



**House
Legislative
Analysis
Section**

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**Senate Bill 217 (Substitute H-2)
First Analysis (11-27-90)**

**Sponsor: Sen. John J.H. Schwarz
Senate Committee: Commerce & Technology
House Committee: Public Utilities**

THE APPARENT PROBLEM:

According to testimony before the House Committee on Public Utilities, people who make telephone calls from hotel rooms or hospital rooms are sometimes shocked when they receive the bill. Bills can be higher than anticipated if an institution uses an "alternative operator service," which functions as an intermediary to connect callers to the trunkline company. Some people object to this practice, consider the phone charges exorbitant, and argue that at the very least, customers should be notified that the calls they are making are going through an alternative operator and should be able to go straight to a trunkline company if they so choose.

THE CONTENT OF THE BILL:

The bill would amend Public Act 206 of 1913 to impose certain requirements on alternative operator service providers and, indirectly, on the entities that contract with them. The bill would not apply to specialized telecommunications in local, county, or state correctional or other confinement facilities, including juvenile and mental health facilities. The term "alternative operator service" would refer to an operator service that is separate from the operator service provided by the local exchange carrier and that is not offered at prices that are required by law to be approved and on file with the Public Service Commission. Under the bill, alternative operator service providers would have to:

- Furnish those who contract with them a sticker, card, or other form of information for each telephone with access to the operator service and intended for use by the public. The entity using the service would be required, by the terms of its contract with the AOS provider, to display the information on or near each phone with access to the service. The information would include the name of the AOS provider, a toll-free customer service telephone number, and a statement that the charges imposed by the AOS and additional information could be obtained by using the toll-free number.
- Announce, prior to the connection of each call, the provider's name and quote, at the request of the caller and without charge, the rate and any other fees or surcharges applicable to the call.
- Allow a caller to the service to choose the carrier of his or her choice. This could be done by instructing the caller how to reach his or her carrier of choice by dialing the carrier's 950, 1-800, or 10-XXX access method, or by transferring the caller to the carrier without charge after informing the caller that the rates for the call might not reflect the rates for a call from the location of the caller and receiving the caller's consent.
- Allow callers to reach emergency services without charge.

A person who was charged for the use of an AOS service or who was denied access to emergency services in violation of the bill could bring an action to recover actual damages or \$250, whichever is greater, along with reasonable attorney fees.

MCL 484.101 et al.

HOUSE COMMITTEE ACTION:

In its Senate-passed form, the bill required an alternative operator service provider to notify each customer prior to the use of the service of all charges imposed for the service. The House substitute adopted by the Public Utilities Committee requires that the information provided to customers inform them that charges can be obtained by calling a toll-free number and requires that the rate and other charges for the call be quoted to the customer at the customer's request.

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

The bill simply aims to protect consumers of telephone services by informing them when they are making a call through an alternative operator service and by giving the caller the right to go straight to the trunkline carrier when that is desired.

Against:

A spokesman for one AOS provider has said that the bill's provisions should apply to others in the telecommunications field, such as MCI, Sprint, AT&T, and Michigan Bell, rather than to only the so-called unregulated telephone service providers.

POSITIONS:

ITI, an alternative operator service provider involved in discussions over this bill, is not opposed to the bill in its current form. (11-8-90)