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RECORDS AND REPORTING

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NANCY B. WHITE
General Counsel-Florida

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(305) 347-5558

December 2, 1998

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Undocketed – Proposed Amendments to Rule 25-4.110, F.A.C.,
Customer Billing for Local Exchange Telecommunications Companies
("Cramming")**

Dear Mrs. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications Inc.'s Comments, which we ask that you file in the captioned matter.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me.

K _____
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NBW/vf
Enclosures

cc: A. M. Lombardo
William J. Ellenberg II

Sincerely,

Nancy B. White
Nancy B. White (NW)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed Amendments to Rule 25-4.110,) Undocketed
F.A.C., Customer Billing for Local Exchange)
Telecommunications Companies)
_____) Filed: December 2, 1998

BELLSOUTH TELECOMMUNICATIONS, INC.'s COMMENTS

BellSouth Telecommunications, Inc. ("BellSouth"), pursuant to the workshop held in the above captioned matter on November 9, 1998, hereby submits its Comments thereon.

The Florida Public Service Commission (the "Commission") has proposed amendments to Rule 25-4.110, Florida Administrative Code, Customer Billing for Local Exchange Telecommunications Companies. The single most important objective of these proposed amendments is to eliminate "cramming", the practice of adding charges to the telephone bill for products or services that the customer did not knowingly authorize. Although it is estimated that cramming impacts less than .3% of bills per month, it has become a significant consumer problem. BellSouth continues to believe that a combined telecommunications bill is of substantial value to our customers and is therefore committed to making that billing as accurate as possible.

While unauthorized charges can potentially be submitted by any company providing telecommunications service, the Commission has direct authority over the companies that offer local service in the state of Florida. Moreover, the vast preponderance of unauthorized charges originate with third party billers that submit their billing via an open billing platform maintained by the local exchange

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carriers. Access to the billing platform is controlled via interstate contract and intrastate tariffs, and is purchased directly from the LEC by the service provider or through billing aggregators who purchase billing from the LEC and resell the service to the service providers.

I. BellSouth's Actions

BellSouth has instituted a number of practices designed to curb "cramming".

These include:

- Displaying other company charges on separate pages, including a toll free contact number for inquiries about the charges;
- Billing intrastate charges only for carriers certificated by the Commission;
- Billing for telecommunications and information services only;
- Stringent review criteria for new programs;
- Refusing to bill services accessed via 800/888 numbers;
- Discontinuing billing for programs that use sweepstakes or "check box" methods to sign up customers;
- Discontinuing billing for optional 900 service plans (plans that have monthly service charges associated with 900 billing); and
- Monitoring billing adjustment levels by service provider (high adjustment levels may indicate problems with billing quality).

BellSouth has initiated very strong action with the service providers, issuing a billing quality contract addendum (a copy of which is attached as Exhibit A) that includes the following provisions:

- Contract termination for repeated billing of unapproved programs;

- More stringent requirements for consumer authorization of billing;
- Contract termination for repeated billing of unauthorized charges;
- Immediate adjustment of billing identified by the end user as cramming;
- Targets for billing adjustment levels (contract termination associated with ongoing excessive levels of problematic billing); and
- Charges associated with escalated complaints.

This addendum is being added to every existing contract where BellSouth has a right to do so. All new or renewed contracts will also include these provisions. BellSouth expects to have these provisions in about 85% of the billing and collection contracts by the end of February, 1999.

BellSouth is also pursuing mechanized service enhancements to give BellSouth higher levels of control over third party billing. These enhancements include:

- Table driven text codes to improve clarity of the charges being billed;
- Sub-CIC level reporting to identify problem services and service providers; and
- Billing block to allow end users to control service providers from which they will accept billing on their BellSouth bill.

In conclusion, BellSouth is actively working to implement recommendations in every area identified by the FCC-endorsed Anti-Cramming Best Practices Guidelines.

II. INPUT TO TOPICS BEING CONSIDERED BY THE COMMISSION

A. SHOULD THE FEDERAL TRADE COMMISSION PROPOSED RULES BE INCORPORATED?

BellSouth generally supports the FTC's proposed revisions to the 900-Number Rule. BellSouth has gone further than the rules specify, having recently instituted a policy not to bill for recurring charges associated with pay per call services. It is also a longstanding BellSouth Billing and Collection policy not to bill for programs that provide pay per call services accessed by dialing what are traditionally toll free numbers (i.e., 800, 888, etc.).

BellSouth supports the legal recourse proposed for end users to dispute unauthorized charges. BellSouth agrees with the requirement that authorized parties must expressly authorize "telephone-billed purchases" that are non-toll and cannot be blocked by 900-number blocking. BellSouth also agrees that vendors, service bureaus, and providing carriers should be prohibited from using deceptive tactics in attempting to sustain illegitimate charges for telephone-billed purchases.

BellSouth does not, however, agree that the billing entities should be held liable for the failure of a service provider to obtain the authorization of the person responsible for paying the bill. The billing entity is not involved with the marketing or provisioning of the service and to hold it responsible for actions of another firm is inappropriate. Instead, standards should be

established for assessing the role of the billing entities. The billing entity should:

1. Establish and maintain appropriate policies;
2. Be able to demonstrate that it is acting within those policies; and
3. Act responsively to remove charges that a customer claims are unauthorized.

B. SHOULD BILLING BE LIMITED TO ONLY TELECOMMUNICATIONS RELATED SERVICES?

BellSouth agrees that the local exchange bill should not become a billing vehicle for any and all types of products. BellSouth, like almost every LEC, limits billing to products and services that are telecommunications and information service related. These are the services that customers have indicated a desire and value to have consolidated on a single bill. Survey after survey clearly indicate that customers see little value in having other, non-telecommunications or information services on their bill. For that reason, BellSouth has no desire to expand billing beyond these services.

The cramming problems that are being experienced by the customers in Florida today are not the result of too liberal a definition of what should be allowed on the bill. Instead, they arise from the deceptive marketing of otherwise legitimate products or the deceptive presentation of billing programs for initial billing.

BellSouth has concerns with a rule that allows the Commission to define what services are and are not allowable to include on the LEC bill. For example,

BellSouth would have to bear the impact in customer inquiry of billing for each service approved. For that reason, BellSouth believes that it should have the right to establish the policy for what BellSouth will and will not bill. BellSouth believes that it would be difficult to define, at an adequate level of specificity, what products and services would and would not meet the current definition of allowable services. This would be particularly complicated in the communications industry given the convergence of various networks and the rapid emergence of new products and services. BellSouth would also be concerned about the inevitable discrepancies in definition that would occur from state to state, as well as the administrative complexity and burden on all parties of having the Commission staff administer the interpretation of their definition on a product by product basis.

C. SHOULD THIRD PARTY VERIFICATION BE REQUIRED ON ALL SALES?

BellSouth does not think that that third party verification is the only effective means of documenting end user authorization on third party sales. The Anti-Cramming Guidelines and BellSouth's billing quality contract addendum allow for third party service providers to use one of three methods:

1. Voice recording;
2. Written and signed document; or
3. Independent third party verification.

BellSouth's contract addendum specifies ten points that must be covered with the customer in securing authorization, all of which must be addressed and

a subset of which must be specifically documented for each transaction in the authorization process.

D. SHOULD STANDARDS FOR TRUTH IN ADVERTISING BE ESTABLISHED?

BellSouth supports all measures that will ensure that our customers are properly informed prior to making a purchase decision for a third party provided service. Every time an end user is dissatisfied with any item that is billed on our bill, it translates into customer dissatisfaction with BellSouth. Each call and each annoyed customer creates a negative impact to our core business and we support anything that helps avoid that situation.

Any truth in advertising standards adopted by the Commission could be used by BellSouth as it evaluates the marketing material submitted by service providers. As in the FTC proposed revisions to the 900-Number Rule, though, BellSouth does not believe that it is appropriate to hold the billing entity liable for violations of the service providers in this area. BellSouth does not control those firms marketing efforts. If any of the thousands of service providers who have access to the billing platform stray in their actual advertising from the copy originally provided to BellSouth, they should be directly answerable and accountable to the Commission.

To avoid the complexities associated with differing standards for multi-state concerns, BellSouth recommends that nationally accepted standards for truth in advertising be endorsed, rather than state specific rules constructed.

E. SHOULD THE RULES REQUIRE A BILLING BLOCK OPTION?

BellSouth believes that giving the end user the ability to control and limit billing would make end users less vulnerable to cramming. BellSouth's current concept of this billing block capacity is that it would: allow the end user to block specific provider(s) or, alternatively, allow the end user to only authorize specific provider(s). BellSouth believes that its end user customers would be best protected against a variety of potential billing problems by offering the block at a service provider level rather than by type of service or by type of billing record.

It is important to note that BellSouth's ability to effectively block billing by specific service provider on behalf of an end user is lessened to the extent that the service provider could choose to resend messages previously rejected because of a billing block back through another clearinghouse. Beyond contractually prohibiting this practice, the only way to ensure that a service provider could not do this would be to have a nationally administered assignment of a unique Sub-CIC code for each service provider. This would also require an effective means of notifying service providers of the end user's choice with regard to the billing block option. While BellSouth endorses and is pursuing billing block capability, the Commission should recognize that the development of this type of service is complex and will require significant time and resources. This development will be slowed by the YR2000 focus and efforts that will necessarily take precedence. The cost of this development will have to be recovered from the service providers who use BellSouth's Billing and Collection service in the form of higher prices.

F. SHOULD SPECIFIC BILLING FORMATS BE REQUIRED?

BellSouth does support the format requirement that individual billing company charges should appear on separate pages, each of which should contain the toll free number for the organization that is responsible for providing customer support. BellSouth also believes that a front page summary breaking down the charges by provider would help customers absorb at a glance which companies' charges are included on their bill. Beyond that, however, the individual customers' needs and preferences differ. Some customers may like to see like services grouped together. Others may prefer to see all of their charges associated with their home office or which are the responsibility of a particular individual in the household grouped together. Some may want to have toll charges sorted by date; others by destination city; still others by the individual placing the call. Ideally, as more and more customers move to electronic delivery of bills and/or companies develop the potential to offer customer selected paper format options, BellSouth can provide the customer his information in increasingly customized ways. BellSouth does not believe that every customer's best interests would best be met by a single, regulatory mandated option. For a complete view of BellSouth's position, BellSouth's initial Comments to the Federal Communications Commission ("FCC's") proposed "Truth in Billing" rulemaking are attached hereto as Exhibit B.

G. SHOULD INFORMATION REGARDING SERVICE PROVIDERS BE SHARED BETWEEN LECS?

This would be helpful in screening potential service providers, but would be much more valuable if done at a national level. (This suggestion was posed to the FCC by the industry coalition that developed the Anti-Cramming Guidelines.)

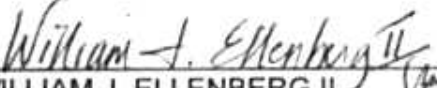
WHEREFORE, BellSouth requests that the Commission accept these comments and that these comments be considered in any rulemaking proceeding.

Respectfully submitted this 2nd day of December, 1998.

BELLSOUTH TELECOMMUNICATIONS, INC.



NANCY B. WHITE (w)
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(305) 347-5558



WILLIAM J. ELLENBERG II (w)
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Atlanta, Georgia 30375
(404) 335-0711

ADDENDUM NO. ____

of the
Billing and Collection Services Agreement
Between
BellSouth
and
_____ (Customer's Name)

Version 11.0; 9/11/98
FINAL & MASTER VERSION

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

This Addendum No. ___ to the Billing and Collection (B&C) Agreement ("Agreement") between BellSouth and _____ ("Customer"), dated _____, (the date of the Agreement) is made this day of _____, 1998.

WHEREAS, Customer's existing Agreement with BellSouth does not include Billing and Collection Performance Requirements;

WHEREAS, Customer agrees to be bound to the terms, conditions, and charges described herein so that it may comply with the BellSouth Billing and Collection Performance Requirements;

NOW, THEREFORE, BellSouth and Customer mutually agree as follows:

The following language is added or amended to the existing Agreement:

1. Terms and Definitions

All the terms used in this Addendum are consistent with those used in the Agreement and defined in the Glossary of Exhibit A with the exception of the following terms which are hereby added to the Glossary of Exhibit A:

Box Program. Generic term used by the telecommunication industry and its regulatory bodies to describe sales promotions performed in conjunction with sweepstakes, contests, or drawings where the end user is simultaneously obligated as an enrollee of a telecommunication service.

Complaint. In reference to state PSC and FCC Complaints sent to BellSouth and Complaints sent directly to a BellSouth executive level from an end user, a representative of an end user, or body of end users about a Customer and/or Client's service charges which have billed in the BellSouth envelope. A Complaint may also be in reference to a Customer and/or Client's handling of post-billing questions and/or requests for adjustments.

Cramming. The submission or inclusion of Unauthorized Charges in the end users' local telephone bills or charges in the end users' local telephone bills resulting from misleading or deceptive marketing practices.

Final End-User Account. An account that has been disconnected.

Live End-User Account. An active, or open, account.

Independent Third Party Verification. In relation to authorized services, verification [of an end user's authorization to enroll him/her as a subscriber of a Service Provider's service(s)] provided by a company not affiliated with the Service Provider and where the compensation for such verification service is not related to the rate of positive verification.

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

Occurrence. In relation to Unapproved Service Programs or Service Names, an Occurrence is the billing of one or more end users for a Service Program(s), or under a Service Name(s) for which BellSouth has not given prior written approval. In relation to Unauthorized Charges, an Occurrence is the billing of one or more end users for a charge(s) resulting from misleading or deceptive marketing practices.

Optional Services. Used to distinguish from telecommunication service charges which are government mandated. Examples of Optional Services are long distance service, directory assistance, voice mail, and toll free services.

Service Description. Same as 'Service Name' which is the term used for the text that prints with the charge amount on the end-user bill page. Examples of charges that include an associated Service Name, or Service Description, are 01-xx-18 Unregulated Specialized Service charges and Category 42 miscellaneous charges.

Service Program. A specific service or program billed in EMI 16-xx-xx, 42-50-01, and 41-xx-xx records with a 'Service Name' as well as any other EMI record BellSouth may implement during the term of this Agreement that contains a 'Service Name' field.

Service Provider. Any entity billing in BellSouth's envelope under this Agreement; i.e., the Customer and, in the case of Clearinghouse Customers, its Clients are Service Providers.

Slamming. Term 'coined' by the telecommunication industry and regulatory bodies to describe a Customer and/or Client changing an end user account's Primary Interexchange Carrier ("PIC") without authorization from the end user.

Traffic. Term used in the telecommunication industry to describe the call volume for each category of Customer and/or Client service, e.g. toll Traffic, 900 Traffic, and directory assistance Traffic, carried on facility-based LEC and IXC networks. Used in this Agreement to describe the volume of Messages for each category of Customer and/or Client service being billed in the BellSouth envelope.

Unapproved Service Programs or Service Names. Billing of a Customer and/or Client Service Program(s) and/or Service Name(s) for which BellSouth has not reviewed and given prior written approval.

Unauthorized Charges. Charges for Customer and/or Client services for which the end user did not knowingly subscribe due to misleading or deceptive marketing practices.

The following terms and conditions are hereby added to the Principal Document:

2. Customer and Client Services

- A. BellSouth will bill only telecommunication and information service-related services under this Agreement.

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

- B. BellSouth may terminate this Agreement for default when it reasonably determines that Customer and/or Client billing and/or business practices damage the BellSouth business reputation. BellSouth agrees that it shall not use this Sub-section as a reason for terminating the Agreement if it intends to exit the Billing and Collection business.
- A. In the case of a Clearinghouse Customer, if a Client misrepresents itself as BellSouth while selling its services BellSouth may, in its sole discretion, terminate billing for the Client. Furthermore, if a Client is terminated BellSouth will not accept Messages from the terminated Client under any other BellSouth B&C Service Agreement or through any other Clearinghouse Customer's agreement until the Client has demonstrated to BellSouth's satisfaction that it will meet acceptable performance standards.
- D. The Parties agree that neither Box Programs, sweepstakes entries, or similar promotions and marketing methods will be considered authorization from an end user to subscribe to a Customer and/or Client service(s) or to bill the end user any charge(s) or fee(s) in the BellSouth envelope. See Section 6. of this Addendum for additional terms and conditions.
- E. Customer is solely responsible for ensuring Customer and/or Client Messages comply with the standards set forth in this Addendum as well as all standards set forth by federal and state regulatory and government bodies in the advertising, provisioning, and billing of services. Customer agrees to screen Customer and/or Client Messages before submitting to BellSouth to ensure all services (being billed in the BellSouth envelope) comply with said standards, and to assist BellSouth in reviewing Customer and/or Client Messages when there is suspected violation of said standards.
- F. If evidence exists that charges appearing in the BellSouth bill are the result of Customer and/or Client violation(s) of said standards, BellSouth will provide documentation to Customer and may suspend billing of any affected Messages, both currently in the BellSouth billing system as well as receipt of any new affected Messages, within 48 hours of receipt of notification unless Customer demonstrates to BellSouth's satisfaction that the violation has been cured.
- G. BellSouth may, in its sole discretion, make changes to the terms and conditions of this Addendum; i.e., additions, deletions, and/or modifications to the Billing and Collection Performance requirements set forth on the effective date of this Addendum, with 30 calendar days advance written notice to Customer.

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

The following terms and conditions are hereby added to Exhibit A:

**3. Approval of Customer and/or Client Service Programs
and Service Name:**

A. New Service Programs

When the Customer wishes to begin billing a Customer or Client Service Program(s), pursuant to this Agreement, which BellSouth does not bill today, the Customer agrees to provide BellSouth the following information in its initial correspondence.

A detailed description of the Customer and/or Client's Service Program which will be billed in the BellSouth envelope. Include, in the Service Description, the following information:

Marketing and promotional methods, including placement plans. Attach copies of actual print and internet advertisements. When radio or television is used provide an audio and/or video copy via tape.;

- A. Internet web page address(es) where the Service Program is (or will be) advertised and where it may be purchased;
 - B. How the Service Program is ordered by end users including telemarketing scripts if used;
 - C. Copy of actual post-sales fulfillment documentation(s);
 - D. How the end user accesses the Service Program for utilization; and
 - E. How the end user may cancel service.
 - A. A copy of the Customer and/or Client's state certification(s) to provision the Service Program, when such certification is required by the state;
 - B. Where required by any regulatory body, proof of the Customer and/or Client's appropriate regulatory approval for billing such Service Program(s).
 - C. The EMI record type(s) that will be used;
 - D. The Service Name (or Service Description) that will print on the end-user bill page with the charge amount, when applicable. NOTE: 'Service name' is also referred to as 'Service Description' in the telecommunications industry - same thing. This is the text that prints with the charge amount on the end-user bill page. Examples of charges that have an associated Service Name, or Service Description, are 01-xx-18 Unregulated Specialized Service charges, and Category 42 miscellaneous charges.
 - E. The maximum charge per unit of service provided (i.e., \$XX per minute, \$XX per fax, and \$X.XX per month); and
 - F. In the case of a Clearinghouse Customer, the name of the Client(s) with corresponding sub-CIC(s), who will be billing this Service Program.
- B. Revised Service Programs**
- if any aspect of an approved Customer and/or Client Service Program is materially changed the Customer agrees to notify BellSouth, in writing, of such changes at least 35 calendar days before they go into effect. Provided that on an exception basis media placement plans may be submitted to BellSouth, by the Customer, a minimum of two business days before they go into effect in those instances in which such abbreviated notice is necessary in order for the Customer and/or Client to take advantage of spot media purchases. BellSouth

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

must approve any material change before the Customer may submit billing reflecting the change. Billing submitted in violation of this Sub-section will be considered an Occurrence of unapproved billing.

C. New or Revised Service Names

The Customer will notify BellSouth, in writing, of a new or revised Service Name, or Service Description, at least 30 calendar days before the first day the Customer and/or Client wishes to begin sending it into production.

The Customer will notify BellSouth by submitting a completed BellSouth Service Name Request Form which is provided in the Reference Guide to Bill Processing Service. BellSouth will respond (i.e., approved or not approved), in writing, within 30 calendar days from the date BellSouth receives the Customer's notification.

The Service Name approval process is not a part of the OBR Handling Procedures. There is no charge to the Customer to obtain approval of Service Names for billing.

D. Withdrawal of Approval

For business purposes BellSouth reserves the right to withdraw its approval of an existing Service Program(s) or Service Name(s) with 30 calendar days advance written notice. Upon receipt of said notification the Customer agrees to suspend immediate enrollment of new subscribers to such Service Program(s), if billing for such Service Program(s) would be in the BellSouth bill, and to discontinue billing to existing subscribers within 30 calendar days of said notification.

4. Service Name Processing for Miscellaneous Charges and Credits

During the term of this Agreement BellSouth plans to implement in its billing system a Miscellaneous Charges and Credits Service Name Table for Category 42 and Category 41 Service EMI records. This change will require the Customer to populate the appropriate field in the EMI 42-50-01 record and in the EMI 41-xx-xx records with a Service Name identification code (assigned by BellSouth) instead of populating the Service Name fields with text. BellSouth will then 'pull' the Service Name text from its table to print on the end-user bill with the charge amount. The Customer agrees to convert to this new method of managing and printing Category 42 and Category 41 Service Names on the end-user bills. BellSouth will give the Customer 180 calendar days notice prior to implementation of said change and the Customer agrees to complete any necessary programming changes to its data processing by the end of the 180 calendar days.

When seeking approval of a new Service Program(s) or approval of changes to an approved Service Program(s) the Customer will submit the corresponding Service Name(s) for approval at the same time and with the service approval request.

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

**5. Occurrences of Billing An Unapproved Service Program
or Service Name**

A. Course of Action for Occurrences of Unapproved Billing

The Parties agree that the following course of action for Occurrences of unapproved billing will be applied at the CIC level for Non-clearinghouse Customers and at the Client or Service Provider level for Clearinghouse Customers provided that BellSouth will determine the number of such Occurrences based upon the number of Clients' billing through all BellSouth Customers.

(1) First Occurrence

With the first Occurrence of the Customer and/or Client(s) sending BellSouth Messages for billing associated with Unapproved Service Program(s) and/or Service Name(s) BellSouth will send written notification to the Customer. The Customer will have 10 business days to correct the situation from the date of receipt of said notification. Submission of EMI records for billing for such Unapproved Service Program(s) and/or Service Name(s) after this 10-day period will be considered, by the Parties, as a second Occurrence.

(2) Second Occurrence

With the second Occurrence of BellSouth receiving Messages for billing associated with Unapproved Service Program(s) and/or Service Name(s) from the Customer and/or Client(s) BellSouth will send written notification to the Customer. Again, the Customer will have 10 business days to correct the situation from the date of receipt of said notification. Submission of EMI records for billing for such Unapproved Service Program(s) and/or Service Name(s) after this 10-day period will be considered, by the Parties, as a third Occurrence.

(3)

Third Occurrence

In the case of a Non-clearinghouse Customer, with the third Occurrence of the Customer sending BellSouth an Unapproved Service Program(s) and/or Service Name(s) BellSouth may, in its sole discretion, terminate this Agreement for default as set forth in Section 13. of this Addendum.

In the case of a Clearinghouse Customer, with the third Occurrence of a Client sending BellSouth an Unapproved Service Program(s) and/or Service Name(s) BellSouth may, in its sole discretion, terminate billing for this Client.

See Sub-section 5.B.(5), following, for additional terms and conditions that apply to terminated Customers and Clients.

(4)

Additional Terms for Clearinghouse Customers

The Clearinghouse Customer may have a maximum of _____ Occurrences of Unapproved Service Programs and/or Service Names. If the

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

Clearinghouse Customer exceeds this maximum BellSouth may, in its sole discretion, terminate this Agreement for default as set forth in Section 13. of this Addendum.

B. Terms and Conditions Common To All Occurrences

The following terms and conditions apply to all Occurrences of the billing of Unapproved Service Programs or Service Names:

1. The number of Occurrences will be counted over a period of three consecutive years beginning with the effective date of this Addendum.
2. BellSouth's written notification will include details of the unapproved billing, and the last day (date) of the grace period the Customer has to correct the situation. With a Clearinghouse Customer the name of the Client and associated sub-CIC number will also be included.
3. The Customer gives BellSouth permission to remove all EMI records (i.e., Messages) that contain an Unapproved Service Program(s) or Service Name(s) from its billing system and return them to the Customer as unbillables. BellSouth will bill the Customer, and the Customer agrees to pay BellSouth, for the program and non-program work it will perform to remove the EMI records from its systems. The amount due BellSouth for this work will be determined on an ICB via the OBR Handling Procedures rates and charges set forth in Exhibit B (Rates and Charges) of this Agreement. In addition, the Customer will pay the *Administrative Fee for Billing of An Unapproved Service Program and/or Service Name Charge*, set forth in Section 12. of this Addendum, per Occurrence.
4. The Customer gives BellSouth permission to adjust any unapproved service charges on the end user's account(s) via a *final SP/BOC Memo* and to recourse these charges to the Customer through the normal post-billing adjustment process. The Customer agrees to pay BellSouth for its cost to adjust and recourse these charges at the rates and charges set forth in Exhibit B.
5. If this Agreement is terminated for default as a result of a third Occurrence BellSouth has the right to stop accepting all Customer EMI records into production and to cancel all outstanding OBRs 48 hours from the date on the written notification of termination. Full termination of this Agreement will take place within the 90 calendar days as set forth in the *Principal Document*.

Furthermore, if the Customer and/or Client(s) is terminated for the billing of Unapproved Service Programs, BellSouth will not accept Messages from the terminated Customer and/or Client(s) under another, standard (or direct), B&C Service agreement or through another Clearinghouse Customer's agreement until the Customer and/or Client(s) has demonstrated to BellSouth's satisfaction that it will meet acceptable performance standards.

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

6. Customer Obligation to Bill Only Authorized Charges

BellSouth will not facilitate the Customer and/or Clients in billing Unauthorized Charges to its end users, and will stop the billing of Customer and/or Clients service charges which are found, by BellSouth, to produce a pattern of widespread end-user Complaints consistent with BellSouth's definitions of "Slamming", "Cramming", and "Unauthorized Charges" set forth in Section 1. of this Addendum.

The Customer agrees to the following processes and conditions to ensure BellSouth end users are not billed for any Customer and/or Client services defined above:

- A. The Customer will submit to BellSouth, for billing to an end-user account, only Customer and/or Client charges (i.e., Messages) for Optional Services that are authorized by the end user and/or authorized by a regulatory and/or governmental agency(ies).
- B. The Customer agrees to maintain in voice recordings (when telemarketing is used) or in writing BellSouth end users' authorizations to bill them for Customer and/or Client non-toll services which are optional. These voice recordings and/or written documentation will contain, at a minimum, the following information. The Customer further agrees to provide this information to BellSouth, when requested, in a clear, easy to understand, and conspicuous manner.
- a. Date authorization was given*;
 - b. The end user's name and contact telephone number*;
 - c. Questions and answers regarding the end user's age to ensure authorization was not received from a minor*;
 - d. Reasonable determination that the person ordering the service had the authority to do so*;
 - e. An explanation of the service being offered**;
 - f. An explanation of all applicable rates and charges**;
 - g. Prominently, simply, and explicitly explain all applicable charges that will be billed in the BellSouth bill**;
 - h. An explanation of how the service(s) can be canceled**;
 - i. Description of the charge(s) that will appear on the Customer's bill page in the BellSouth bill, including the Service Name (or Service Description), if applicable**;
 - j. Information related to whom the end user should call for inquiries, including the appropriate toll-free telephone number**.
- * Maintained in a voice recording (when telemarketing is used) or in writing.
** May be incorporated in the documentation by reference as long as a copy of the referenced material is available to BellSouth upon request.
- C. The Customer and/or Clients will retain end-user authorization documentation, defined in paragraph B. above, for a minimum period of 12 months from the date of authorization, or 90 calendar days from the date the end user terminates service.
- D. Upon request, the Customer will make the Customer and/or Client's authorization

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documentation, defined in paragraph B. above, available in a timely manner to BellSouth, the regulatory or governmental agency(ies), and/or the end user who gave the authorization.

- C. Should the Customer be unable to show appropriate authorization documentation which will substantiate the Customer and/or Client's claim that the end user did authorize the billing of said services BellSouth will consider the billing an Occurrence of Unauthorized Charges.
 - D. Should the end user cancel a service authorization, the Customer will stop submitting to BellSouth, billing charges for said service(s) within 45 calendar days from the date the end user requested cancellation of service. Should the Customer continue submitting charges after this 45-day period, BellSouth will consider this situation an Occurrence of billing Unauthorized Charges.
 - C. The Customer will utilize an independent Third Party to verify that the end user has agreed to purchase the Customer's service(s) before it submits billing to BellSouth. For Clearinghouse Customers, the Customer will also ensure all Clients are consistently complying with the end-user authorization requirements set forth in Sub-sections 6.A. through 6.I. herein.
 - D. The Customer agrees to honor any BellSouth large business customer's (end user) written request, to the Customer or to BellSouth, to not receive any further billing from the Customer and/or its Client(s) in the BellSouth bill. Furthermore, the Customer agrees to honor such requests for specific business account telephone numbers. If after notification the Customer continues to submit billing to BellSouth for the large business account and/or telephone numbers the Customer agrees to pay BellSouth the *Post-Notification Fee For Billing an Unauthorized Charge*, set forth in Section 12. of this Addendum, for each BellSouth bill rendered that contained the unauthorized charge. Direct dialed 1010XXX calls will be excluded from this blocking requirement.
 - C. The Parties agree that failure of the Customer to comply with the processes and conditions set forth herein will be considered breach of contract for which BellSouth may terminate this Agreement for default.
7. **Findings of Unauthorized Charges**

- A. **Course of Action for Occurrences of Unauthorized Billing**
The Parties agree that the following course of action for Occurrences of unauthorized billing will be applied at the CIC level for Non-clearinghouse Customers and at the Client, or sub-CIC level for Clearinghouse Customers.

When BellSouth investigates a Customer or Client charge(s) that the end user says she/he did not subscribe to (i.e., Unauthorized Charges) and the result of the findings demonstrate a pattern of billing Unauthorized Charges the following will take place:

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
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- (1) First Occurrence
With the first Occurrence of the Customer or Client sending BellSouth Unauthorized Charges BellSouth will notify the Customer, in writing, of its findings. The Customer will have 10 business days, from receipt of said notification, to correct the situation. Submission of EMI records for billing of any Unauthorized Charges/Messages after this 10-day period will be considered, by the Parties, as a second Occurrence. In addition to the charges described in Sub-section 7.B. below, to remove all unbilled Messages and adjust all billed Messages that are a part of the unauthorized billing, the Customer will pay BellSouth the *Administrative Fee for Billing of An Unauthorized Charge*, set forth in Section 12. of this Addendum, per Occurrence.
- (2) Second Occurrence
With the second Occurrence, as with the first Occurrence, BellSouth will notify the Customer, in writing, of its findings. The Customer will have 10 business days, from receipt of said notification, to correct the situation. Submission of EMI records for the billing of any Unauthorized Charges/Messages after this 10-day period will be considered, by the Parties, as a third Occurrence. In addition to the charges described in Sub-section 7.B. below, to remove all unbilled Messages and adjust all billed Messages that are a part of the unauthorized billing, the Customer will pay BellSouth the *Administrative Fee for Billing of An Unauthorized Charge*, set forth in Section 12. of this Addendum, per Occurrence.
- (3) Third Occurrence
in the case of a Non-clearinghouse Customer, with the third Occurrence BellSouth reserves the right to terminate this Agreement for default as set forth in Section 13. of this Addendum. And, in addition to the charges described in Sub-section 7.B. below, to remove all unbilled Messages and adjust all billed Messages that are a part of the unauthorized billing, the Customer will pay BellSouth the *Administrative Fee for Billing of An Unauthorized Charge*; set forth in Section 12. of this Addendum, per Occurrence.
- In the case of a Clearinghouse Customer, with the third Occurrence of a Client sending BellSouth Unauthorized Charges BellSouth may, in its sole discretion, terminate billing for this Client. And, in addition to the charges described in Sub-section 7.B. below, to remove all unbilled Messages and adjust all billed Messages that are a part of the unauthorized billing, the Customer will pay BellSouth the *Administrative Fee for Billing of An Unauthorized Charge*, set forth in Section 12. of this Addendum, per Occurrence.
- See Sub-section 7.B.(5), following, for additional terms and conditions that apply to terminated Customers and Clients.
- (4) Additional Terms for Clearinghouse Customers

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

The Clearinghouse Customer may have a maximum of ___ Occurrences of billing end users Unauthorized Charges. If the Clearinghouse Customer exceeds this maximum BellSouth may, in its sole discretion, terminate this Agreement for default as set forth in Section 13. of this Addendum.

B. Terms and Conditions Common To All Occurrences

With all Occurrences of Unauthorized Charges the following terms and conditions apply:

1. The number of Occurrences will be counted over a period of three consecutive years beginning with the effective date of this Addendum.
2. The BellSouth notification will include details of the unauthorized billing, and the last day (date) of the grace period the Customer has to correct the situation. For a Clearinghouse Customer the name of the Client(s) and associated sub-CIC number(s) will also be included.
3. The Customer gives BellSouth permission to remove any existing un-billed Unauthorized Charges/Messages from its systems and return them to the Customer as unbillables. BellSouth will bill the Customer, and the Customer agrees to pay BellSouth for the program and non-program work it will perform to remove the EMI records from its systems. The amount due BellSouth for this work will be determined on an ICB via the OBR Handling Procedures rates and charges set forth in Exhibit B (Rates and Charges). In addition, the Customer will pay the *Administrative Fee for Billing of An Unauthorized Charge*, set forth in Section 12. of this Addendum, for each Occurrence.
4. The Customer gives BellSouth permission to adjust any Unauthorized Charges as well as any Customer and/or Client charges identified by the end user as Cramming or Slamming on the end user's account(s) via a *final SP/BOC Memo* (i.e., an *Initial SP/BOC Memo* will not be processed) and to recourse these charges to the Customer through the normal post-billing adjustment process with a unique adjustment reason code. The Customer agrees to pay BellSouth for its cost to adjust and recourse these charges at the rates and charges set forth in Exhibit B.
5. If this Agreement is terminated for default as a result of a third Occurrence BellSouth has the right to stop accepting all Customer EMI records into production and to cancel all outstanding OBRs 48 hours from the date on the written notification of termination. Full termination of this Agreement will take place within the 90 calendar days as set forth in the Principal Document.

Furthermore, if a Customer is terminated for the billing of Unauthorized Charges, BellSouth will not accept Messages from the terminated Customer or Client under any other BellSouth B&C Service Agreement or through any other Clearinghouse Customer's agreement until the Customer has demonstrated to BellSouth's satisfaction that it will meet

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acceptable performance standards.

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C. Other Terms and Conditions

1. In the case of a Non-clearinghouse Customer, when any federal regulatory agency, such as the Federal Trade Commission ("FTC"), or any state regulatory agency in BellSouth's nine-state region issues the Customer a citation for fraud, Slamming, or Cramming BellSouth may, in its sole discretion, terminate this Agreement for default as set forth in the Principal Document. Furthermore, BellSouth may take the same action based upon the Customer conviction in any state or federal court for criminal activity relating to the provision or billing of telecommunication and/or information service-related services.
2. In the case of a Clearinghouse Customer, when any federal regulatory agency, such as the Federal Trade Commission ("FTC"), or any state regulatory agency in BellSouth's nine-state region issues a Customer and/or Client a citation for fraud, Slamming, or Cramming BellSouth may, in its sole discretion, terminate billing for the Customer and/or Client. Furthermore, BellSouth may take the same action based upon the Customer and/or Client conviction in any state or federal court for criminal activity relating to the provision or billing of telecommunication and/or information service-related services.

If BellSouth terminates the Customer and/or Client's billing for receipt of a citation the Customer agrees to send BellSouth within five business days from receipt of BellSouth's notification of termination (a) a PON to extract all unbilled Customer and/or Client Messages that BellSouth presently has in its billing system, and to return them to the Customer as unbillables and (b) a Billing Services Sub-CIC Request Form to delete the Customer and/or Client's CIC and/or sub-CIC from the BellSouth ISAT. In addition, the Customer will immediately stop sending BellSouth any Messages from this Client.

BellSouth will consider it an event of default when the Customer knows that a Client is participating in Slamming, Cramming, or fraudulent practices but does not notify BellSouth.

3. BellSouth may, in its sole discretion, report to the appropriate regulatory bodies and/or government agencies substantiated cases of the Customer or Client billing Unauthorized Charges as well as any Customer and/or Client billing that appears to be connected with fraudulent or deceptive marketing or sales activity.
1. When BellSouth investigates a regulatory body or government agency Complaint, or an executive level Complaint regarding the billing of Unauthorized Charges in the BellSouth envelope and the result of the investigation substantiates the Complaint, this incident will be counted by BellSouth as one Occurrence of billing Unauthorized Charges. The Customer, however, will pay BellSouth the corresponding Administrative Fee for Billing an Unauthorized Charge and Administrative Fee for PSC, FCC, and/or BellSouth Executive Level Complaint, set forth in Section 12. of this Addendum, per Occurrence.
1. In the case of a Clearinghouse Customer, the Customer agrees to screen each Client

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Billing and Collection Performance Requirements**

before sending any of its Messages to BellSouth for billing to ensure the Client is not, nor has not participated in any substantiated cases of Slammer, Cramming, or fraudulent practices. The Customer will not send BellSouth any of the Client's Messages when evidence of such participation is found unless the Client has reasonably demonstrated to BellSouth's satisfaction that it will meet acceptable performance standards.

6. Upon receipt of a signed release from a Client, BellSouth will provide to its Clearinghouse Customer the total number of Occurrences which BellSouth has recorded regarding the Client's unapproved service program and/or service name billing and unauthorized billing.

8. Percentage of Adjustments to Number of Billed End-User Accounts

For each Customer and Client BellSouth will calculate the percentage of its total service Traffic that falls into the following categories:

1. toll service;
2. Category 42 Service; and
3. Pay-Per-Call and Similar (900) Services.

These Traffic category percentages will be used to calculate the Customer or Client's weighted overall target percentages and actual percentages of total number of adjustments to total number of end-user accounts that included the Customer or Client's charges.

Overall adjustments are all BellSouth-handled adjustments plus post-billing Category 41 credits and/or other equivalent EMI record(s) processed to issue an end user a post-billing adjustment(s) or credit(s) with the following exclusions.

On the effective date of this Addendum, the total number of overall adjustments will exclude

- G. Pre-billing Category 41 credits; and
- H. Fraud and Subscription Fraud - Codes D2, D3, IEF, SF, and 9F

At the same time BellSouth implements sub-CIC (or Service Provider) level reporting, as described herein, BellSouth will also add, to the above list, the exclusions of

- I. Re-bill Requested; and
- J. 900 charges recurred prior to write-off - Codes 9W, 9T, 9Y, and 9X.

The total number of billed end-user accounts will be equivalent to the number of bills rendered.

A. Calculation of the Target Performance Percentages

- (1) Non-Clearinghouse Customer
In the case of a Non-Clearinghouse Customer, with the Traffic category percentages BellSouth will calculate the Customer's weighted overall target percentage at the CIC level.
- (2) Clearinghouse Customer

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

In the case of a Clearinghouse Customer, with each Service Provider's (i.e., each sub-CIC and CIC submitting Messages to BellSouth under this Agreement) Traffic category percentages BellSouth will calculate a weighted overall target percentage. In addition, BellSouth will establish "CIC level" weighted overall target percentages for evaluating the Agreement's performance as a whole by averaging the Service Providers' percentages.

- (3) The Target Percentages
From the effective date of this Addendum through June 1999 the Customer's CIC-level overall target percentage will be ___%. Effective July 1999 this target percentage will change to ___%. Each Service Provider's target percentage will be provided to the Customer in letter when available. During the remaining term of this Agreement BellSouth may, in its sole discretion, and with 30 calendar days advance written notice revise the Customer and/or Clients' target percentages to reflect current traffic characteristics and/or changes to BellSouth's post-billing adjustment objectives associated with each traffic type.

NOTE: The calculation of these percentages is an auditable component of this Agreement. See *Audit Provisions* in Exhibit A for additional information on this subject.

- B. Application of the Performance Requirements
BellSouth plans to expand its programming and reporting, during the term of this Agreement, so that it may count post-billing adjustments and end-user accounts billed at the sub-CIC, or Service Provider, level. When this expansion occurs the Customer agrees to the implementation of the terms and conditions set forth in (1) below. Whereas, BellSouth will implement immediately the Discount Incentive terms and conditions set forth in (2) below.

- (1) Percent of Overall Adjustments to Billed Accounts
- a) CIC-Level Requirement
For every three-month period of this Agreement the Customer is responsible for maintaining the CIC-level overall target percentage two out of the three months.
- Each month BellSouth will compare the Customer's CIC-level actual overall percentage with its weighted overall target percentage. With the first Occurrence of the Customer exceeding the overall target percentage for two out of the three months in any given three-month period BellSouth may terminate this Agreement for default as set forth in Section 13. of this Addendum.
- b) Client Requirement
For every three-month period of this Agreement each Client, or

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Service Provider, is also responsible for maintaining its overall target percentage in two out of the three months.

Each month BellSouth will compare each Client's actual overall percentage with its weighted overall target percentage. With the first Occurrence of the Client exceeding its overall target percentage for two out of the three months in any given three-month period BellSouth may terminate billing for the Client.

c) Condition of Termination

If the Customer and/or Client is terminated for exceeding its overall target percentage, two out of the three months, BellSouth will not accept Messages from the Customer and/or Client under another, standard (or direct), B&C Service agreement or through another Clearinghouse Customer's agreement until the Customer and/or Client has demonstrated to BellSouth's satisfaction that it will meet acceptable performance standards.

(2) Discount Incentive

At the end of every 12-month period BellSouth will calculate the Customer's CIC-level annual, overall, actual percentage and compare it to the Customer's CIC-level weighted, overall, target percentage to determine the Customer's performance. When the Customer's actual, annual, overall percentage is 10% or less than the weighted overall target percentage, for the same year, BellSouth will reimburse the Customer a portion of its total B&C Services charges, using the following discount tiers, with the exception of the Administrative Fees set forth in Section 12.A. of this Addendum, which will be excluded.

<u>Percent Below Target</u>	<u>Discount</u>
10% - 19.9%	1%
20% - 29.9%	2%
30% - 39.9%	3%
40% - 49.9%	4%
50+%	5%

This Discount Incentive will be effective immediately with the first calendar year being January 1998 through December 1998.

NOTE: For a Clearinghouse Customer this Discount Incentive will be applied only at the CIC level.

C. Reporting Of The Percentages

(1) Non-Clearinghouse Customer

Each month BellSouth will report to the Customer its monthly actual, overall percentage as soon as possible but no later than the end of the following month (e.g., March actual percentages will be reported to the

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
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Customer by the end of April.)

At the end of every 12-month period BellSouth will determine whether or not the Customer qualifies for reimbursement of B&C Service charges, as defined in Sub-section 8.B.(2). When said qualification is met BellSouth will notify the Customer within 45 calendar days after the last day of the 12-month period.

(2) Clearinghouse Customers

Each month BellSouth will report to the Clearinghouse Customer each Service Provider's monthly actual, overall percentage as well as the CIC-level percentages as soon as possible but no later than the end of the following month (e.g., March actual percentages will be reported to the Customer by the end of April)

At the end of every 12-month period BellSouth will determine whether or not the Clearinghouse Customer qualifies for reimbursement of B&C Service charges, as defined in Sub-section 8.B.(2). When said qualification is met BellSouth will notify the Clearinghouse Customer within 45 calendar days after the last day of the 12-month period.

D. Processing Adjustments and Credits

The Customer agrees to submit all post-billing adjustments to BellSouth in accordance with the BellSouth SP/BOC Memo and/or Category 41 Service processes documented herein and in the *Reference Guide for Bill Processing Service*. The Parties will consider any attempt of the Customer to circumvent BellSouth's processes or to manipulate its monthly adjustment count in any way as an event of default.

9. State PSC, FCC, and BellSouth Executive Level Complaints

Receipt of state PSC, FCC, and BellSouth executive level Complaints in connection with Customer and/or Client charges which have billed in the BellSouth envelope are an expected part of doing business in a regulated environment. Based on historical data BellSouth believes it should, as a normal course of business, receive a maximum of .0016% of Complaints to billed end-user accounts, each month, per Customer. When the monthly percentage of Complaints to billed end-user accounts is greater than .0016%, the Customer agrees to pay BellSouth the *Administrative Fee for PSC, FCC, and/or BellSouth Executive Level Complaint*, set forth in Section 12. of this Addendum, for each Complaint received above the total number of Complaints that represent .0016%. When available, BellSouth will provide its Clearinghouse Customers with summary information on Complaints giving Client identification. A Complaint involving government mandated charges, Preferred Interexchange Carrier Charge ("PICC"), and/or Universal Service Fund ("USF") will not be counted as an executive level Complaint.

10. Additional Billing and Collection Performance Requirements

BellSouth reserves the right to establish additional Billing and Collection Performance requirements at any time during the term of this Agreement under the condition that BellSouth

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

gives the Customer at least 30 calendar days advance notice, in writing, when no programming changes are required by the Customer and/or Clients to comply and at least six months advance notice, in writing, when the Customer and/or Clients need to make programming changes to comply.

The Parties agree that BellSouth may either increase one or several of the rates set forth in Section 12. of this Addendum and/or implement a new rate element(s) to cover the cost of the additional (new) Billing and Collection Performance requirement. BellSouth will notify the Customer of the rate increase(s) and/or new rate(s) in the notification letter described in the above paragraph.

The Customer reserves the right to terminate this Agreement for convenience, as set forth in the Principal Document, should the Customer and/or its Clients consider a new performance requirement unacceptable.

11. Recourse of Non-regulated Charges

The Parties agree that BellSouth may recourse to the Customer all non-regulated Customer and/or Client charges at the time it is writing off net bad debt (i.e., uncollectible) from Final End-User Accounts. BellSouth will report the charges written off through its normal post-billing adjustment reports, and recourse these charges, to the Customer, through the Settlement process.

12. Rates and Charges

The following terms, rates, and charges are hereby added to Exhibit B:

The following charges and percentages are ICB. In accordance with the terms of Exhibit B, BellSouth reserves the right to change any of these charges and percentages with 30 calendar days advance written notice to the Customer.

		Administrative Fees
A.		
1.	<u>PSC, FCC, and/or BellSouth Executive Level Complaint,</u> Per Complaint in Excess of the Monthly Target, Per Customer or Client	\$750.00
2.	<u>Billing of An Unapproved Service Program,</u> Per Occurrence \$1,750.00	
A.		
2.	<u>Billing of An Unauthorized Charge,</u> Per Occurrence	\$1,750.00
B.		
3.	<u>Post-Notification Fee for Billing an Unauthorized Charge</u> Per End-User Bill	\$500.00

13. Termination Upon Event of Default

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

Section ___ of the Principal Document is amended by adding the following language:
(When creating the customer specific the paragraph #s need to begin where the existing paragraph #s stop.)

1. Customer misrepresents itself as BellSouth while selling its services.
2. In accordance with Section 5.A.(3) of Addendum No. ___, Customer has a third Occurrence of sending BellSouth an Unapproved Service Program charge(s) or Service Name(s).

In accordance with Section 5.A.(3) of Addendum No. ___, Clearinghouse Customer exceeds its maximum allowable Occurrences of Unapproved Service Programs and/or Service Names.

3. In accordance with Section 7.A.(3) of Addendum No. ___, Customer has a third Occurrence of billing end users unauthorized service charges.

In accordance with Section 7.A.(3) of Addendum No. ___, Clearinghouse Customer exceeds its maximum allowable Occurrences of billing end users Unauthorized Charges.

4. In accordance with Section 8.B.(1) of Addendum No. ___, Customer exceeds its CIC-level monthly overall target percentage, for total number of adjustments to total number of end-user accounts, two out of the three months of any given three-month period over the term of this Agreement.

14. Termination for Convenience

Paragraph ___ in Section ___ of the Principal Document is amended with the following language:

- B. Either Party may terminate this Agreement, for convenience, before the completion of the initial term of this Agreement, as set forth in ___, upon 90 calendar days written notice to the other Party when the purpose of the termination is to transfer Customer to another Agreement or modify its existing Services, and upon 180 calendar days written notice to Customer when the termination is due to BellSouth exiting the Billing and Collection business. The Parties shall be responsible for paying any and all outstanding amounts due to other Party. With respect to Customer, these amounts may include, but are not limited to, unbillables, post-billing adjustments, uncollectibles moneys, and B&C Service charges that occur for a period of 12 months after termination of this Agreement. With respect to BellSouth, these amounts may include, but are not limited to, all outstanding net amounts due for Customer's accounts receivable.

The Parties hereto acknowledge that they have read this Addendum No. ___, understand it, and agree to be bound by its terms and conditions. They further agree that the principal document, exhibits, other amendments, addendums, and this Addendum No. ___ constitute the

**Addendum No. to the Billing and Collection Agreement (Customer's Name)
Billing and Collection Performance Requirements**

entire Agreement between the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum No. ____ by their duly authorized representatives in one or more counterparts, each of which shall constitute an original, on the date set forth in the first paragraph of this Addendum.

BELLSOUTH:

Signature: _____ Name of Signer: Joseph M. Baker

Title: Vice President - Sales, Interconnection Services

CUSTOMER:

Signature: _____ Name of Signer: _____

Title: _____

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of
Truth-in-Billing
And
Billing Format

)
)
)
)

CC Docket No. 98-170



COMMENTS

BELLSOUTH CORPORATION

M. Robert Sutherland
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Date: November 13, 1998

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SUMMARY

BellSouth Corporation and its subsidiary and affiliated companies (collectively "BellSouth") strongly support the Commission's efforts relating to the improvement of bill format and clarity as outlined in the *Notice of Proposed Rulemaking* recently released in CC Docket No. 98-170. BellSouth believes that the Commission can provide leadership to the industry and a forum to address the problems related to multiple billing formats and can enhance the possibility of finding solutions to those problems on a national level. BellSouth recognizes that the Commission and state regulatory agencies have concurrent authority over carrier billing. BellSouth urges the Commission to work closely with the states to develop guidelines for a basic bill format and content sufficiently flexible to be applied to services provided by telecommunications carriers to customers anywhere in the country.

BellSouth believes that the Commission should not impose billing content and format requirements on CMRS providers. The Commission initiated this NRPM based upon the increased number of complaints filed by end-user customers relating to the inadequacy of information provided on telephone bills. BellSouth shows that there is no significant level of complaints concerning CMRS bills. Most CMRS customers have contracts with their provider, which outline the rates and charges that will appear on the bill. Customers desiring to make any change to their service contact the provider directly and make the change. Also, in the competitive CMRS market providers cannot afford to be misleading or deceptive in their billing practice because customers can easily change providers.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
Truth-in-Billing)
And)
Billing Format) CC Docket No. 98-170

COMMENTS

BellSouth Corporation and its subsidiary and affiliated companies (collectively "BellSouth") file these comments in response to the *Notice of Proposed Rulemaking* ("NPRM") issued in the above-captioned docket.¹

I. INTRODUCTION

The Commission has sought public comment as to certain measures aimed at producing bills for telecommunications services which are clearer in their presentation and more informative to consumers. The NPRM rightly observes that ambiguities in bill format and inadequacies in service description and provider identification impede consumers in exercising informed choice in their selection of services and contribute to the incidence of "slamming" and "cramming" by a minority of unscrupulous providers.²

BellSouth strongly supports the Commission's effort to enhance bill clarity and provide telecommunications service customers with the information they need to make informed purchasing decisions in an increasingly competitive market. As recently demonstrated through

¹ *In the Matter of Truth-in-Billing and Billing Format*, CC Docket No. 98-170, FCC 98-232, *Notice of Proposed Rulemaking*, released September 17, 1998.

² As stated in the NPRM, slamming is generally understood to be "the unauthorized change of a subscriber's selected carrier for telephone exchange service or telephone toll

the forum to address cramming abuse,³ the Commission can provide vital leadership to the industry in developing solutions to those problems which have become pervasive in service billing. Nevertheless, in fulfilling this role, the Commission should not sacrifice flexibility to expediency by the adoption of a plethora of new billing rules. In addition, it must be recognized that no amount of billing reform can supplant the need for vigorous enforcement action at the Federal and state level against that minority of service providers seeking to profit through deceptive and unethical business practices.

II. LEGAL AUTHORITY

BellSouth concurs in the NPRM determination that the Commission has authority under Title II of the Communications Act, 47 U.S.C. § 201 *et seq.* to regulate common carrier billing to end users of that carrier's own interstate services and ancillary jurisdiction under Title I, 47 U.S.C. § 151 *et seq.*, to regulate a carrier's provision of interstate billing services on behalf of another carrier. It is also clear that concurrent authority is exercised by state commissions with respect to the billing of intrastate telecommunications services.⁴ Finally, various Federal and state agencies responsible for the enforcement of consumer protection legislation may impose certain requirements on the billing function in the discharge of their statutory mandate.⁵

service." NPRM at n. 5. Cramming is defined as "the practice of causing unauthorized, misleading, or deceptive charges to be placed on consumers' telephone bills." NPRM at ¶ 3.

³ *FTC Takes Alleged 'Crammers' to Court; Kennard Seeks LECs' Help*, Telecommunications Reports, April 27, 1998, at 12.

⁴ *See Louisiana Pub. Serv. Comm'n v. F.C.C.*, 476 U.S. 355 (1986) (holding that Section 152(b) reserves to the states regulatory oversight of intrastate services, notwithstanding that exercise of state authority may affect or even impede the realization of Federal policy goals).

⁵ Notable among these is the Federal Trade Commission, which recently announced proposals expanding coverage of the "900-Number Rule" to encompass all audiotext services and offering new protections to consumers against cramming abuse. Federal Trade Commission, *Commission to Seek Public Comment on 900-Number Rule Revisions* (Oct. 23, 1998) <http://www.ftc.gov/opa/1998/9810/ninerule.htm>.

The multiplicity of regulatory authorities—and in particular the dual jurisdiction exercised by this Commission and state public utility commissions—makes it imperative that the Commission work closely with states to develop guidelines for bill format and content which are acceptable in both jurisdictions. In the absence of such coordination, a multi-state provider like BellSouth faces potentially conflicting requirements, which will add significantly to the complexity and cost of the billing function. In addition, such disparate requirements are confusing to multi-state customers (both business and residential) and thus defeat the NPRM's intent to enhance clarity and information content of service bills.

Apart from the non-exclusive nature of the Commission's jurisdiction, its rulemaking authority in this proceeding is circumscribed by First Amendment protections accorded to commercial speech and by the fact that the telephone bill is used as a billing vehicle by numerous parties (e.g., information service providers) whose activities are not subject to regulation under the Communications Act.

III. BILL FORMAT—ISSUES RELATED TO WIRELINE PROVIDERS

The Commission requests comment on various proposals intended to improve bill presentation. One such measure would require physical separation in the bill (e.g., through separate pagination) of billed services by service category. Alternatively, services could be grouped by service provider. Other proposals include the addition of a section to summarize the current status of services on the customer account and a section to highlight any change activity from the preceding billing cycle.⁴

⁴ The current status section would include such information as the identity of presubscribed carriers (interstate, intrastate toll, local exchange), identification of other providers on whose behalf charges are billed and the existence of any preferred carrier (PC) freeze or other blocking mechanism applied to the account. The changes section would highlight any

BellSouth favors (and currently practices) organization of the bill by service provider. Using this format, a separate page is provided for each entity billing charges. Billing aggregators (clearinghouses) are likewise allotted separate pages. Each provider's name and a toll-free number are prominently displayed at the top of the page, followed by an itemization of the charges. On clearinghouse pages, a separate section is provided for each service provider billing charges, with the service provider name preceding the section containing that provider's charges.⁷

BellSouth organizes by service category today as a secondary sort and recommends this method. An exception, however, needs to be made for packages of services. Packages, which offer consumers opportunities to leverage their purchases and receive better pricing, are becoming more commonplace across the industry and frequently cross categories of service. BellSouth recommends that these offerings be shown in a unique section for packaged services.

The inclusion of a summary page organized by services is contraindicated by customers' expressed wish for a shorter and simpler bill. A summary page would include no information not already contained in the itemized billing descriptions and would significantly increase paper, printing and postage costs of bill production. In addition, extensive software changes would be necessary to BellSouth billing systems to enable carriers to remit information for a service summary page which is separate from information appearing on the bill page.

differences in such data from the information reported on the immediately preceding bill. NPRM at ¶¶ 18-19.

⁷ The NPRM notes that some unscrupulous providers have adopted names suggestive of a service offering, usually for the purpose of concealing slamming activity. NPRM at ¶ 16. Within BellSouth's region, common carriers are subject to state certification requirements. As billing agent, BellSouth requires that the name of the service provider appearing on the bill match the name on the state-granted certification, to the extent space limitations allow.

On similar grounds BellSouth opposes the suggested use of a service change page.

BellSouth does not maintain subscriber information regarding services it bills on behalf of third parties. Massive revisions would be needed in order to store such information in sufficient detail to permit system recognition of month-to-month changes at either a provider or service level.⁸

As an alternative to service summary/service change pages, BellSouth suggests the use of a summary page, displaying the names of service providers and/or clearinghouses whose billing is included on the bill and the total amount billed by each. Providers billing through clearinghouses would not be separately identified on the summary page but would be included in the clearinghouse total. This proposal has received favorable comment by customer focus groups and is presently under consideration by BellSouth.

Finally, any consideration of formatting guidelines must recognize that to a degree the present billing format is the result of state mandate. Certain elements of this format—adopted to meet the requirements of various state commissions—have produced a bill which does not look the same in all jurisdictions.⁹ Feedback from focus groups confirms that this situation generates

⁸ It should be noted that BellSouth bills already display any change in a customer's preferred carrier, provided this information is conveyed to BellSouth through receipt of a CIC code change. (A change of customer service to a switchless ("CIC-less") reseller cannot be detected by BellSouth through normal procedures). At present, BellSouth displays a change in preferred carrier in the Other Charges and Credits section of the BellSouth portion of the bill. This display includes the name of the preferred carrier and the date of change. During the first half of 1999, BellSouth will implement an additional feature on the first page of the bill to aid customers, which displays a notice that the preferred carrier has changed. The name of the preferred carrier and the date of change will continue to be shown in the Other Charges and Credits section. Additionally, BellSouth does not oppose periodic itemization of recurring monthly charges according to the following schedule: (1) on the first bill; (2) on the bill following any change to service plans or features; and (3) annually.

⁹ For example, North Carolina requires separate pages for regulated and nonregulated charges. Florida does not require separate pagination but does require nonregulated charges to be identified with an asterisk. Other states have no requirements for distinguishing regulated from nonregulated charges. There are also varying state requirements for service itemization. In Florida, itemization must be a feature of each monthly bill; in Georgia and

significant confusion among customers who relocate to a state employing a different billing format. The same circumstances make it difficult for BellSouth to accommodate customers who desire a single bill for services rendered in multiple states and customers whose practice is to remit all bills to a single location for payment disbursement. For all these reasons the need for a national consensus on basic bill presentation requirements (to the extent this is achievable) can hardly be overstated.

Notwithstanding the advantages of uniformity, any guidelines adopted through this proceeding must also be sufficiently flexible to accommodate variations in the technological capabilities of billing companies and expressed customer preferences. With respect to the latter, many large business customers of BellSouth have requested bills to be rendered electronically (e.g., by magnetic tape, CD-ROM, diskette, Internet), allowing organization and analysis of bill content in various formats. The increased use of on-line billing has created a demand among both business and residential customers for individualized formatting options (e.g., separation of reimbursable expenses from non-reimbursable, expense tracking by employee or family member). Ultimately, BellSouth hopes to extend these options to recipients of the paper bill. The Commission's formatting guidelines should not be so narrowly drawn as to impede these initiatives.

IV. SERVICE DESCRIPTIONS—ISSUES RELATED TO WIRELINE PROVIDERS

In BellSouth's experience, complaints of inadequate or unclear service descriptions are most frequently associated with third-party charges for miscellaneous services. BellSouth has a policy requiring that service descriptions intended to describe such billing be submitted to

Kentucky itemization must be provided only on request; in Louisiana there is a requirement for annual itemization.

BellSouth for prior review and approval. Currently, the third party service provider is allowed to use two 12-character fields for transmitting the pre-approved description. No mechanism exists at this time for screening or editing to insure that the phrase submitted matches the description approved by BellSouth. Ultimately, BellSouth has scheduled implementation of a table of approved service descriptions, which can be accessed by the provider as the billing record is submitted. This will insure that only approved descriptions appear on the BellSouth bill. In conjunction with establishing table-driven phrases, BellSouth will expand the program field size now allotted to the service description to permit greater detail on this element of the billing statement.

BellSouth concurs in the NPRM proposals to require identification of both the service provider (in the case of resold services, the reseller) and the billing clearinghouse (if applicable).¹⁰ All such information is currently available on BellSouth statements and is undoubtedly of value to the consumer. Nevertheless, with particular reference to reseller identification, it must not be assumed that inclusion of this information on the billing statement is alone sufficient to prevent the slamming activity described in the NPRM.¹¹ In BellSouth's region, this form of slamming remains a problem, largely because it can be effected without the necessity of processing a preferred interexchange carrier ("PIC") change through the local exchange provider. Since the PIC code is used to identify network routing, BellSouth's system does not recognize a change where the facilities of the same underlying carrier continue to be

¹⁰ NPRM at ¶ 23. Providers billing through a clearinghouse should be permitted to purchase customer care functions from the clearinghouse (as frequently occurs today). In this event, a single clearinghouse number for customer inquiries/complaints is appropriate on the billing statement.

¹¹ *Id.*

used for call transport. Hence, even the application of a PIC freeze to the account will not prevent this abuse of consumers.

To address this problem, BellSouth supports the use of a carrier identification code (CIC) for all service providers including "switchless" resellers. The CIC is a unique identifier. CIC assignment to each service provider would enable LEC records to reflect the entity that is actually billing calls to the end user customer. This identification would, in turn, facilitate the detection of slamming and permit faster resolution of PIC disputes.

The CIC Ad Hoc Working Group to the North American Numbering Council (NANC) and many industry members, including BellSouth, support elimination of the requirement that a service provider purchase a Feature Group D (FGD) trunk as a prerequisite for CIC assignment. The Commission should adopt this recommendation and approve CIC use for resellers, as it has been urged to do in a recent rulemaking.¹²

In BellSouth's view, opening CIC assignment to resellers constitutes the most potent measure to combat slamming which has been identified to date. To address cramming, BellSouth and other industry members have suggested consideration of a bill block in the Anti-Cramming Best Practices Guidelines, which will enable end users to specify those companies from which they will (or will not) accept billing. Such a service provided by the LEC would have limited effectiveness, however, unless supported by a national registry of telecommunications service providers, which would assign a unique identifier to each service

¹² See Administration of the North American Numbering Plan Carrier Identification Codes (CICs), CC Docket No. 92-237, *Further Notice of Proposed Rulemaking and Order*, released October 9, 1997, and BellSouth Comments, March 6, 1998; *Report and Recommendations of the CIC Ad Hoc Working Group to the North American Numbering Council (NANC) Regarding Use and Assignment of Carrier Identification Codes (CICs)*, February 18, 1998, at ¶¶ 11-13. "Specifically, translations access will facilitate the assignment of CICs to

provider. Without national registration, a service provider billing through multiple clearinghouses (and accordingly assigned multiple sub-CIC identities by the clearinghouses) can continue to remit billing to an end user who has requested a billing block unless all sub-CICs applicable to that provider are identified in the blocking request. If, on the other hand, each provider is assigned a single and unique identifier, end user customers will be able effectively to designate the provider from whom they elect either to block or to accept billing. Provision of such a service would also be contingent upon enhancements to billing system software and modifications of BellSouth's existing contractual arrangements for third-party billing to make these subject to an end user bill block option.

BellSouth maintains that consumers should be informed of the distinction between "deniable" and "non-deniable" charges and that all "non-deniable" charges should be identified as such, whether or not they pertain to pay-per-call services. This can best be accomplished by means of an asterisk next to "non-deniable" charges and an explanatory footnote on the front summary page of the bill. End user customer feedback further indicates that segregation of these charges on a separate bill page is not a favored formatting option and interferes with other, more informative, sorting.¹³

V. PROVISION OF INQUIRY/COMPLAINT INFORMATION—ISSUES RELATED TO WIRELINE PROVIDERS

Each provider of billed services should include on the bill page a toll-free telephone number which consumers may contact to obtain account information and/or register a

resellers, and thereby allow easier identification of these type service providers, enhancing the ability to resolve conflicts, including disputes which involve slamming." *Id.* at ¶ 12.

¹³ Currently BellSouth is required by some states to distinguish "regulated" from "nonregulated" charges. Customers have advised that this information is not very meaningful.

complaint.¹⁴ The inclusion of a business address will not significantly enhance consumers' ability to contact the billing entity, is unlikely to be the method chosen by consumers to initiate contact and will consume valuable space on the bill page. Accordingly, BellSouth does not favor a requirement to provide business address.

Assuring that customers who dial the toll-free number receive a timely and adequate response to their billing inquiries presents a far more challenging problem. Billing LECs cannot mandate customer service standards for other providers; however, to encourage the maintenance of satisfactory standards by third-party providers, the Anti-Cramming Best Practices Guidelines adopted by BellSouth and other billing LECs suggest the implementation of certain complaint thresholds, which may be applied to identify those providers/services generating an unacceptable level of complaints to LEC business offices.¹⁵ Failure to achieve the thresholds over a stated period of time will trigger certain actions by the LEC pursuant to the billing contract, up to and including the termination of billing service.¹⁶

It may be hoped that a substantial number of billing LECs will adopt threshold requirements and similar provisions, which will encourage a higher standard of customer service

In fact, for end user customers, the distinction between "deniable" and "undeniable" is much more important.

¹⁴ Providers billing through a clearinghouse should be permitted to list the clearinghouse number, when responsibility for customer care functions is assigned to the clearinghouse under the billing agreement.

¹⁵ See FCC and Industry Announce Best Practices Guidelines to Protect Consumers from Cramming, FCC Press Release (July 22, 1998). One such threshold would be derived from the ratio of calculated complaints (as contractually defined) to bills rendered by the service provider. Alternatively, LECs might choose measurements based upon the number of billing adjustments to the third-party provider service or billing inquiries concerning such service received by LEC customer contact centers.

¹⁶ Under current billing agreements BellSouth may only charge the higher "Inquiry Service" rate when it receives a substantial volume of end user complaints arising from an inability to contact the service provider.

throughout the industry. Nevertheless, attainment of this goal must ultimately depend upon the exercise of regulatory oversight by the Commission and the states and the willingness of regulators to act decisively to enforce all existing rules in cases of egregious neglect of customer service obligations.

VI. ISSUES RELATED TO WIRELESS PROVIDERS

The Commission should not impose billing content and format requirements on Commercial Mobile Radio Service (CMRS) providers. The impetus for this proceeding was the "tremendous growth in consumer complaints" resulting from misleading or unclear billing practices.¹⁷ No reference is made, however, to consumer complaints filed against CMRS providers for misleading or unclear billing practices. In the absence of a compelling record that the CMRS industry's billing practices are problematic, the Commission should not regulate billing for CMRS services.

Congress has recognized that regulation of CMRS billing practices is unnecessary. As the Commission states, "Congressional concern over confusing and misleading telephone bills has resulted in pending legislation to regulate telephone bill format."¹⁸ The Commission fails to acknowledge, however, that the proposed legislation expressly carves out CMRS services from regulation because the number of slamming complaints in the CMRS industry has been negligible.¹⁹ Given that Congress has excluded CMRS from its proposed legislation regarding billing format and practices, the CMRS industry should similarly be exempt from any FCC

¹⁷ NPRM at ¶¶ 2-3.

¹⁸ *Id.* at ¶ 5 (referencing S.1618, 105th Cong., 2d Sess. (1998)).

¹⁹ S. Rep. No. 105-183, at 8 (1998) (stating that "(t)he Committee intends to exempt [commercial mobile radio service] providers from section 258 of the Communications Act because, within the commercial mobile service industry, the number of slamming complaints has been negligible.").

regulations relating to billing. The Commission should not impose a complex and expensive regulatory scheme on the CMRS industry without good reason. In this field, there is no evidence of a problem requiring a solution.

The CMRS industry should not be subject to billing regulation because it is vastly different from traditional local and interexchange services. Unlike local exchange and interexchange services, the terms and conditions of CMRS services are typically provided in writing before a consumer obtains service. In cellular, for example, a consumer generally signs up for service pursuant to a contract that clearly articulates the rates, terms and conditions for service. Similarly, although some Personal Communications Service (PCS) carriers do not require a contract, the terms and conditions of service are clearly provided with the handset that the customer must obtain prior to initiating service. The provision of terms and conditions in writing prior to obtaining services is likely one of the main reasons slamming and billing format complaints are virtually nonexistent in the CMRS industry.²⁰

Another principal reason for the lack of slamming complaints in the CMRS industry is that requests for change or addition to a customer's services must generally be made directly to the CMRS provider. Slamming generally occurs when an IXC informs a LEC that a customer has requested that the IXC be made the customer's PIC. The LEC then changes the customer's PIC based on the representations of the IXC, without any direct contact with the customer. This does not appear to occur in the CMRS industry. All or most CMRS providers will make service and billing changes only if a customer contacts the CMRS provider *directly* and specifically requests such changes.

²⁰ BellSouth has never received a FCC formal or informal complaint relating to the format of its CMRS bills.

Moreover, there are fewer opportunities for slamming in the CMRS industry than in the wireline telephone business because CMRS carriers are not under any obligation to permit PIC changes. Under Section 703 of the Telecommunications Act of 1996, 47 U.S.C. § 332(c)(8), CMRS carriers are exempt from equal access requirements. As a result, CMRS carriers provide their subscribers with a variety of service packages, in some cases including integrated local and long distance calling under a single rate plan. PIC changes are not compatible with these rate plans. Given the competition among CMRS carriers in offering attractive combinations of local and long distance service, there is little or no opportunity for slamming.

The competitive nature of the CMRS industry also deters any misleading or deceptive billing practices. Because consumers generally may choose between a number of competing CMRS providers, customer satisfaction is critical to maintaining market share. If a CMRS provider engages in deceptive practices, its subscribers can easily change to a competing service provider. Thus, marketplace forces are sufficient to deter the type of billing practices the Commission is attempting to prevent.

Although most measures described in the NPRM cannot reasonably be applied to the wireless industry, the Commission's proposal requiring the name of the reseller (rather than the underlying facilities-based provider) to be prominently displayed on bills is already practiced by most CMRS providers. Thus, a CMRS reseller attempting to create a market presence would not be required to disclose the name of the company that is actually providing service.²¹ This proposal makes sense for the CMRS industry, especially with regard to resale and roaming.

²¹ See NPRM at ¶ 23.

A CMRS licensee offering integrated PCS, long distance and paging services under its brand name should not be required to disclose the name of the long distance companies and paging companies actually providing the services being resold. Resellers often employ a variety of underlying carriers, some of whom may also be resellers. Several levels of resale may actually be involved. As a result, the billing CMRS reseller may be unable to determine the identity of the ultimate service provider. At a minimum, it would be costly and confusing to require a reseller to differentiate among carriers providing service on every call, because the service of numerous carriers may be resold and the carriers themselves may be changed on a regular basis.

This proposal also accords itself well with the practice of CMRS roaming. BellSouth has roaming agreements with a number of wireless providers. Pursuant to these agreements, BellSouth pays a certain rate for its subscribers' calls, which are carried on the networks of other wireless providers. In some cases, BellSouth may pay a wireless carrier more to carry the call than the rate actually charged to the BellSouth subscriber. This practice enables BellSouth to offer subscribers a single roaming rate over a defined geographic area. BellSouth's customers have no contractual relationship with the roamed carriers, and the rate charged to BellSouth customers may bear no relationship to the rates charged by such carriers. Thus, no customer benefits would accrue by requiring CMRS providers to disclose names and contact information for carriers providing roaming services to a subscriber.

By contrast, the Commission's proposal regarding the treatment of deniable and nondeniable charges is inapplicable to CMRS. If a subscriber refuses to pay a valid charge on a CMRS bill, service will be disconnected. BellSouth is unaware of any CMRS provider that provides billing for charges that will not affect continuity of service.

The regulation of CMRS billing practices will increase CMRS costs without a countervailing public benefit. The Commission indicates that it must balance the perceived benefits of any proposed regulation of billing content and format against the cost of implementation.²² In this regard, BellSouth estimates that it would cost between \$500,000 and \$1,000,000 in programming charges simply to add an additional page of CMRS billing information. If the Commission requires CMRS bills to contain information from previous bills (as a comparison to current billing activity), providers would be forced to implement and maintain complex databases, at a cost that would be astronomical. In addition to programming costs, each additional page of information would cost approximately \$0.07 per subscriber per month. This cost must be balanced against the dearth of billing format complaints and the fact that even without Commission intervention, CMRS carriers include a variety of informative elements in their bills that are similar to some of the Commission's billing format proposals. A number of BellSouth's affiliates providing CMRS service furnish a summary page with all bills specifying charges by service (e.g., roaming, long distance, etc.), as well as a local or toll-free number for all billing questions.

VII. CHARGES ASSOCIATED WITH FEDERAL REGULATORY ACTION

The adoption of uniform terminology to designate charges associated with Federal regulatory action would be highly beneficial to consumers and—it is believed—would substantially reduce the volume of calls received each month by BellSouth business offices which are generated by the appearance of such charges on consumer bills. To the extent carriers elect to recover the costs associated with Federal regulatory action through separate, line item charges the nature and purpose of such charges should be accurately described. By contrast,

²² NPRM at ¶ 11.

BellSouth does not favor mandated disclosure of countervailing benefits of government action; since this information would be difficult to develop and maintain at an end user level, would be of little use to consumers in their selection of competitive preferences and would add unnecessary complexity to the bill.

BellSouth believes that the formulation of "safe harbor" language to describe charges resulting from Federal regulatory action might assist some carriers in explaining the charges and some consumers in making service and rate comparisons. To that end, BellSouth proposes the following "safe harbor" provisions applicable to universal service assessments:

The 1996 Telecommunications Act requires all interstate carriers and service providers, including payphone aggregators and private network operators, to contribute to a Universal Service Fund. This fund will help provide discounted telecommunications services to schools, libraries and low-income consumers. To recover the amount deposited into the fund, the applicable USF charge may be added as a separate line item on your bill, and, if present, is identified as "Unv Svc Fund Charge." If you have any questions regarding this charge, please call customer service at XXX-XXXX.

BellSouth shares the concern, expressed by Commissioner Powell, that the adoption of "safe harbor" language does not operate directly or indirectly to abridge the First Amendment freedoms of billing carriers.²³ Whether or not "safe harbor" language is employed, a description of the charge should be included periodically on the billing statement (e.g., with the customer's first bill and annually thereafter). More generally, public education regarding the nature and

²³ "It is my sincere expectation that the proposal to adopt 'safe harbor' language for use by carriers who choose to recover their universal service contributions and access charge costs through explicit line items on customers bills not degenerate into an effort to pressure long distance companies, even indirectly, to remove such line items." NPRM, *Separate Statement of Commissioner Michael K. Powell*, p. 36.

purpose of these charges can also be accomplished through Commission releases, bill inserts and statements provided with telephone directory white pages.


VIII. CONCLUSION

With this proceeding the Commission should aim to formulate guidelines reflecting a consensus among Federal and state regulators and applicable to billing practices across jurisdictional boundaries. These guidelines must be sufficiently flexible to accommodate differences among billing entities and the introduction of new customer-requested billing options, which is especially necessary in a competitive marketplace. Finally, it would be unrealistic to suppose that the abuses noted by the Commission in its NPRM can be fully addressed through billing reforms alone. Vigilant oversight—and where necessary, vigorous prosecution—by Federal and state authorities remains necessary to protect the public against that minority of service providers whose competitive strategy depends upon public deception.

Respectfully submitted,

BELLSOUTH CORPORATION
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CERTIFICATE OF SERVICE

I do hereby certify that I have this 13th day of November 1998 served the following parties to this action with a copy of the foregoing COMMENTS by hand delivery or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed below.

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