

Citizens Utility Board)
)
-vs-)
)
Illinois Bell Telephone Company)
(Ameritech Illinois))
)
Complaint to stop Ameritech from using)
misleading marketing and advertising)
materials and statements concerning)
Simplifive and CallPack rates.)

00-0043

ILLINOIS COMMERCE COMMISSION
FEB 21 11 07 AM '01
CHIEF CLERK'S OFFICE

APPLICATION FOR REHEARING

Illinois Bell Telephone Company ("Ameritech Illinois" or "the Company"), by its attorneys, hereby submits an Application for Rehearing in the above-captioned proceeding pursuant to Section 10-113 of the Public Utilities Act and Section 200.800 of the Commission's Rules. 220 ILCS 5/10-113; 83 Ill. Adm. Code § 200.800. In support whereof, Ameritech Illinois states as follows:

1. At issue in this proceeding is Ameritech Illinois' marketing practices related to two optional calling plans: CallPack 100 and SimpliFive. The Commission's Order concludes that the Company's marketing of CallPack 100 was reasonable, but that the marketing of SimpliFive had conveyed a net impression to customers that they would save money relative to basic rates, an impression which the Order concludes was inaccurate relative to some of those customers. The Order then requires various remedies which include, inter alia, explicit warnings to customers that any savings under SimpliFive will depend on a

customer's usage patterns; and comparisons between the overall charges which a customer would pay under SimpliFive as compared to Ameritech Illinois' basic usage rates, based on the individual customer's own usage patterns. (Order, pp. 45-49).

2. The Order's conclusions relative to the marketing of SimpliFive are not warranted by the record evidence and most of the remedies required are unwise as a matter of policy. The Company's position is fully set out in its Brief on Exceptions and Exceptions and will not be repeated here. In this Application for Rehearing, Ameritech Illinois specifically seeks modification of only one provision of the Commission's Order: i.e., the requirement that the Company must offer customers a written comparison between SimpliFive and basic rates prior to the customer signing up for SimpliFive.

3. The Order in this proceeding imposes on Ameritech Illinois an extensive set of customer information obligations relative to SimpliFive. First, on a going forward basis, any SimpliFive marketing materials which convey a net impression of savings must include a disclaimer that savings are dependent upon the customer's actual usage. The size and placement of this disclaimer must be equal to the savings message. (Order, pp. 45-46). This size requirement significantly exceeds what would be necessary to satisfy the FCC/FTC Policy Statement referred to in the Order. (Am. Ill. Brief on Exceptions, p. 30).

4. Second, Ameritech Illinois must provide all potential SimpliFive customers with an oral comparison of what they would pay for usage under SimpliFive with what they would pay under basic rates, based on that customer's individual usage patterns. This requirement is

beyond what is expected of other carriers and is overly burdensome when applied to all situations. (Am. Ill. Brief on Exceptions, pp. 32-33). Nevertheless, the Company can provide such comparisons in most circumstances. Ameritech Illinois' service representatives have available to them tools which can be used to develop a comparison between SimpliFive and basic rates, based on that customer's previous three months' billing data. (Am. Ill. Ex. 1.0, pp. 22-23). This comparison is provided "live" to the customer when the customer is talking to the service representative. In fact, most service representatives routinely provide this information to customers expressing interest in SimpliFive. (Am. Ill. Ex. 4.0, pp. 4-5).

5. Third, and most significant to this Application for Rehearing, the Order also requires the Company to offer customers this same billing comparison in a written document. It is this last requirement which is the subject of this Application for Rehearing. With this additional written bill comparison obligation, the overall impact of these new disclosure requirements becomes punitive, rather than merely remedial, which cannot be justified based on the record in this proceeding. Of equal concern, this requirement establishes customer information obligations for Ameritech Illinois, and Ameritech Illinois alone, which substantially exceed what any other carrier must meet; and which the Commission may not be able to extend to the rest of the industry, in the event that industry-wide standards are ultimately developed for Illinois carriers.¹

¹ As reflected in Commissioner Kretschmer's Concurring Opinion, this Order already raises policy concerns, because Ameritech Illinois is being held to marketing standards which are not being imposed on other Illinois carriers. The Company raised this issue on the record of this proceeding and in its Exceptions. (Am. Ill. Ex. 1.0, pp. 41-46; Am. Ill. Ex. 1.1, pp. 2-7; Am. Ill. Brief on Exceptions, pp. 3-4, 26-28).

6. It is undisputed on the record that Ameritech Illinois simply does not have the capability today to generate a written bill comparison. The calculator tool which the Company's service representatives use to provide oral bill comparisons to customers is an on-line tool, which is part of the service representatives' desk-top systems. (Am. Ill. Ex. 1.1, p. 11). This tool was not designed to generate a written document that could be sent to customers, and it does not interface with any downstream internal Ameritech Illinois systems that could produce a written document. It would require significant, systematic and costly changes to these systems to comply with this requirement. (Id.) Moreover, the written comparison would be cumulative of the oral comparison. Imposing such a costly and duplicative obligation on Ameritech Illinois -- and Ameritech Illinois alone -- is simply not warranted by the record in this proceeding.

7. Nothing in the record establishes a compelling customer need for this additional option. The Company is not aware of any customer demand for written bill comparisons, and no contrary evidence was supplied by any party. (Am. Ill. Ex. 1.1, pp. 11-12). Notably, the requirement for a written bill comparison was not even proposed by CUB, which filed the Complaint. It was proposed by Staff. Staff's desire to provide customers with more information is understandable, but disclosure requirements must be reasonable and practicable. Moreover, in the event that customers sign up for a calling plan and conclude that it was not the right decision once they receive their monthly bill, Ameritech Illinois will promptly put them back on basic rates and will adjust their billing retroactively. (Am. Ill. Ex. 1.0, p. 20; Am. Ill. Ex. 1.1, pp. 12-13). Under these circumstances, excessively burdensome "pre-sale" disclosure requirements are simply not warranted.

8. It is also undisputed in the record that Ameritech Illinois' current practice of providing customers with oral bill comparisons exceeds prevailing standards in the industry. The IXCs, for example, offer a vast array of alternative calling plan options to consumers. (Am. Ill. Ex. 1.0, p. 41-43). Even large, sophisticated companies like AT&T and MCI do not provide customers who inquire about calling plans with customized analyses based on those customers' individual calling patterns -- not even orally, much less in writing. (Am. Ill. Ex. 1.0, pp. 45-46). Thus, the fact that Ameritech Illinois is now obligated to always provide customers with an oral bill comparison before they subscribe to SimpliFive in and of itself creates obligations which are not shared by its competitors.

9. If imposing an oral bill comparison requirement on Ameritech Illinois already constitutes unequal treatment -- and it does -- then the written bill comparison requirement significantly compounds the problem. There is no evidence in the record that any carrier provides customers with this level of information in connection with their choice of calling plans. Moreover, given the IXCs' apparent inability to provide oral bill comparisons, it is even more unlikely that this written comparison requirement could be extended in an even-handed manner to the entire industry. (Am. Ill. Ex. 1.1, pp. 13).

10. As Ameritech Illinois pointed out in its Brief on Exceptions, the Commission cannot justify this requirement based on the fact that "written estimates are a customary commercial instrument" (Order, p. 49; Am. Ill. Brief on Exceptions, p. 34). The Company assumes that the Order is referring to the fact that consumers often obtain written estimates in

connection with transactions such as home remodeling or automobile repair. Whatever merit this statement may have in other contexts and in other industries, it simply does not apply to the telecommunications industry and certainly not in the context of comparisons between different calling plan options.² There is no contrary evidence in the record.

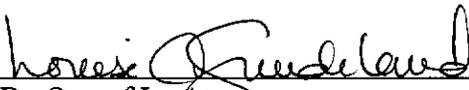
11. Because Ameritech Illinois cannot meet the written bill comparison requirement, the Commission's Order in this proceeding has placed the Company in a difficult position. Although SimpliFive is still a valid offering under Ameritech Illinois' tariffs, all marketing of SimpliFive was immediately suspended when the Commission's Order was released. Thus, SimpliFive is not being offered to customers in any "outbound" marketing contacts (i.e., customer contacts which are initiated by the Company) and customers contacting the Company on an "inbound" basis (i.e., customer contacts which are initiated by the customer) are being advised that SimpliFive cannot be offered to them at this time. The Commission Staff was notified informally of these steps at the time they were taken. In the event that the Commission concludes on rehearing that the written bill comparison requirement must be retained, the most appropriate course would be for Ameritech Illinois to revise its tariffs to "grandfather" this service. Once "grandfathered", existing SimpliFive customers may retain this calling plan, but it will not be available to new customers.

² In a footnote, the Order suggests that an on-line service called "A Bell Tolls" urges customers to obtain offers for telecommunications service in writing before signing up. (Order, p. 49, fn. 48). The "A Bell Tolls" statement is directed at on-line rate offers and, has nothing to do with individualized bill comparisons between alternative rate plans. "A Bell Tolls" is simply warning customers to get a written confirmation from the carrier to ensure that the service in question will be offered by that carrier at the rates being quoted and that the customer is aware of all relevant charges and conditions. The complete text associated with this recommendation is as follows: "A Bell Tolls™ is a directory service. No attempt is made to verify information on linked pages. A Bell Tolls recommends that consumers request, obtain and review online offers in writing before making any monetary commitment. Read the little letters at the bottom of each page; the import of the words is inversely proportional to their size". (Am. III. Ex. 1.0, Schedule 1, p. 4, emphasis added). No one in this proceeding suggested that Ameritech Illinois misquotes its prices or fails to provide service at the prices contained in its marketing materials. The same cannot be said for all toll providers.

WHEREFORE, in view of the foregoing, Ameritech Illinois requests that the Commission grant its Application for Rehearing in the captioned proceeding.

Respectfully submitted,

ILLINOIS BELL TELEPHONE COMPANY



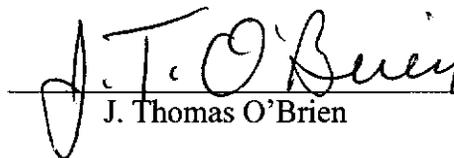
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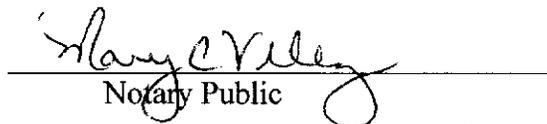
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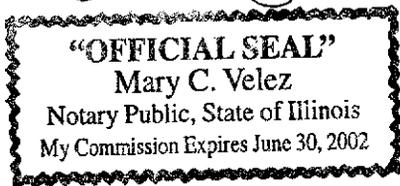
VERIFICATION

I, J. Thomas O'Brien, on oath, state that I am Executive Director – Regulatory Affairs for Ameritech Illinois, that I have reviewed the foregoing Application for Rehearing and that, to the best of my knowledge, information and belief, the statements contained therein are true and correct.


J. Thomas O'Brien

Subscribed and sworn to before
me this 20th day of February, 2001.


Notary Public



CERTIFICATE OF SERVICE

I, Louise A. Sunderland, an attorney, hereby certify that copies of the foregoing Application for Rehearing were served upon the parties electronically and by Federal Express on February 20, 2001 from Chicago, Illinois.


Louise A. Sunderland
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