

# Prepaid Calling Cards in Alaska

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# Summary

- Overview of Alaska prepaid card policies
- Past consumer complaint dockets regarding prepaid cards in Alaska
- Information on jurisdictional issues

# Alaska Requirements

- The Alaska Commission holds statutory authority to fully regulate prepaid calling cards
- In practice, regulation is limited:
  - prepaid cards considered competitive
  - no tariff requirement
  - regulations mainly require disclosure at the point of sale

# What must be disclosed?

- Posted at the point of sale:
  - the name of the provider of service,
  - the rate, term, condition, and limitation of service,
    - sufficient information for the customer to determine the maximum rate per minute,
    - the card's total number of billing units (e.g., minutes) and rate per unit,
    - a list of the surcharges,
  - the expiration & recharge policy,
  - a toll-free customer service number,
  - policy for rounding billing increments.

3 AAC 53.377(d)

# What must be on the card?

- Printed on the card or card packaging:
  - generally the same information as must be posted at the point of sale,
  - the 800 access telephone number
  - the personal identification number (PIN)

# Enforcement

- Full refund or replacement of a card may occur if:
  - the card does not work as represented,
  - if the disclosure requirements were not met,
  - required by the Commission for good cause
- Open an investigation and take action as appropriate.

3 AAC 52.377(e)

# Higher Restrictions at Times Apply

- Stronger rules apply to prepaid calling card services sold to inmates
  - inmate services are tariffed
- Stronger rules apply if cards are not generally available to the public
  - unless cards are provided at no charge

# Key Alaska Issues

- Prevent discrimination against Alaskan consumers
  - ability to purchase cards
  - higher rates
  - terms of service, such as limitations on recharge practices
- Disclosure rules must be followed
  - No “bait and switch”
- Payment of state access charges

# RCA Docket U-06-117

- Involved MCI Communications Services d/b/a Verizon Business Services
  - MCI VBS proposed a rate increase to 35 cents per minute for intrastate Alaska prepaid card calls effective November 1, 2006
  - Cards were sold offering “less than 2.9¢ per minute” and similar rates
  - Numerous Consumer complaints

# RCA Docket U-06-117

- The Alaska Commission Action:
  - MCI VSB was ordered not to implement the rate increase pending investigation
  - MCI VSB ultimately withdrew the proposed rate increase
  - Docket was closed

# RCA Docket U-07-22

- Involved IDT America Corp (2007):
  - Numerous consumer complaints of being charged a higher rate than promised at point of sale
  - Temporary 15¢ per minute rate increase for only Alaska customers
  - IDT America stated plan to increase rates for all prepaid card calls originating in Alaska

# RCA Docket U-07-22

- IDT America response to Commission order:
  - The temporary rate increase was a programming error, which was corrected in 24 hours
  - IDT America stated it no longer planned to implement a long term rate increase
  - While IDT America cards bore stickers showing the rate increase, no increase would be charged.

# RCA Docket U-07-22

- Alaska Commission action:
  - Accepted IDT America's explanation
  - Directed that cards sold in Alaska show the correct rate (in 30 days)
  - Alternatively IDT America could post signs at the point of sale indicating the correct rate
  - Docket U-07-22 was closed

# WC Docket No. 07-167

- MCI Communications Services, Inc.  
FCC Section 63.71 Application (7/25/07):
  - Proposal to prevent Alaska recharge of MCI Prepaid Phone Cards purchased from Costco stores, affecting:
    - People using a credit card with an Alaska billing address
    - People calling to recharge their cards from an Alaska telephone number
    - Proposal was to begin 9/4/07.

# WC Docket No. 07-167

- Alaska Commission opposed the MCI application on 8/9/07
  - While review was pending, Alaska Commission received consumer complaints of long, MCI recorded message played to card users and stating that the recharge restriction existed, even though the restriction was not in effect
- FCC never granted approval
- Ultimately MCI withdrew its application on 3/13/08

# FCC: WC Docket No. 03-133

- Involved AT&T Corp.
- Were prepaid card services “interstate” or “enhanced” services by virtue of an advertisement during call set-up?
  - Affected state jurisdiction
  - Affected state access charges
    - 88M Alaska prepaid minutes in 2003 for one carrier
  - AT&T contended “enhanced” cards were not subject to federal universal service assessment

# WC Docket No. 03-113

- FCC Finding (2/23/05):
  - Hearing an advertisement during call set-up does not make a calling card service an “information” or “enhanced” service
  - The AT&T was offering a telecommunications service
  - States may assess access charges on prepaid calls
  - AT&T unlawfully avoided paying millions of dollars of universal service contributions and other fees related to long distance calling cards
  - AT&T owed for retroactive USF contribution (upheld by US Court of Appeals for the DC Circuit)
  - A new rulemaking docket was opened to consider status of a variety of prepaid card services (WC Docket No. 05-68)

2/23/05 FCC News release;  
2/23/05 Order and NPRM FCC 05-41

# WC Docket No. 05-68

- FCC Declaratory Ruling & Report & Order (6/30/06):
  - “[A]ll prepaid calling card providers will now be treated as telecommunications service providers”. (Order at 10)
    - Includes menu-driven prepaid calling cards
    - Includes prepaid cards that use IP transport to deliver all or a portion of the call
  - Those providing new or different card types may seek declaratory ruling or waiver if they believe their service should be an information service
  - Providers are obliged to pay USF on interstate revenues
  - Set interim reporting requirements

6/30/06 Declaratory Ruling & Report and Order FCC 06-79

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