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CCAP [Climate Change Action Plan] - New Program Options

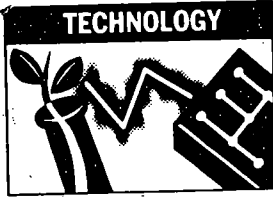
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MICHAEL SCHRAGE

Telecommuting Tariffs Needed To Promote Working From Home

How about a public policy initiative that could simultaneously cut traffic congestion, reduce air pollution and accelerate technological innovation—all without costing taxpayers an extra penny?

Too good to be true? No, just too obvious to be



ignored. With but a smidgen of creativity, the Baby Bells and state public utilities commissions could offer telecommunications tariffs that make it simpler and easier for

local business to invest some energy and thought in telecommuting.

People need incentives to spend less time rushing on the freeways and beltways and more time navigating its information highways. You don't do that just by appealing to their corporate conscience. You do it by appealing to their bottom line.

Much as the old Bell System's adoption of "off-peak pricing" sparked a multibillion-dollar explosion of demand for long-distance calling during the 1970s, the adoption of industry-targeted tariffs—in other words, special discounts—could prompt a similar explosion in telecommuting.

Market forces—not tax credits and government mandates—are the surest way to encourage the growth of clean, green and cost-effective telecommuting. If lower prices could stimulate millions of consumers to make long-distance calls to friends and family after 11 p.m., why wouldn't discount tariffs prove equally compelling for businesses to turn their employees into telecommuters one or two days a week?

"This is a sound policy idea," pronounces Columbia University professor Eli Noam, who served on New York State's public utility commission and remains active in state regulatory issues. "Not only are the environmental benefits obvious, [telecommuting tariffs] offer the local telephone companies and utility commissions an opportunity to give both business and consumers more choices at practically no cost."

Properly crafted, telecommuting tariffs could even boost Baby Bell profitability. "My sense is that it would stimulate use of the residential part of the network, which at present is underutilized, and help balance total network efficiency," said Noam.

Technically and economically, telephone companies and the utility commissions have nothing to lose by testing telecommuting tariffs.

So why shouldn't companies willing to have their employees telecommute from home one or two days a week enjoy cheaper telecommunications? Why wouldn't a savvy Baby Bell—worried about future competition—offer special rates and services to help network businesses with their employees at home? Why don't the environmental authorities aggressively encourage the telecommunications authorities to consider the telecommuting option?

teleconferencing, voice-over-data computer conferencing and fax communications will inevitably rise. Rush-hour congestion and automobile pollution would inevitably decline. It's at least as cost-effective as a car-pool lane on the freeway.

"The reason I like the idea is that it gives more people access to the telecommunications network in an environmentally responsible fashion," says telecommuting advocate Charles Grantham, executive director of the Oakland, Calif.-based Institute for the Study of Distributed Work. Unfortunately, he observes, "it's difficult for people in a regulated industry like telecommunications to think about their potential impact on environment."

For example, while California's South Coast Air Quality Management District has played a role setting up a few experimental "telecommuting centers" in Southern California, there has been no coordinated effort between the AQMD, the Environmental Protection Agency, the California Department of Transportation or the U.S. Department of Transportation to work with PacBell or the California Public Utilities Commission to explore the possible impact of telecommuting tariffs. The agencies have spent more time examining the role of regulation than the potential of price.

While PacBell telecommuting consultant Carol L. Nolan notes that the company did informally explore special tariffs with the public utilities commission back in 1987, nothing happened and the issue died. Today, PacBell officially markets no fewer than four telecommuting packages for business, but Nolan concedes that none provides any special discounts for users.

But Nolan insists that PacBell is now studying the possible effects of a telecommuting tariff. "The political environment today is correct," she says. "All the ducks are lining up in their rows."

Much of the inertia is due to a bureaucratic belief that price really isn't the issue in telecommuting; organizational issues like letting people work at home are seen as the real obstacles to adoption. "There's a feeling that financial incentives aren't necessary here," says Nolan. "Frankly, I think [telecommuting tariffs] would have a very small impact."

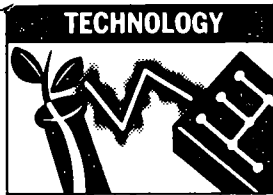
That argument is a red herring. If a small, entrepreneurial software company can hire more people while holding its telecommunications bill flat, you think that's not going to affect its view of telecommuting? If an insurance company can save \$2 million a year by getting half its 5,000 white-collar workers to telecommute one day a week, will top management simply ignore it? Will their shareholders let them? Don't forget that telecommuting also can ease the costs and burdens of traffic jams and pollution.

Of course, organizational issues matter. But so does price. States won't know—and can't know—what kind of impact telecommuting tariffs will have until they're offered. The Baby Bells and our regulators need to make up for our lost time; it's time to experiment with telecommuting tariffs.

Telecommuting Tariffs Needed To Promote Working From Home

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The economics are simple: Cut the costs and home

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