISEMENT, STATES THAT THE CALLER WILL DEFINITELY BE AWARDED A PRIZE OR PRIZES IF HE PLACES A CALL.

AT&T MAY PROVIDE PREMIUM BILLING SERVICES FOR "POSTCARD SWEEPSTAKES" THAT COMPLY WITH THE FOLLOWING GUIDELINES:

- The program must comply in full with the guidelines for games of chance listed above.
- All advertising for the program (e.g., the direct mail piece) must comply with the advertising guidelines listed above, and in addition, must include the following information:
 - . The verifiable retail value of each prize;
 - . A statement as to whether all prizes will be awarded;
 - . The odds of winning each prize; and
 - . A complete description of each prize, including any conditions on its award. Following are some examples:
 1. "Florida Dream Vacation" which consists of a free two-night stay at a Florida hotel. The advertising must disclose the expiration date of the offer, location(s) of the hotels and the fact that taxes, travel, meals, and other expenses are the responsibility of the "winner."
 2. "\$200 Savings Certificate" which consists of a coupon worth \$200 off selected merchandise. The advertising must disclose the expiration date of the offer and must describe the merchandise, including its price, for which the coupon can be used.
- The Sponsor or Information provider must provide to AT&T, for each program of this type, a written opinion of the Sponsor's or Information Provider's legal counsel, stating that such attorney has reviewed the program and finds it to be in compliance with all applicable federal and state laws.
- AT&T reserves the right to impose other conditions, not expressly included in these guidelines, before it agrees to provide premium billing for any "postcard sweepstakes."
- In the event that AT&T receives any complaints about any "postcard sweepstakes" program for which it has agreed to provide billing services, AT&T reserves all rights granted to it under the Billing Services Agreement, including but not limited to immediate terminating of billing services and escrow of all premium billing proceeds.

JOB INFORMATION LINES

INCLUDES ANY PROGRAM WHICH INDICATES OR SUGGESTS THAT THE CALLER SHOULD CONTACT SPECIFIC COMPANIES TO OBTAIN EMPLOYMENT. SPONSORS MUST:

- Certify in writing to AT&T that all job ads exist and are current.
- Remove from the program script, within one day, job ads that have closed.
- Fully disclose in all advertising for the program locations where jobs are available.
- Furnish AT&T with a letter from the Sponsor's attorney certifying that the program complies with all applicable federal, state, or local laws, including but not limited to
 - . requirements for bona fide job orders from each employer whose job ad is listed,
 - . licensing and bonding requirements, and
 - . limitations on the type of fees that a job applicant may be charged prior to securing employment, e.g., 900 charges.
(See Appendix B for listing of states.)
- Implement blocking of states where such laws are in place and compliance cannot be warranted.

FOR PROGRAMS WHERE NO SPECIFIC JOB ADS ARE PROVIDED TO THE CALLER, BUT RATHER, THE NAMES OF COMPANIES ARE LISTED AS POTENTIAL EMPLOYERS FOR EXAMPLE CAREERS DESCRIBED, THE SPONSOR MUST:

- Provide AT&T with proof of authorization to use company names;
- Indicate in all advertising and in the program script that the companies named are only potential employers, who may not have openings at the time the caller contacts them.

PERSONAL LINES

INCLUDES THE FOLLOWING TYPES OF PROGRAMS: ROMANTIC STORIES, PERSONAL BULLETIN BOARDS, DATING LINES, INTRODUCTION LINES, CONFESSION LINES, SOUND-OFF LINES, AND "ONE-ON-ONE" LINES.

- Sponsors must screen caller messages, in order to determine compliance with AT&T Guidelines, where programs involve the leaving of personal messages.
- Sponsor advertising must include either a statement that individuals under the age of 18 must seek parental permission before calling, or a statement that callers must be 18 years of age to call.
- Before broadcasting any personal messages, Sponsor must review each message to confirm that each caller:
 - . Is at least 18 years of age. Sponsor should describe in writing to AT&T how he will verify caller's age, i.e., asking date of birth or whether caller has a major credit card.
 - . Has authorized the broadcast of the personal message;
 - . Has provided accurate information.
- Sponsor should review the transmission quality of recordings to ensure the information can be accurately heard.
- Sponsor should recommend that callers not use home or office telephone numbers for messages. A suggested alternative might be electronic mailboxes set up by the Sponsor.
- For "One-on-One" lines,
 - . Sponsor must provide a written description of the methods used to screen callers to make sure that callers are at least 18 years of age (e.g., asking for date of birth or credit card information).
 - . Sponsor must provide copies or scripts of all advertisements (including ads for tag lines) used to promote these programs.
 - . Called party must disclose immediately that they are an employee of the sponsoring information provider.

PROFESSIONAL SERVICES

INCLUDES PROGRAM CONTENT PROVIDED BY INDIVIDUALS UPON WHOM CALLERS WOULD RELY FOR PROFESSIONAL ADVICE, SUCH AS DOCTORS, LAWYERS, TAX CONSULTANTS, ETC.

AT&T reserves the right to impose conditions or to request documentation not specifically identified in these guidelines.

APPENDIX A

STATES IN RBOC TERRITORIES

AMERITECH

Indiana
Illinois
Michigan
Ohio
Wisconsin

BELL ATLANTIC

Delaware
Maryland
New Jersey
Pennsylvania
Virginia
West Virginia

BELL SOUTH

Alabama
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

NYNEX

Maine
Massachusetts
New Hampshire
New York
Rhode Island
Vermont

PACTEL

California
Nevada

SOUTHWESTERN BELL

Arkansas
Kansas
Missouri
Oklahoma
Texas

U. S. WEST

Arizona
Colorado
Idaho
Iowa
Minnesota
Montana
Nebraska
New Mexico
North Dakota
Oregon
South Dakota
Utah
Washington
Wyoming

APPENDIX B

STATES WHICH PROHIBIT UP-FRONT CHARGES FOR JOB SEARCH

Arkansas

Colorado

Connecticut

Indiana

Kentucky

Louisiana

Maine

Maryland

Massachusetts

Minnesota

Missouri

Montana

New Jersey

New York

North Carolina

Ohio

Oregon

Pennsylvania

South Carolina

Tennessee

Texas

Utah

Virginia

Washington

Washington, D. C.

Wisconsin

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June, 1991

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VOLUNTARY PROCEDURES REGARDING FUTURE 900
NUMBER PROMOTIONS OPERATED THROUGH
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

The Attorneys General of the states set forth on the attached exhibit(s) and American Telephone and Telegraph Company (hereinafter "AT&T") agree to these Voluntary Procedures regarding issues arising from the solicitations of promoters, information providers, sponsors, subscribers, service bureaus or other related entities operating 900 numbers (hereinafter "sponsor"), when billing and collection services are provided by AT&T. The parties' interest is to establish voluntary procedures for early detection and prevention of illegal promotions through 900 number telephone services. Nothing in these Voluntary Procedures shall be deemed to modify or amend in any way any existing Billing Services Agreement between AT&T and any sponsor, including but not limited to contractual acknowledgements by the sponsor that it is responsible for program and advertising content. AT&T does not undertake to provide legal advice to program sponsors. AT&T does not warrant or guarantee to a sponsor that the sponsor's offers, promotions, or advertising conform with all applicable laws.

1. STATE COMMUNICATION WITH AT&T. To effectuate these voluntary procedures, a representative of a participating attorney general's office will communicate in writing directly with AT&T. The attorney general's representative will state the nature of the 900 promotion and the alleged violations of federal or state law,

citing applicable statute(s), regulation(s) or rule(s) being violated. If requested by AT&T, the requesting state, if practicable, will provide to AT&T copies of statute(s), regulation(s) or rule(s) cited by the state. Upon receipt of such a communication from a participating state, AT&T will promptly review and investigate the promotion. The communication should be directed to AT&T Law Department, 295 North Maple Avenue, Basking Ridge, New Jersey 07920 and other designated agent for AT&T by region for the requesting state, attached as an exhibit.

2. TERMINATION OF BILLING AND COLLECTION SERVICES. The state may request that AT&T terminate billing and collection services for that promotion. The AT&T MultiQuest® Billing Services Agreement (sometimes hereinafter "Agreement") includes prohibitions against 900 promotions operating through AT&T that violate any state or federal law(s), regulations(s) or rule(s), including, but not limited to, laws concerning unfair, deceptive or fraudulent advertising or practices. The Agreement also incorporates the conditions and prohibitions contained in AT&T's Guidelines for MultiQuest Services. Termination of billing and collection services is an option under AT&T's Billing Services Agreement, if that Agreement is breached. The Agreement includes other grounds for termination. If AT&T determines that termination is appropriate and is permitted under the Billing Services Agreements for that promotion, AT&T will either: (1) terminate applicable billing and collection services; (2) require the sponsor to amend the program so as to comply with federal or state law(s), regulation(s) or rule(s), or with AT&T's Guidelines;

or (3) may invoke Numbering Plan Area Blocking ("NPA b whereby calls originating from area codes within the req. state will be blocked. If AT&T determines that termination inappropriate and/or not permitted under the Billing Services Agreement or if the program for the 900 promotion has been changed or differs from the program in question, AT&T will provide the attorney general's representative with a detailed response. The response shall include the reasons for its decision and/or a description of how the program has changed, with supporting documentation attached. The response shall be provided as soon as practicable, but in no event later than thirty (30) days from the date of receipt of the communication from the attorney general's representative.

3. WITHHOLDING OF SPONSOR FUNDS. The state may request in writing that AT&T withhold funds and payments that are due to the sponsor for calls placed to the 900 promotion that involve the requesting state, until issues concerning the legality of the 900 number promotion are resolved by court order, administrative action, settlement, or such other resolution as is mutually agreeable to the sponsor and/or AT&T and the requesting state. If AT&T determines that withholding funds is appropriate and is permitted under AT&T's Billing Services Agreement, AT&T agrees to withhold funds and payments. AT&T may unilaterally release withheld funds after giving thirty (30) days notice to the requesting state. AT&T agrees to promptly provide the requesting state with the date of the next payment due to the sponsor by AT&T

for the specific 900 promotion. AT&T agrees to notify the requesting state of its decision whether to withhold the funds or payments for a specific 900 promotion as soon as practicable and prior to the next payment due the sponsor, but in no event later than thirty (30) days from the date of receipt of the state's request to withhold funds.

4. FORMAL REQUEST FOR CALL DETAIL INFORMATION. Upon request through a subpoena, civil investigative demand or other similar legal request, when technologically feasible, AT&T will provide call detail or other requested information for a 900 promotion operating in that state. The call detail may consist of the dates of the calls to the promotion, the originating ANI's (phone number), the time of the calls, the duration of the calls, and the charge for the calls. Upon request of the state, call detail may be sorted by state and/or area code when technologically feasible.

5. AT&T's REVIEW OF SCRIPTS AND ADVERTISEMENTS. As a practice AT&T reviews scripts and advertising for compliance with its Billing Services Agreement which incorporates the Guidelines, which shall be provided to each participating state separately from this document. AT&T will continue its current practice of making reasonable efforts to review the scripts and advertising for compliance with its Guidelines. AT&T's Billing Services Agreement includes among other things a requirement of representations and warranties by the sponsor that its program

will at all times comply in full with applicable law. AT&T will promptly notify the participating states of any changes in AT&T's Guidelines or its standard Billing Services Agreement with sponsors.

EXECUTED this 23 day of January, 1992.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Louis Delery
Louis Delery, General Manager
AT&T MultiQuest Services



Legislative Testimony

Kansas Telecommunications Association, 700 S.W. Jackson St., Suite 704, Topeka, KS 66603-3731

Testimony before the House Committee on Computers, Communications & Technology

HB 2945

March 4, 1992

Mr. Chairman, members of the committee, I am Rob Hodges, President of the Kansas Telecommunications Association. Our membership is made up of telephone companies, long distance companies, and firms and individuals who provide service to and support for the telecommunications industry in Kansas.

KTA members, particularly the small telephone companies, are perplexed by HB 2945. While on one hand they understand and want to protect the interests of their customers, they also view the provisions of HB 2945 to put them in the middle of a conflict between their customers and pay-per-call service providers.

Under some rather broad circumstances specified in the bill, telephone companies would be required to remove from a customer's bill any pay-per-call charges that are the subject of a complaint by that customer. Yet, merely removing those charges from the bill does not forgive the customer's debt. Beyond that, the bill contains no limit as to the number of times a customer can claim confusion or some other reason and request the charges to be removed from his or her bill.

I have spoken with one KTA member company, a small telephone company southwest of Wichita, that has already been involved in a conflict between a customer and a service provider. That conflict was worked out to the satisfaction of the telephone customer, but it took several telephone calls between the customer, the telephone company, the long-distance company, and the pay-per-call service provider. When that KTA member company read HB 2945, they were honestly concerned about the amount of time they might have to spend in resolution of these types of complaints.

Another concern KTA members have is in reference to Section 10, beginning on line 41 of page 5. That sentence would require every telephone company to provide blocking service to its customers. In exchanges served by digital switches, blocking is possible. But in exchanges without digital switches, there is no way for a telephone company to comply with that

*House CCT
Attachment 3
3-4-92*

requirement. We are proud of the level of top-quality service available in Kansas, but we cannot yet demonstrate that all telephone companies could comply with that requirement.

Finally, our members looked with concern at the portion of the bill that granted tremendous power to the Attorney General. Our members get nervous when legislation depends on the word "any" in describing what they may be required to do. Section 12 on page 6 of the bill appears to our members to include that "any" word too many times.

Mr. Chairman, members of the committee, Congress recently enacted legislation dealing with pay-per-call services. The KTA members I spoke with favor allowing the federal legislation to take effect prior to any action at the state level. When we know the impact of the federal law, and when we have decided where further restriction is necessary, then the KTA will work with the Kansas Legislature to enact a bill that solves our customers' specific problems.

Thank you for the opportunity to provide input. We will attempt to answer questions if you have them.

Finney
Governor

Jim Robinson
Chairman

F. S. Jack Alexander
Commissioner

Rachel C. Lipman
Commissioner

Judith McConnell
Executive Director

Brian Moline
General Counsel



Kansas Corporation Commission

March 4, 1992

The Honorable Robert Vancrum
Room 156-E
Statehouse
Topeka, Kansas 66612

RE: HB 2945; Pay per call services

Dear Representative Vancrum:

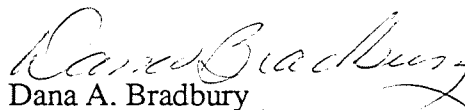
I am writing on behalf of the Kansas Corporation Commission in regard to House Bill 2945, involving pay-per-call services.

The Commission does not intend to take any position regarding HB 2945 because the issues involve legislative policy. Likewise, the Commission does not intend to appear before the Computers, Communications and Technology Committee for the purpose of providing formal testimony, although a representative of the Commission will be available to answer questions from the committee.

The Commission would like to offer one observation to the committee regarding HB 2945. Section 8 and 9 of HB 2945 address billing practices of local exchange companies and interexchange companies providing billing and collection services for pay-per-call services doing business in Kansas. Likewise, Section 11 of HB 2945 requires local exchange companies to provide one-time, free blocking. The issues of utility billing practices and 900 blocking have been previously addressed by the Commission pursuant to the Kansas Public Utilities Act, K.S.A. 66-101 et seq. If the same issues become part of the Consumer Protection Act, enforced by the Attorney General, a dual regulatory scheme for local exchange companies and interexchange companies will be created.

The Commission appreciates the opportunity to address HB 2945. If you have any questions, please do not hesitate to contact Karen Matson, Managing Communications Analyst or myself at 271-3100.

Sincerely,


Dana A. Bradbury
Assistant General Counsel

cc: Rep. George Dean