

Keep An Eye On Bell's ISAL Tariff

The Bell System's Information System Access Line (ISAL) tariff is familiar to only a few and understood by less. Now in hearings before the Illinois Commerce Commission, the tariff, say its opponents, is the most significant issue facing the information industry.

In a small, often cramped hearing room, the Illinois Commerce Commission is conducting hearings in Chicago, the consequences of which could extend far beyond the bounds of Illinois.

At issue is a new tariff filed by Illinois Bell Telephone which applies to what the Bell System describes as Information System Access Lines (ISAL).

The ISAL concept has been floating around the Bell System for several years, but it is only recently that Bell has moved to apply the tariff, and it appears that Illinois is where the utility has decided to stand and face its opposition.

The opposition, which consists primarily of the Information Services Div. of General Electric, Com-Share, an Ann Arbor, Mich. time sharing concern, and the Assn. of Data Processing Service Organizations (ADAPSO), warns that if the ISAL tariff "wins" in Illinois, the Bell System will have created a foundation for applying a tariff in other states that will have serious economic impact on the use of telephone lines in time sharing as well as other broadly related uses of the telephone system.

Commented one attorney for GE privately, "If Bell succeeds here, it's only the beginning."

The ISAL tariff that Bell has filed in Illinois places a rate of from 100 to 650 percent above the present charge (the average increase is 350 percent) on telephone lines that terminate in an automated information system; an automated information system could be a computer or something else. Exactly what else falls into this category is something that attorneys for GE and ADAPSO have been trying to determine during the Illinois hearings.

Presently in Illinois, telephone lines that Bell would like to reclassify as ISAL falls into the category of main

business service, which now produces an average monthly revenue from 70 customers surveyed (using a total of 994 lines) of \$5.78 per month per customer line, according to Bell. The rates for ISAL now range from \$4 to \$15 a month per line.

The ISAL tariff proposed by Bell would apply a flat rate of \$30 per month per line on direct exchange lines used as ISAL; \$20 per month on PBX (Private Branch Exchange) access lines and \$20 or \$30 per month per line, depending on the type of service on Centrex access lines.

The direct access line, according to L.R. Stang, general rate supervisor for Illinois Bell, is the most commonly used for computer time sharing in the Chicago metropolitan area. PBX applies when the switchboard and acoustical equipment are located on the customer's premises, i.e., where an incoming call is switched by the customer's own switchboard operator to an extension. Centrex service usually involves large users to whom the telephone company has supplied switching equipment so outside calls can be dialed direct to a particular phone on the customer's premises.

However, as far as GE and others who are actively involved in fighting the ISAL tariff are concerned, the new and significantly higher rate is only the tip of the iceberg.

Chief attorney for GE's Information Services Div., John Lansdale, told the commission in an initial hearing session, the ISAL tariff is "a unique tariff in the sense that it creates a new class of service."

By placing a classification on business lines used to access automated devices, opponents suggest that Bell will in the future be able to further increase rates and expand them to cover considerably more than just computers. "This is not a revenue

case," Lansdale recently testified before the commission, "but a discrimination case."

Besides creating a new class of service, he said, "it attempts to impose the charge on the recipient of the call as distinguished from the originator of the call. This, in effect, produces a double charge every time someone calls a computer; the ISAL tariff on the recipient and regular charge on the caller's phone."

Lansdale has also charged that the new tariff is a Bell system program involving all the associated Bell companies acting together, and that it is an attempt on the part of the Bell system to participate indirectly in the data communications business by placing an excessive charge on ISAL.

Illinois Bell, however, views it differently. Donald W. Morrison, who is representing Illinois Bell in Chicago, says, "It is a revenue case to the extent that the phone company is convinced that a new category of service has already been brought into existence by the data operators." It is a type of service, says Bell, that puts greater demand on the phone system.

Moreover, says Bell, "We are merely at the beginning of this development and unless a new service is instituted now that recognizes this and will be reflected in revenues to Bell... a situation will soon develop in which other rate payers are subsidizing time sharing operations."

Bell contends that Information System Access Lines are an abnormal use of phone lines and that the existing tariff structure is out of line.

Stang told the commission during a recent hearing that Bell studies show that the average call in Chicago lasts about five minutes, however a call placed to an automated information system is held much longer.

The question before the Illinois Commerce Commission is: do ISALs

indeed constitute abnormal use and does it place an inordinate burden on the telephone system?

The burden of proof is on Illinois Bell, and the opposition undoubtedly will endeavor to show that Bell's exhibits do not prove an excessive burden on the phone system.

Another aspect of the ISAL tariff that has emerged as the hearings progress is its general nature. In fact, according to John Duffendack, chairman of ADAPSO's data communications committee, a manager of communications at Com-Share and an active participant in fighting the ISAL tariff for some time, the tariff's opposition has been trying to determine just what it applies to and what it doesn't apply to.

In cross examination, Bell's rate supervisor, in describing just what Bell means by an automated information system, said that the ISAL rate would apply, for example, to language labs, where a person calls a special number to get a prerecorded language lesson or lecture. It would also apply to lines used to call dictation recording machines, where the person calling dictates a message into a machine.

At the same time, however, it doesn't apply to an airline which has an automated device on incoming lines that switches the caller to a recorded message telling him to "please wait, all the phone lines are presently busy." It will also not apply in instances where automatic answering services are attached to a telephone permitting the caller to leave a message.

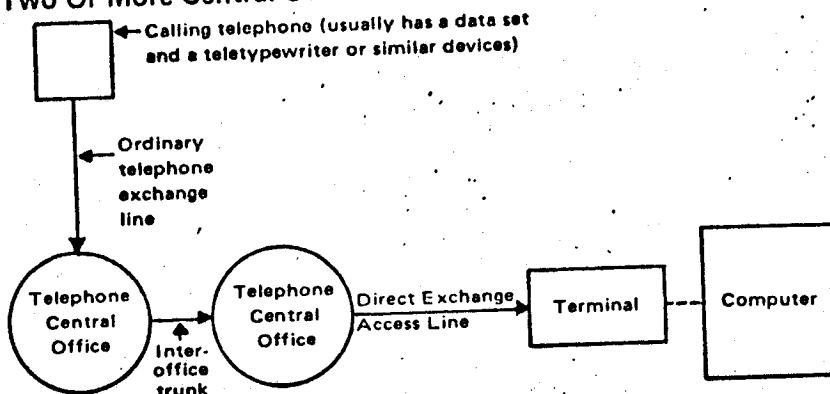
In regard to the airline example, Bell said that it is looking into the possibility of setting up a new classification for this type of use.

Adding to the murky nature of Illinois Bell's ISAL tariff is the fact that according to Bell it applies when only two or more telephone lines access an automated information device. If only one line is involved it falls under the normal business rate.

This new definition of what ISAL applies to wasn't initially included in the rate filed with the commission. It was revealed during the cross examination of Illinois Bell's rate supervisor, who said the one-and-two line requirement was brought to his attention

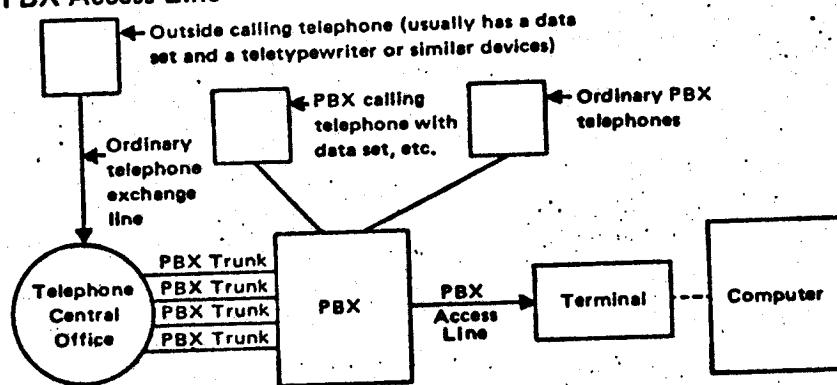
Types of Information System Access Lines

Two Or More Central Offices



In the system above, the call from the outside phone (a time sharing user, for example) goes through two telephone central offices en route to the time sharing supplier's computer. However, the system is not limited to the time sharing concept; devices other than a computer and terminals would fit into the system and come under the tariff proposed by Illinois Bell. Most users are on this system or one with a single telephone central office.

PBX Access Line



With the PBX access system, an outside call goes through a telephone central office then into the private business exchange on the receiving business' premises; from there it is routed into the computer or other device. Access can be restricted to other stations linked to the PBX or unrestricted; in the latter case, outside telephones can be connected to the computer through the PBX. A fourth information system access arrangement resembles the above but has Centrex switching added. Centrex allows automatic routing of outside calls to any one of a multitude of phones on the receiver's premises.

Bell's chief engineer, E.F. Bell, during another commission session, suggested that fundamentally there was no difference whether two or more lines or just one line accessed the automated information device.

The reason for the arbitrary definition of who and what falls under the classification of ISAL is not entirely clear, but some have suggested that it is designed to keep larger organizations such as the airlines out of the negotiations. It also attests to the scope of the

Illinois' ISAL tariff was initially filed as part of an overall telephone rate package, but was withdrawn, apparently to expedite negotiations for the rest of the package, and separately refiled.

Though Illinois now appears to be the test case for the rest of the country, it is not the first place where the tariff has been filed.

One of the more recent and publicized filings was in Ohio. The rate in that case also was part of a larger

The ISAL Tariff

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package. It was dropped from the package, however, when Ohio Bell discovered there would be more than passing opposition to the tariff. There have been reports that Ohio Bell plans to refile the ISAL tariff sometime this year; however, a spokesman at Ohio Bell told BUSINESS AUTOMATION that there are presently no plans to refile the ISAL tariff.

The ISAL rates were also filed and withdrawn in Florida and Georgia. They have reportedly been filed in several sparsely populated states where there is no opposition and in Texas where every major city has its own utility commission, making organized opposition impossible.

Negotiation meetings were recently held in New York with AT&T and representatives of GE, ADAPSO, Com-Share and RAK Assocs., a Cleveland, Ohio consulting firm which has been actively researching and negotiating the tariff in Ohio and in other areas.

The meetings with AT&T were broken off because the common carrier apparently was not prepared to fully negotiate the tariff, perhaps instead, waiting to see what happens in Illinois. The Illinois hearings are, for the first time, giving AT&T a long, close look at the opposition expertise and strategy. According to one report, a copy of each day's hearing transcript is flown directly to AT&T headquarters in New York City.

Also very interested in what is going on at the Illinois Commerce Commission is International Business Machines Corp. Though both IBM and its subsidiary, Service Bureau Corp., which has time sharing services in Illinois, officially says "IBM is not participating in the hearing, therefore cannot comment," IBM officials privately concede that the company is very interested in the hearings. Indeed, most sessions are attended by an IBM observer.

Despite the apparent broad implications of the ISAL tariff, says John Duffendack, very few people understand the tariff, nor do they realize that it may not just affect computer time sharing. The effects of the proposed ISAL classification will hit retailing, banking—almost anyone who

uses standard phone lines to access some sort of automated information device.

Duffendack said that so far, attempts to get such organizations as the National Retail Merchants Assn. actively involved in negotiating ISAL have been unsuccessful.

Attorneys for both sides are presently looking to July for completion of the hearings. Bell's counsel commented that "they will go on so long as attorneys and witnesses hold out."

However, the hearings could be broken off at any time. Bell could decide, if things start to go badly, to withdraw the tariff in Illinois and file again in another state, having gotten a look at the opposition strategy. This could become expensive and time consuming for the opponents.