



CITY OF CAMBRIDGE

INTEROFFICE CORRESPONDENCE

To City Manager James L. Sullivan

Date March 4, 1980

From Charles A. Watson, Legislative Agent

Reference Letter-2/12/80
Cty Clk/Cty Mgr.- Para 2

Subject Public Hearing, March 3, 1980, by the Department of Public Utilities on Petition of New England Telephone and Telegraph Company relative to repeal certain rules and practices relating to residential customers at Gardiner Auditorium.

This hearing was the first of four public hearings to be held by the Department of Public Utilities of the Commonwealth on a petition of the New England Telephone and Telegraph Company to repeal and amend certain rules and practices relating to residential customers concerning unpaid telephone billing accounts issued in December 1977. The hearing was called to determine the consensus of the public's views and reactions to the company's requests and changes. The hearing is a segment of an adjudicatory proceeding to establish the evidentiary value of the company's burden of proof for the need and reasonableness of the proposed changes relating to the rules concerning unpaid and uncollectable customer's telephone accounts. The Department has numbered this case file D.P.U. 18448-II.

The hearing as per the notice was to be at 7:00 PM in the Gardner Auditorium. At 6:55 there were twenty people in all in the auditorium, and at 7:00 PM the number had increased to twenty-five; at 7:12, there were thirty-three present, the highest number of the hearing. Of the thirty-three people present including myself, twenty-four were men and nine were women. The hearing did not start until 7:30 because a radio news cast had stated that was the time.

The Department's staff who sat on the dais and presided over the hearing were six in number, Doris Pote, the Department's chairperson, Commissioners George Sprague and John Bonsall, Secretary to the Commission, Christopher Rich, the hearing's officer, Richard Gallant, and Counsel to the Commission, William Cloran. There were two other employees of the DPU as well as a stenotypist sitting below the raised platform of the commission and staff. There were three lawyers as counsel for the telephone company and four other employees of the company in the hall. There were three men with walkie-talkies, hand portable radio transceivers. There were six people from the media (five of a television crew and one news photographer). There was one maintenance man for the sound system and lights, and one telephone company employee for the operation of a slide and opaque projector.

An employee of the telephone company gave a presentation of the company's position by way of a slide projection of type-written figures and statements. The first slide opened with a question and answer. "Q. Why consider a Change? Ans. Bad Debts have quadrupled." The presentation continued.

It was the company's position that bad debts (unpaid bills) went as follows: In 1977 - \$4,000,000; in 1978 - \$8,000,000; and in 1979 - \$16,000,000. In the company's billings for every \$100 billed in 1977 - 60¢ was unpaid; in 1978 - \$1.12 was unpaid; and in 1979 - \$2.13 was unpaid.

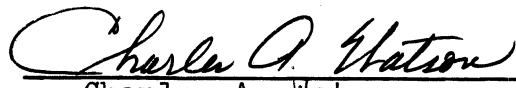
Study and analysis by the company disclosed that unpaid bills were a considerable part of the new customer accounts. Twenty-two and one half per cent of all new customers defaulted the company at an average of \$196.00 a customer and a six point three per cent of new customers owed unpaid accumulated bills of \$284.00 per customer. There are annually 340,000 new customers; 76,000 of whom default on their accounts and 21,000 of whom pay the company nothing.

The company wanted changes for security deposits and credit evaluations in four categories of customers in the new classification of new customers relating to usage and toll charges. The company also wanted a stepped up billing procedure for these new customers and a stepped termination of service for defaulting customers. New customers constitute 12% of the total number of customers whom the proposed new rules and regulations would affect.

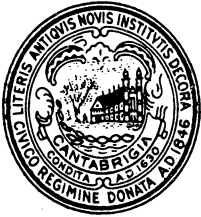
The company's presentation was over in about twenty-one minutes. At the conclusion thereof, an assistant attorney-general appearing as intervenor stated that at that time the attorney-general's office could not make a definitive position and hoped that access to the telephone system be not unreasonably limited.

No public official appeared to express an opinion and no member of the public appeared to voice his view.

The hearing thus ended and the chairperson announced that there would be a pre-hearing conference at the commission on March 12th.


Charles A. Watson
Legislative Agent

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CITY OF CAMBRIDGE

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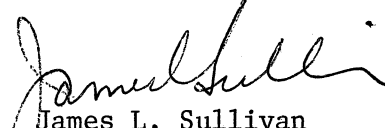
EXECUTIVE DEPARTMENT
JAMES L. SULLIVAN
City Manager

March 10, 1980

To the Honorable, the City Council:

I transmit herewith a communication from Charles A. Watson, Legislative Agent of the Law Department, relative to a Public Hearing, March 3, 1980, by the Department of Public Utilities on petition of the New England Telephone and Telegraph Company.

Very truly yours,


James L. Sullivan
City Manager

JLS/mbf
Enc.

Agenda #10

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Report from the Legislative Agent re:
public hearing on March 3, 1980 by the Dept.
of Public Utilities on petition of the
New England Telephone and Telegraph Co.

In City Council,
March 10, 1980

3/10/1980

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