Sprint

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ORIGINAL

September 17, 1999

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

Re: Docket No. 990994-TP Proposed Amendments to Rule 25-4.110, F.A.C., Customer Billing for Local Exchange Telecommunications Companies

Dear Ms. Bayo:

Enclosed for filing is the original and fifteen (15) copies of Sprint Communications Company Limited Partnership, on behalf of its Long Distance and CLEC operations and Sprint-Florida's comments in Docket No. 990994-TP proposed Amendment to Rule 25-4.110.

Sincerely,

Charles J. Rehwinkel

AFA 3
APP
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LEG Caldwell
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Done 9/20/99

Customer Billing for Local Exchange Telecommunications Companies Rulemaking

Docket No. 990994-TP

Comments of F. Ben Poag on behalf of Sprint Corporation.

Filed September 17, 1999

These comments are provided by Sprint's Incumbent and Competitive Local Exchange Companies as well as the Long Distance Operations in response to the PSC Staff's proposed rule amendments ("Proposal"). Sprint recognizes the PSC's desire to develop rules and guidelines for the protection of customers. The PSC's efforts are consistent with those undertaken by the FCC and the FTC. Sprint offers these comments in the hope that the PSC recognizes that the benefits of the rule changes should outweigh the additional costs of providing service, not be so burdensome as to serve as a barrier to competitive entry and maintain a proper balance between providing customers a bill which is easy to understand but not so detailed as to create customer confusion.

Sprint recognizes that customers want bills that are easier to read and which give them adequate information to make intelligent choices in an increasingly competitive environment. To this end, Sprint has undertaken an extensive overhaul of its customer bill. This effort was initiated on a nationwide basis after extensive customer research based primarily on customer focus group input. Based on this customer input Sprint has designed a more customer-friendly bill that is scheduled to be implemented in the early part of 2000. This billing improvement effort was undertaken with FCC, FTC and state statutes and rules in mind. Based on Sprint's efforts to revise its customer bill and the customer input research, Sprint offers the following comments regarding the draft proposed rules:

I. Application to CLECs

As a threshold matter, Sprint respectfully submits that the commission should refrain from proposing rules that would apply these billing format standards to competitive local exchange carriers (CLECs). Although section 364.604 does facially apply to CLECs, the commission possesses the express authority to withhold application of the billing standards to CLECs. Section 364.337 allows the Commission to waive the billing standards portion of the Chapter 364, upon a showing that such a waiver is in the public interest. Consequently, the Commission's ability to grant a waiver upon the filing of a petition necessarily implies the ability to grant a blanket waiver in the rulemaking process. This is consistent with the requirement in Section 364.337 which mandates that any rules adopted by the commission must be consistent with section 364.01. In giving this direction, the Legislature was undeniably intent on requiring the Commission to proceed cautiously with respect to measures that would have potential to retard the market entry of competitive providers and the introduction of new competitive services. In relevant part, Section 364.01 provides that:

> (4) The commission shall exercise its exclusive jurisdiction in order to:
>
> ****
>
> (b) Encourage competition through ***flexible regulatory treatment among providers of telecommunications services*** in order to ensure the availability of the ***widest possible range of consumer choice*** in the provision of all telecommunications services.
>
> ****
>
> (d) Promote competition by encouraging new entrants into telecommunications markets and by allowing a transitional period in which new entrants are ***subject to a lesser level of regulatory oversight*** than local exchange telecommunications companies.
>
> (e) Encourage all providers of telecommunications services to introduce new or experimental telecommunications services ***free of unnecessary regulatory restraints.***
>
> (f) ***Eliminate any rules and/or regulations which will delay or impair the transition to competition.***

(g) Ensure that all providers of telecommunications services are treated fairly, by preventing anticompetitive behavior and *eliminating unnecessary regulatory restraint.*

(h) Recognize *the continuing emergence of a competitive telecommunications environment through the flexible regulatory treatment of competitive telecommunications services* ...

[Emphasis added].

In the very near future, Sprint plans on offering new and innovative services on a competitive basis, such as the Integrated On-Demand Network (ION) service, to Florida customers. ION will represent a dramatic departure from the traditional method of deploying telecommunications services and will be in direct competition with the services provided by CLECs and ILECs. In today's highly consumer driven marketplace, the ION service that combines the delivery of voice and data and local and long distance services with Internet access, will bring complete communications solutions to customers who want them. Regulatory requirements that increase costs and delay entry can only have a negative effect on bringing such choice to customers. Where customers have a choice among service providers, regulation is unnecessary. This rule proposal falls into the category of unnecessary regulation with respect to CLECs. Imposing rigid, formalistic billing format standards -- designed for traditional basic telecommunications services - to services that customers can exercise choice for, will not make sense in a competitive ION environment where customers are more concerned with the availability of the innovations that ION brings than extra detail on the bill. Clearly, the cost of developing and implementing the recording systems and a billing system that would meet the proposed requirements would constitute a substantial impediment and added cost to the introduction of new services like ION. Sprint strongly urges that the Commission, at a minimum, refrain from applying the billing format requirements of this rule to CLECs. CLECs must compete for every customer and their

customers always have an alternative carrier. Applying regulations to competitive new entrants is unnecessary and serves as a barrier to entry.

The following comments are preliminary and based on the limited time available for comment and evaluation: Furthermore, in view of the fact that the proposals could change materially in this stage of the rulemaking, Sprint has not conducted an in-depth evaluation of the associated costs of many of these proposals.

II. Proposed Rule 25-4.110(2)(a)

The reference to certificated name is unclear. Sprint believes that Staff's intent is that the billing be rendered in the name of the entity that the customer recognizes. Under Florida law and the PSC rules, this should reflect the name on the PSC certification. However, Sprint has encountered instances where the certificate had two names (one being a d/b/a) and customers ended up being confused. The definition of "certificated name" may need to be clarified. Sprint supports the requirement that the bill be rendered in the certificated name as it enhances the complaint resolution process by readily identifying the originating party and the customer can make a more effective formal complaint to the Commission if necessary. However, where the originating party has a filed d/b/a with the Commission, it will be permissible to use the d/b/a to avoid customer confusion if the d/b/a was used to market the service.

In the same section, the Staff proposes that providers not billed for on the previous bill must be denoted in "conspicuous bold face type" on the bill. This is a similar requirement to the new FCC rules. Sprint and others have sought a stay and waiver of this requirement. There are substantial problems with this proposal with regard to identifying the providers of casual/dial-around toll calling in addition to the miscellaneous charges that have generated cramming complaints. Sprint has pointed

this out to the FCC and is awaiting a response to the request for a stay and waiver. The FCC has effectively delayed implementation of this requirement while technical issues are resolved. In addition, the incremental cost of this proposal is approximately $500,000. At this early stage in the rule development process, Sprint is developing a more precise estimate of the time it would take to address this type of requirement and identifying any additional cost, concerns and issues.

III. Proposed Rule 25-4.110(2)(c) 1-2

Sprint understands the PSC's desire to itemize taxes, fees and surcharges, however Sprint believes the proposed rules are unduly burdensome and will result in tremendous customer confusion. As proposed, the customer's bill would have as many as thirteen line items identifying the various taxes, fees and surcharges. Such a rule would greatly undermine the customers' stated desire for a less onerous, easier to understand bill. In addition to the likely substantial cost, there are some concerns about the terminology that ties billing requirements to "regulated" vs. "non-regulated" charges. This language may not be consistent with the FCC's requirements that charges must be identified and presented on a "deniable" vs. "nondeniable"' basis. Sprint's regulated/nonregulated charges generally track the deniable/nondeniable categories, but we suggest that there be synchronization between the two concepts. Any inconsistency in using different language on the same bill based on differing state and federal requirements, will be confusing to customers, increase the cost of providing service and advance no significant public interest objective. In addition, Section 364.604 does not require a breakdown of taxes by regulated and non-regulated services. At this early stage in the rule development process, Sprint is developing a more precise estimate of the time it would take to address this type of requirement and identifying any additional cost, concerns and issues.

IV. Proposed rule 25-4.110(2)(c) 3

Sprint has a serious concern about the language that the Staff is proposing for the items in this section of the rule. Of special concern is the language that would be used to identify the subscriber line charge (SLC). Currently, this charge is identified on the Sprint bill in Florida as an "FCC access charge" per PSC order. Sprint would propose in its upcoming revised bill format to describe this charge similarly. The proposed terminology change will create more customer confusion, especially if the terminology were to be implemented in conjunction with any change in the amount of the SLC. Many customers will identify this as a brand new charge, even though it has been around for over fifteen years. The new terminology would actually generate more confusion and customer calls. Furthermore, the FCC Truth-in-Billing and Billing Format, CC Docket No. 98-170, FCC 99-72 First Report and Order and Further Notice of Proposed Rulemaking, released May 11, 1999, has asked for industry comments on standardized labels or descriptions for charges resulting from federal regulatory action. Sprint supports standardized descriptions and believes the consistent labels across industry and state lines is appropriate and will minimize customer confusion. At this early stage in the rule development process, Sprint is developing a more precise estimate of the time it would take to address this requirement and identifying any additional cost, concerns and issues.

V. Proposed rule 25-4.110(2)(d)

Although not a new rule proposal, Sprint questions why this statement (written itemization available upon request) would need to be included on each bill if the bill were itemized as required in the proposal. Sprint plans to provide itemization to all customers each month with the introduction of the new billing format. (In the former Centel region, Sprint currently itemizes the bill monthly.)

VI. Proposed Rule 25-4.110(5)(a)

With regard to the requirement to separately state any discount or penalty, Sprint's concern relate to the billing information processed for the various, non-Sprint, originating parties. It is not possible for Sprint to identify any discount or penalty information without the originating parties providing this information as it relates to their billing information. In addition, this detail can only be provided through the "invoice" billing platform which is utilized by only the large carriers / service providers and will not work for the numerous smaller carriers / service providers that do utilize the "casual" billing platform.

VII. Proposed Rule 25-4.110(5)(c)

See comments regarding Proposed rule 45-4.110(2)(c) above regarding the terminology using the term "unregulated." Sprint is unsure what is intended by the term "unregulated." Sprint already intends to comply with the FCC's Truth-In-Billing Order and will identify each line item on the bill as "deniable" or "non-deniable". In Florida, the deniable and non-deniable terms effectively match with the regulated and non-regulated terms. As a result, Sprint would like to identify charges as "non-deniable" as opposed to "unregulated" although their meaning for billing purposes is synonymous. Customer focus group responses indicate that distinctions such as regulated, non-regulated, basic, non-basic, etc. are meaningless, if not outright confusing.

VIII. Proposed rule 25-4.110(5)(i)

Sprint is concerned that the proposal would impose a requirement that is not undertaken anywhere Sprint bills for service today. Depending upon the services a

customer subscribes to, this proposed rule change would require the bill to be substantially lengthened to display numerous taxing bases on the bill. For example, in Florida, depending upon the governmental unit, the taxing bases for the municipal utility tax, the franchise fee, the discretionary sales surtax and state sales tax are all different. This presentation would present substantial programming and mapping challenges and significantly delay the roll-out of any billing format improvements. The presentation of this detail will lengthen the bill, make it more complex and result in customer confusion. In addition, this requirement could not be accomplished through the "casual" billing platform that numerous small carriers / service providers utilize to bill their services. Because of the billing complexities associated with this proposal, Sprint has not been able to develop any cost/time estimates for this proposal at this time.

IX. Proposed rule 25-4.110(5)(l)

Sprint understands that the PSC Staff would like for customers to have information on the minimum amount due to avoid disconnection. However, this information is not really important to the vast majority of customers that will pay the total amount due. For those customers that do want to pay a portion or the minimum, that information is available by calling the business office and we include a statement on the bill advising the customers they can call to get the minimum payment amount to avoid disconnection.

The FCC considered and rejected minimum payment approach in balancing the customer's interests against the increased cost associated with the non-payment of legitimately incurred charges. Identifying an amount that the customers can write a check for to avoid disconnection of local service will encourage people to do just that -- as if it is a minimum payment on a credit card statement. Sprint cannot estimate the

cost of this proposal at this early stage of the rule proceeding. However, we estimate that costs associated with uncollectibles would increase significantly. Sprint urges that this proposal not be adopted since the costs to the companies and customers (in terms of confusion) would outweigh any benefits of knowing with precision the minimum amount due to avoid disconnection of local service. Additional detrimental impact on customers could occur if the customer doesn't fully understand that services, for which valid charges go unpaid, may be cut off.

X. Proposed rule 25-4.119

Sprint recognizes that the Staff proposes to redefine current pay-per-call services as defined in the statute (section 364.602(5)). This is appropriate. However, the Staff apparently intends to propose several significant revisions to the existing rules to impose a bill block option, prohibit billing unless the provider performs third party verification (TPV), require a "billing adjustment tracking system" and change the provisions relating to recoursing charges associated with customer complaints.

a. Bill Block Option (BBO)

Sprint raised concerns about the proposed BBO in the slamming rule proceeding in 1997-1998 (Docket 970882-TL). Sprint still adheres to its position that a BBO should be required only when industry standards have been defined for the exchange of billing/charge information and network functionality to accept a PIN before completing a call or subscribing to a service. Sprint is aware that both BellSouth and GTEFL have implemented some form of BBO, albeit with different approaches. One is a negative option (allows billing for all that are not excluded) and the other is a positive option (only allows billing for the designated providers). At this time, Sprint is not aware of any study showing the effectiveness of these measures (positive or negative). Sprint's

position is based on the system issues confronted internally in devising an effective BBO that would substantially reduce customer complaints and avoid fraud. Beyond the system concerns, Sprint is uncertain about the use of the term "regulated" in ss.(3). When the legislature amended chapter 364 in 1998, the legislature did not authorize a BBO in passing Section 364.604 despite a PSC proposal to amend the law and require a BBO.

b. Bill adjustment-tracking system

This terminology is used in ss. (3) Sprint is uncertain whether what is intended here is different from the existing requirement in 25.4.100(11)(c). At this time Sprint has a system in place that accomplishes this. Without knowing if more is required Sprint cannot comment at this time.

c. Information Services adjustment

In ss. (4)(a), the Staff proposes that all information services charges shall be automatically adjusted if the customer claims no knowledge of the charges or what the charges were for. This standard is substantially different from existing language, which requires that the customer identify his complaint with some degree of specificity. This language would require that the bill be adjusted essentially because the customer asks. Many customers have questions about valid service charges simply because they don't remember incurring the charge. The proposal currently imposes an absolute requirement and would not allow for the customer representative to give additional information or an explanation when a customer calls to inquire or complain. Additionally, the originating party would not have the opportunity to remind the end user when / how they, or another member of the household, signed up for the services and save the sale. Under the proposed rule, the originating party would have no way to

protect itself and ensure that their customers are satisfied, or find out first hand that they have a problem in their sales or verification functions.

Furthermore, the virtual automatic adjustment per ss.4(a) would create a significant ambiguity about whether valid charges, once removed, could be reinstated to the bill. Also, mandatory blocking per ss.5 may not be available, since a complaint based on lack of knowledge of the charges or what they were for would not be verifiable as valid -- even in a TPV environment. Sprint submits that subsections 4(a), 5, 6(a) and 8 are somewhat inconsistent in how they would allow verified charges -- that had already been adjusted -- to be reinstated to the bill.

d. Third Party Verification (TPV)

At this time, Sprint does not have any comment on the requirement that Information Services providers implement TPV before they can utilize Sprint's transmission or billing services. Sprint's believes Staff's intent is that the rule would not require Sprint to monitor the application of TPV but instead that Information Providers and clearinghouses would be subject to billing and transmission service termination upon failure to comply with FPSC rules, including a TPV rule requirement.

It seems to be the intent of the Staff that TPV requirement would be imposed on the provider of Information Services. However, the definition of originating party in 25-4.003(19) would include anyone billing for telecommunications services (including LECs and clearinghouses who do not provide Information Services). This should be clarified.