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DIRECTORY ASSISTANCE SERVICE DECLINING; FINDING NUMBERS IS EXERCISE IN FRUSTRATION

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NEWHOUSE NEWS SERVICE*

During a busy workday, Atlanta public relations executive David Mould drew a blank while trying to dial the long-familiar phone number of his in-laws' home in Florida, where his wife and children were visiting.

No problem, he thought. Just punch up directory assistance for Fort Myers.

Problem, the operator told him. Nobody by that name is listed in Fort Myers.

Mould pressed her, knowing his in-laws hadn't moved and hadn't changed their number in more than two decades.

The operator insisted otherwise. An argument ensued. Mould demanded to speak to her supervisor.

After a pause that seemed longer because of Mould's frustration, a supervisor came on the line, quickly found the listing and gave him the number.

"He got it right away," said Mould, still irked by the experience. "His employee wanted to fight me about it, though."

Across America, people are complaining that directory assistance service for both local and long-distance numbers is declining even as its cost is on the rise.

Rude or clueless operators work hundreds of miles from the area codes they service. Lousy databases don't include many listings. The necessity of repeated dial-ups before a correct number is unearthed seems to be par for the course these days.

At the same time, long-distance carriers like AT&T Corp. and MCI Worldcom Inc., along with an increasing number of the regional Baby Bells, are offering pricier new nationwide directory assistance service and promising to rescue customers from this nightmare. And of course, there is the Internet, with Web "portals" like Netscape and Yahoo offering national and international phone directory service and dedicated sites like Switchboard and Bigfoot that specialize in the most up-to-date phone numbers.

But for those accustomed to dialing 411 for information, or 555-1212 in a distant area code, a familiar service has become a source of frustration.

1-900-deregulation

There is an increasingly well-known culprit: deregulation of the

telecommunications industry, starting with the breakup of AT&T and continuing with the landmark federal Telecommunications Act of 1996. In other words, the reason your monthly phone bill is virtually indecipherable is the same reason you can't get a right number from a directory assistance operator and are paying significantly more money for the privilege.

"It is a confusing and unfriendly world out there for consumers trying to make phone calls the way they've always done," said Martin Cohen, executive director of the Citizens' Utility Board, a Chicago-based utility watchdog.

That's the short explanation. On a deeper level, several factors are coming into play, said telecommunications experts, consumer watchdogs and academicians. For one: As deregulation and competition reshaped the industry in the mid-1980s, phone companies could no longer subsidize the expense of directory assistance with higher rates for other services out of fear that they would be undercut by a competitor, said Mark Jamison, director of telecommunications studies at the **Public Utilities Research Center** of the University of Florida.

This meant that more and more, directory assistance service had to pay its own way. Phone companies cut the number of operators, consolidated and automated their service, began relying on national phone number databases compiled by outside suppliers and started charging higher rates for each call while offering fewer free calls with basic monthly service.

"There's a competitive pressure to make phone companies more efficient," Jamison said. "There's a learning curve here: How can you cut costs and still provide a service? These companies are monopolies and are trying to learn how to be competitive."

Dial '0' for operator

In 1984, the dawn of the court-ordered AT&T breakup, there were 114,000 telephone operators nationwide, according to the Communications Workers of America. Now there are fewer than 40,000. Gone are the days when a local operator actually knows the town where a customer is trying to locate a number - most times, the customer is connecting to automated service derived from one of several national databanks of phone numbers. And when a live body does step in, chances are the operator is under a strict quota system requiring that he or she field so many calls per hour.

"It's a serious problem," said Candice Johnson, a spokeswoman for the communications workers union. "Customers still want that human touch, but companies are trying to deliver it on a low-cost, high-turnover basis. We don't want to stop technology, but customers look for this service."

The drive to cut costs and consolidate service has resulted in an information gap, particularly for long-distance directory assistance, Federal Communications Commission staff members said. Local phone companies, particularly the so-called Baby Bells created in the AT&T breakup, have the most up-to-date listings and are required by law to share them with other carriers.

But there is no requirement that the other carriers use them and provide their own directory assistance service, the regulators said. Long-distance carriers, along with Internet services and business-focused local service providers, often rely on third-party companies that specialize in compiling phone number databanks - and the quality of these listings varies.

Another factor: As deregulation matured and accelerated under the Telecommunications Act, phone companies started going after the most lucrative

customers with premium programs that bundle a variety of services, including cell phone air time, data lines and basic voice lines. Business customers are a particular target.

Pay more, less service

Directory assistance is often thrown into this package as a free or deeply discounted sweetener. To spread the cost of these incentives, phone companies try to charge more for their basic residential services, including traditional directory assistance, Jamison said.

Local phone companies, particularly Baby Bells like US West Inc. or Pacific Bell Inc., said they are now offering competitively priced directory assistance service with a high degree of accuracy.

"We offer a better product based on price and accuracy," said David Fish, a spokesman for US West.

Watchdogs and academics disagree. They said customers nationwide are paying more for lesser service.

While deregulation has brought competition to the long-distance and business markets, the residential telephone market has remained stubbornly uncompetitive, for a variety of technical, economic and legal reasons. The primary hurdle is the massive expense of duplicating the Baby Bells' existing system for bringing phone service into a person's home, the so-called "last mile," and the legal and technical difficulty of opening up this system to competitors.

As the business focus of phone companies has shifted toward such lucrative services as data lines and cell phones, so-called "vanilla" services like basic residential phone lines and directory assistance have become less attractive. These services are still regulated by state utility boards and their profit margins are thin. Watchdogs and academics said this vestige of regulation heightens the phone companies' economic desire to emphasize higher-end and relatively unregulated services.

"Plain old telephone service for residential customers still doesn't have ubiquitous competition," Cohen said. "So far, consumers are seeing the worst of both worlds - a largely deregulated but still largely intact monopoly."

Assistance rates increase

In California, the state utility board recently granted Pacific Bell a huge jump in directory assistance rates - from 25 cents a call to 46 cents. Regulators also allowed Pacific Bell to chop the number of free calls from five to three.

Since California residential customers average 10 directory assistance calls a month, this will result in an increase of about \$2 on monthly bills, said Paul Stein, an attorney with the Utility Reform Network, a San Francisco-based watchdog group. The rate increase will bring the phone company about \$100 million in additional revenue, Stein said, and is well above the actual 33-cent cost of answering each customer's directory assistance request.

More disturbing to opponents of the hike is its impact on lower-income consumers who can't afford the fancier and more expensive national directory assistance services offered by AT&T and other companies at just under \$1 a call and don't have access to burgeoning Internet listing services like those at www.switchboard.com or www.bigfoot.com.

"It's a degradation of a regulated service," Stein said. "It's clear the phone companies want to migrate customers to much more expensive services and most customers don't want that. Most customers want affordable service, an

affordable way to get phone numbers. They don't want to pay 99 cents. And the reality is that only a small number of customers have Internet access. It's not an alternative to dialing 411."

For Kathy Posner, a Chicago political consultant who relies on several cell phones, pagers and car phones to get her through a business day, the decline of local directory assistance has forced increasing reliance on the Internet to get the phone numbers she needs.

But since Posner conducts much of her business in the car or away from her office computer, Internet access often isn't an option, forcing her to track down numbers the old-fashioned way. On one recent occasion, it took her three calls to get the number for the office of the state treasurer of Illinois, a common governmental listing.

"It just shows how they have no clue what they're doing," Posner said. "You can't really rely on it at all anymore."

GRAPHIC: David Mould found frustration when he tried to get his in-laws' phone number through long-distance information. NEWHOUSE NEWS SERVICE PHOTO

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