

State of Florida

T

Commissioners:
MICHAEL McK. WILSON, CHAIRMAN
THOMAS M. BEARD
BETTY FASLEY
GERALD L. (JERRY) GUNTER
JOHN T. HERNDON



Division of Appeals
David E. Smith, Director
(904) 488-7464

Public Service Commission

September 12, 1991

**ORIGINAL
FILE COPY**

Mr. Carroll Webb
Joint Administrative Procedures
Committee
120 Holland Building
Tallahassee, Florida 32399

Re: DOCKET NO. 910060-TP, RULE 25-4.110, F.A.C.

Dear Mr. Webb:

Enclosed are the following materials concerning the above referenced proposed rule:

1. A copy of the rule.

ACK _____ 2. A copy of the F.A.W. notice.

AFA _____ 3. A statement of facts and circumstances justifying
APP _____ the proposed rule.

CAF _____ 4. A federal comparison statement.

CMU _____ 5. A statement of the impact of the rule on small business.

CTR _____ 6. An economic impact statement.

EAG _____
LEG _____ If there are any questions with respect to this rule, please
LIN _____ do not hesitate to call on me.

OPC _____

RCH _____

SEC 1 _____

WAS _____

OTH _____

Sincerely,

RICHARD C. BELLAK
Associate General Counsel

RCB/AMD4110.smj
Enclosures
cc: Steve Tribble, Director,
Division of Records & Reporting

DOCUMENT NUMBER-DATE
09119 SEP 12 1991
FPSC-RECORDS/REPORTING

25-4.110 Customer Billing.

(1) Each company shall issue bills monthly. Each bill shall show the delinquent date, set forth a clear listing of all charges due and payable, and not later than December 1, 1982, contain the following statement: "Written itemization of local billing available upon request."

(a) Each local exchange company shall provide an itemized bill for local service:

1. With the first bill rendered after local exchange service to a customer is initiated or changed; and
2. to every customer at least once each twelve months.

(b) The annual itemized bill shall be accompanied by a bill stuffer which explains the itemization and advises the customer to verify the items and charges on the itemized bill. This bill stuffer shall be submitted to the Division of Communications for prior approval. The itemized bill provided to residential customers and to business customers with less than 10 access lines per service location shall be in easily understood language. The itemized bill provided to business customers with 10 or more access lines per service location may be stated in service order code, provided that it contains a statement that, upon request, an easily understood translation is available in written form without charge. An itemized bill shall include, but not be limited to the following information, separately stated:

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1. Number and types of access lines;
2. Charges for access to the system, by type of line;
3. zone charges;
4. touch tone service charges;
5. charges for custom calling features, separated by feature;
6. unlisted number charges;
7. local directory assistance charges;
8. other tariff charges;
9. other nontariffed, regulated charges contained in the bill.

(c) Each bill rendered by a local exchange company shall:

1. separately state the following items:
 - a. any discount or penalty, if applicable,
 - b. past due balance,
 - c. unregulated charges, identified as unregulated,
 - d. long-distance charges, if included in the bill,
 - e. franchise fee, if applicable,
 - f. taxes as applicable on purchases of local and long distance service; and
2. contain a statement that nonpayment of regulated charges may result in discontinuance of service and that the customer may contact the business office (at a stated number) to determine the amount of

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regulated charges in the bill.

(2) Each company shall make appropriate adjustments or refunds where the subscribers's service is interrupted by other than the subscriber's negligent or willful act, and remains out of order in excess of twenty-four (24) hours after the subscriber notifies the company of the interruption. The refund to the subscriber shall be the pro rata[e] part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative; except that the refund shall not be applicable for the time that the company stands ready to repair the service and the subscriber does not provide access to the company for such restoration work. The refund may be accomplished by a credit on a subsequent bill for telephone service.

(3) (a) Bills shall not be considered delinquent prior to the expiration of fifteen (15) days from the date of mailing or delivery by the utility. However, the company may demand immediate payment under the following circumstances:

1. Where service is terminated or abandoned.
2. Where toll service is two (2) times greater than the subscriber's average usage as reflected on the monthly bills for the three (3) months prior to the current bill or, in the case of a new customer who has been receiving service for less than four (4) months, where the toll service is twice the estimated monthly toll service.

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1 3. Where the company has reason to believe that a
2 business subscriber is about to go out of business
3 or that bankruptcy is imminent for that
4 subscriber.

5 (b) The demand for immediate payment shall be
6 accompanied by a bill which itemizes the charges for which payment
7 is demanded or, if the demand is made orally, an itemized bill
8 shall be mailed or delivered to the customer within three (3) days
9 after the demand is made.

10 (c) If the company cannot present an itemized bill, it
11 may present a summarized bill which includes the customer's name
12 and address and the total amount due. However, a customer may
13 refuse to make payment until an itemized bill is presented. The
14 company shall inform the customer that he may refuse payment until
15 an itemized bill is presented.

16 (4) Each telephone company shall include a bill insert
17 advising each subscriber of the directory closing date and the
18 subscriber's opportunity to correct any error or make such changes
19 as the subscriber deems necessary in advance of the closing date.
20 It shall also state that at no additional charge and upon the
21 request of any residential subscriber, the exchange company shall
22 list an additional first name or initial under the same address,
23 telephone number and surname of the subscriber. Such notice shall
24 be included in the billing cycle closest to sixty (60) days
25 preceding the directory closing date.

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1 (5) Annually, each telephone company shall include a bill
2 insert advising each residential subscriber of the option to have
3 his/her name placed on the "No Sales Solicitation" list maintained
4 by the Department of Agriculture and Consumer Services, Division of
5 Consumer Services, and the 800 number to contact to receive more
6 information.

7 (6) Where any undercharge in billing of a customer is the
8 result of a company mistake, the company may not backbill in
9 excess of twelve months. Nor may the company recover in a
10 ratemaking proceeding any lost revenue which inures to the
11 company's detriment on account of this provision.

12 (7) Franchise fees and municipal telecommunications taxes.

13 (a) When a municipality charges a company any franchise fee,
14 or municipal telecommunications tax authorized by Section 166.231
15 F.S., the company may collect that fee only from its subscribers
16 receiving service within that municipality. When a county charges
17 a company any franchise fee, the company may collect that fee only
18 from its subscribers receiving service within that county.

19 (b) A company may not incorporate any franchise fee or
20 municipal telecommunications tax into its other rates for service.

21 (c) This subsection shall not be construed as granting a
22 municipality or county the authority to charge a franchise fee or
23 municipal telecommunications tax. This subsection only specifies
24 the method of collection of a franchise fee if a municipality or
25 county, having authority to do so, charges a franchise fee or

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1 municipal telecommunications tax.

2 (8) (a) When a company elects to add the Gross Receipts Tax
3 onto the customer's bill as a separately stated component of that
4 bill, the company must first remove from the tariffed rates any
5 embedded provisions for the Gross Receipts Tax.

6 (b) If the tariffed rates in effect have a provision for
7 gross receipts tax, the rates must be reduced by an amount equal to
8 the gross receipts tax liability imposed by Chapter 203, Florida
9 Statutes, thereby rendering the customer's bill uneffected by the
10 election to add the Gross Receipts Tax as a separately stated tax.

11 (c) This subsection shall not be construed as a mandate
12 to elect to separately state the Gross Receipts Tax. This
13 subsection only specifies the method of applying such an election.

14 (d) All services sold to another telecommunications
15 vendor, provided that the applicable rules of the Department of
16 Revenue are satisfied, must be reduced by an amount equal to the
17 gross receipts tax liability imposed by Chapter 203, Florida
18 Statutes, unless those services have been adjusted by some other
19 Commission action.

20 (e) When a nonrate base regulated telecommunications
21 company exercises the option of adding the gross receipts tax as a
22 separately stated component on the customer's bill then that
23 company must file a tariff indicating such. No corresponding rate
24 reduction is required for nonrate base regulated telephone
25 companies.

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1 (9) Each local exchange company shall apply partial payment
2 of an end user/customer bill first towards satisfying any unpaid
3 regulated charges. The remaining portion of the payment (if any)
4 shall be applied to nonregulated charges.

5 (10) This section applies to local exchange companies and
6 interexchange carriers that provide transmission services and/or
7 bill and collect on behalf of Pay Per Call providers. Pay Per Call
8 services are defined as switched telecommunications services
9 between locations within the State of Florida which permit
10 communications between an end use customer and an information
11 provider's program at a per call charge to the end user/customer.
12 Pay Per Call services include 976 Services provided by the local
13 exchange companies and 900 services provided by interexchange
14 carriers.

15 (a) Charges for Pay Per Call service (900 or 976) shall be
16 segregated from charges for regular long distance or local charges
17 by appearing separately under a heading that reads as follows:
18 "Pay Per Call (900 or 976) nonregulated charges". The following
19 information shall be clearly and conspicuously disclosed on each
20 section of the bill containing Pay Per Call service (900 or 976)
21 charges:

- 22 1. Nonpayment of Pay Per Call service (900 or 976)
23 charges will not result in disconnection of local
24 service;
- 25 2. End users/customers can obtain free blocking of Pay

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1 Per Call service (900 or 976) from the local
2 exchange telephone company;

3 3. The local or toll-free number the end user/customer
4 can call to dispute charges;

5 4. With 900 service, the name of the interexchange
6 carrier providing 900 service; and

7 5. The Pay Per Call service (900 or
8 976) program name.

9 (b) Pay Per Call Service (900 and 976) Billing. Local
10 exchange companies and interexchange carriers who have a tariff or
11 contractual relationship with a Pay Per Call (900 or 976) provider
12 shall not provide Pay Per Call transmission service and/or billing
13 services, unless the provider does each of the following:

14 1. Provides an 18 second or longer preamble to the
15 program which states the total minimum charge for
16 the Pay Per Call service (900 and 976); child's
17 parental notification requirement is announced on
18 all preambles for all programs; child's parental
19 notification requirement in any preamble to a
20 program targeted to children must be in language
21 easily understandable to children; programs that do
22 not exceed \$3.00 in total charges may omit the
23 preamble, and the program may allow an end
24 user/customer to affirmatively bypass a preamble.

25 2. Provides the end user/customer the ability to

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1 disconnect the call during or at the conclusion of
2 the preamble without incurring a charge;

3 3. Provides on each program promotion targeted at
4 children (defined as 17 years and younger) clear
5 and conspicuous notification, in language
6 understandable to children, of the requirement to
7 obtain parental permission before placing or
8 continuing with the call. The parental consent
9 notification shall appear prominently in all
10 advertising and promotional materials, and in the
11 program preamble. Children's programs shall not
12 have rates in excess of \$5.00 per call, and shall
13 not include the enticement of a gift or premium.

14 4. Promotes its services without the use of an
15 autodialer or broadcasting of tones that dial a Pay
16 Per Call (900 and 976) number;

17 5. Prominently discloses the additional cost per
18 minute or per call for any other telephone number
19 that an end user/customer is referred to either
20 directly or indirectly;

21 6. Discloses clearly and conspicuously in all
22 advertising and promotional materials the name of
23 the information provider or sponsor and all charges
24 for Pay Per Call services, displayed in the same
25 print size as the Pay Per Call number;

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- 1 7. Provides on Pay Per Call services that involve
2 sales of products or merchandise clear preamble
3 notification of the price that will be incurred if
4 the end user/customer stays on the line, and a
5 local or toll free number for consumer complaints;
6 8. Meets internal standards established by the local
7 exchange company or the interexchange carrier as
8 defined in the applicable tariffs or contractual
9 agreement between the LEC and the IXC; or between
10 the LEC/IXC and the Pay Per Call (900 or 976)
11 provider which when violated, would result in the
12 termination of a transmission and/or billing
13 arrangement.

14 (c) Pay Per Call (900 and 976) Blocking. Each local exchange
15 company shall provide blocking (where technically feasible) of Pay
16 Per Call service (900 and 976), at the request of the end
17 user/customer at no charge. Each local exchange company or
18 interexchange carrier must implement a bill adjustment tracking
19 system to aid its efforts in adjusting and sustaining Pay Per Call
20 charges. The carrier will adjust the first bill containing Pay Per
21 Call charges upon the end user's/customer's stated lack of
22 knowledge that Pay Per Call service (900 and 976) has a charge. At
23 the time the charge is removed, the end user/customer may agree to
24 free blocking of Pay Per Call service (900 and 976).

25 (d) Dispute resolution for Pay Per Call service (900 and

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1 976). Charges for Pay Per Call service (900 and 976) shall be
2 automatically adjusted upon complaint that:

3 1. The end user/customer did not receive a price
4 advertisement, the price of the call was
5 misrepresented to the consumer, or the price
6 advertisement received by the consumer was false,
7 misleading, or deceptive;

8 2. The end user/customer was misled, deceived, or
9 confused by the Pay Per Call (900 or 976)
10 advertisement;

11 3. The Pay Per Call (900 or 976) program was
12 incomplete, garbled, or of such quality as to
13 render it inaudible or unintelligible, or the end
14 user/customer was disconnected or cut off from the
15 service;

16 4. The Pay Per Call (900 and/or 976) service provided
17 out-of-date information;

18 5. The end user/customer terminated the call during
19 the eighteen (18) second preamble described in 25-
20 4.110 (10) (b) (1), but was charged for the Pay Per
21 Call service (900 or 976).

22 e) If the end user/customer refuses to pay a disputed Pay
23 Per Call service (900 or 976) charge which is subsequently
24 determined by the LEC to be valid, the LEC or IXC may implement Pay
25 Per Call (900 and 976) blocking on that line.

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1 (f) Credit and Collection. Local exchange companies and
2 interexchange carriers billing Pay Per Call (900 and 976) charges
3 to an end user/customer in Florida shall not:

4 1. Collect or attempt to collect Pay Per Call service
5 (900 or 976) charges which are being disputed or
6 which have been removed from an end
7 user's/customer's bill;

8 2. Report the end user/customer to a credit bureau or
9 collection agency for non-payment of Pay Per Call
10 (900 or 976) charges.

11 (g) Local exchange companies and interexchange carriers
12 billing Pay Per Call service (900 and 976) charges to end
13 users/customers in Florida shall implement safeguards to prevent
14 the disconnection of phone service for non-payment of Pay Per Call
15 (900 or 976) charges.

16 Specific Authority: 350.127, F.S.

17 Law Implemented: 364.17, 350.113, 364.03, 364.04, 364.05, F.S.

18 History: New 12/1/68, Amended 3/31/76, 12/31/78, 1/17/79, 7/28/81,
19 9/8/81, 5/3/82, 11/21/82, 4/13/86, 10/30/86, 11/28/89, 3/31/91.

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 910060-TP

RULE TITLE:

CUSTOMER BILLING

RULE NO.: 25-4.110

PURPOSE AND EFFECT: The Commission, in its February 12, 1991 Order approving the initiation of rulemaking in pay per call (900/976) services noted the need for increased protection for consumers of those services. The proposed rules accomplish that goal.

SUMMARY: The proposed rules provide that partial payments by customers be applied by local exchange companies first to satisfying any unpaid regulated charges. The proposed rules provide a definition of pay per call services and change "900/976 services" to "pay per call services (900 or 976)".

The proposed rules provide requirements for pay per call services in the areas of notification, children's parental consent, promotion of children's programs, disclosure of prices for merchandise, meeting internal standards of local exchange companies and interexchange carriers and program promotion which must be met for transmission and or billing services to be provided.

The proposed rules provide for the availability of free blocking of pay per call services and for dispute resolution, including adjustment of certain complaints, rules relating to collection and safeguards against disconnection for failure to pay charges for pay per call (PPC) services.

RULEMAKING AUTHORITY: 350.127, F.S.

LAW IMPLEMENTED: 364.17, 350.113, 364.03, 364.04, 364.05, F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THIS RULE:

The net effect to the agency should be minimal because 900/976 complaints are a small fraction of total complaints. LECs and IXCs that provide transmission and/or bill and collect services on behalf of PPC telephone services could be directly affected by the proposed additions. The full EIS elaborates on this impact. Some of the IXCs are small businesses and may be affected by the rule changes. Also, many of the PPC service providers are small businesses. The exact amount of loss of revenues to the information providers is undeterminable in advance but could be a significant percentage of the companies' gross revenues. The impact on competition could be significant for Florida PPC providers. The net change in employment cannot be determined with certainty but the gain in employment at the LECs is likely to be short-term.

The analysis was prepared using data collected from surveys to ten LECs, two IXCs, and one PPC provider, workshop testing, and discussion with staff. Standard microeconomic analysis was used to determine the likely economic impacts.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING. IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., TUESDAY, OCTOBER 8, 1991.

PLACE: Room 106, 101 East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS RULE AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0862.

THE FULL TEXT OF THE RULE IS:

25-4.110 Customer Billing.

(1) Each company shall issue bills monthly. Each bill shall show the delinquent date, set forth a clear listing of all charges due and payable, and not later than December 1, 1982, contain the following statement: "Written itemization of local billing available upon request."

(a) Each local exchange company shall provide an itemized bill for local service:

1. With the first bill rendered after local exchange service to a customer is initiated or changed; and
2. to every customer at least once each twelve months.

(b) The annual itemized bill shall be accompanied by a bill stuffer which explains the itemization and advises the customer to verify the items and charges on the itemized bill. This bill stuffer shall be submitted to the Division of Communications for prior approval. The itemized bill provided to residential customers and to business customers with less than 10 access

lines per service location shall be in easily understood language. The itemized bill provided to business customers with 10 or more access lines per service location may be stated in service order code, provided that it contains a statement that, upon request, an easily understood translation is available in written form without charge. An itemized bill shall include, but not be limited to the following information, separately stated:

1. Number and types of access lines;
2. Charges for access to the system, by type of line;
3. zone charges;
4. touch tone service charges;
5. charges for custom calling features, separated by feature;
6. unlisted number charges;
7. local directory assistance charges;
8. other tariff charges;
9. other nontariffed, regulated charges contained in the bill.

(c) Each bill rendered by a local exchange company shall:

1. separately state the following items:
 - a. any discount or penalty, if applicable,
 - b. past due balance,
 - c. unregulated charges, identified as unregulated,
 - d. long-distance charges, if included in the bill,

- e. franchise fee, if applicable,
 - f. taxes as applicable on purchases of local and long distance service; and
2. contain a statement that nonpayment of regulated charges may result in discontinuance of service and that the customer may contact the business office (at a stated number) to determine the amount of regulated charges in the bill.

(2) Each company shall make appropriate adjustments or refunds where the subscribers's service is interrupted by other than the subscriber's negligent or willful act, and remains out of order in excess of twenty-four (24) hours after the subscriber notifies the company of the interruption. The refund to the subscriber shall be the pro rata[e] part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative; except that the refund shall not be applicable for the time that the company stands ready to repair the service and the subscriber does not provide access to the company for such restoration work. The refund may be accomplished by a credit on a subsequent bill for telephone service.

(3) (a) Bills shall not be considered delinquent prior to the expiration of fifteen (15) days from the date of mailing or delivery by the utility. However, the company may demand immediate payment under the following circumstances:

1. Where service is terminated or abandoned.
2. Where toll service is two (2) times greater than the subscriber's average usage as reflected on the monthly bills for the three (3) months prior to the current bill or, in the case of a new customer who has been receiving service for less than four (4) months, where the toll service is twice the estimated monthly toll service.
3. Where the company has reason to believe that a business subscriber is about to go out of business or that bankruptcy is imminent for that subscriber.

(b) The demand for immediate payment shall be accompanied by a bill which itemizes the charges for which payment is demanded or, if the demand is made orally, an itemized bill shall be mailed or delivered to the customer within three (3) days after the demand is made.

(c) If the company cannot present an itemized bill, it may present a summarized bill which includes the customer's name and address and the total amount due. However, a customer may refuse to make payment until an itemized bill is presented. The company shall inform the customer that he may refuse payment until an itemized bill is presented.

(4) Each telephone company shall include a bill insert advising each subscriber of the directory closing date and the

subscriber's opportunity to correct any error or make such changes as the subscriber deems necessary in advance of the closing date. It shall also state that at no additional charge and upon the request of any residential subscriber, the exchange company shall list an additional first name or initial under the same address, telephone number and surname of the subscriber. Such notice shall be included in the billing cycle closest to sixty (60) days preceding the directory closing date.

(5) Annually, each telephone company shall include a bill insert advising each residential subscriber of the option to have his/her name placed on the "No Sales Solicitation" list maintained by the Department of Agriculture and Consumer Services, Division of Consumer Services, and the 800 number to contact to receive more information.

(6) Where any undercharge in billing of a customer is the result of a company mistake, the company may not backbill in excess of twelve months. Nor may the company recover in a ratemaking proceeding any lost revenue which inures to the company's detriment on account of this provision.

(7) Franchise fees and municipal telecommunications taxes.

(a) When a municipality charges a company any franchise fee, or municipal telecommunications tax authorized by Section 166.231 F.S., the company may collect that fee only from its subscribers receiving service within that municipality. When a county charges a company any franchise fee, the company may

collect that fee only from its subscribers receiving service within that county.

(b) A company may not incorporate any franchise fee or municipal telecommunications tax into its other rates for service.

(c) This subsection shall not be construed as granting a municipality or county the authority to charge a franchise fee or municipal telecommunications tax. This subsection only specifies the method of collection of a franchise fee if a municipality or county, having authority to do so, charges a franchise fee or municipal telecommunications tax.

(8) (a) When a company elects to add the Gross Receipts Tax onto the customer's bill as a separately stated component of that bill, the company must first remove from the tariffed rates any embedded provisions for the Gross Receipts Tax.

(b) If the tariffed rates in effect have a provision for gross receipts tax, the rates must be reduced by an amount equal to the gross receipts tax liability imposed by Chapter 203, Florida Statutes, thereby rendering the customer's bill unaffected by the election to add the Gross Receipts Tax as a separately stated tax.

(c) This subsection shall not be construed as a mandate to elect to separately state the Gross Receipts Tax. This subsection only specifies the method of applying such an election.

(d) All services sold to another telecommunications vendor, provided that the applicable rules of the Department of Revenue are satisfied, must be reduced by an amount equal to the gross receipts tax liability imposed by Chapter 203, Florida Statutes, unless those services have been adjusted by some other Commission action.

(e) When a nonrate base regulated telecommunications company exercises the option of adding the gross receipts tax as a separately stated component on the customer's bill then that company must file a tariff indicating such. No corresponding rate reduction is required for nonrate base regulated telephone companies.

(9) Each local exchange company shall apply partial payment of an end user/customer bill first towards satisfying any unpaid regulated charges. The remaining portion of the payment (if any) shall be applied to nonregulated charges.

(10) This section applies to local exchange companies and interexchange carriers that provide transmission services and/or bill and collect on behalf of Pay Per Call providers. Pay Per Call services are defined as switched telecommunications services between locations within the State of Florida which permit communications between an end use customer and an information provider's program at a per call charge to the end user/customer. Pay Per Call services include 976 Services provided by the local exchange companies and 900 services provided by interexchange

carriers.

(a) Charges for Pay Per Call service (900 or 976) shall be segregated from charges for regular long distance or local charges by appearing separately under a heading that reads as follows: "Pay Per Call (900 or 976) nonregulated charges". The following information shall be clearly and conspicuously disclosed on each section of the bill containing Pay Per Call service (900 or 976) charges:

1. Nonpayment of Pay Per Call service (900 or 976) charges will not result in disconnection of local service;
2. End users/customers can obtain free blocking of Pay Per Call service (900 or 976) from the local exchange telephone company;
3. The local or toll-free number the end user/customer can call to dispute charges;
4. With 900 service, the name of the interexchange carrier providing 900 service; and
5. The Pay Per Call service (900 or 976) program name.

(b) Pay Per Call Service (900 and 976) Billing. Local exchange companies and interexchange carriers who have a tariff or contractual relationship with a Pay Per Call (900 or 976) provider shall not provide Pay Per Call transmission service and/or billing services, unless the provider does each of the

following:

1. Provides an 18 second or longer preamble to the program which states the total minimum charge for the Pay Per Call service (900 and 976); child's parental notification requirement is announced on all preambles for all programs; child's parental notification requirement in any preamble to a program targeted to children must be in language easily understandable to children; programs that do not exceed \$3.00 in total charges may omit the preamble, and the program may allow an end user/customer to affirmatively bypass a preamble.
2. Provides the end user/customer the ability to disconnect the call during or at the conclusion of the preamble without incurring a charge;
3. Provides on each program promotion targeted at children (defined as 17 years and younger) clear and conspicuous notification, in language understandable to children, of the requirement to obtain parental permission before placing or continuing with the call. The parental consent notification shall appear prominently in all advertising and promotional materials, and in the program preamble. Children's programs shall not have rates in excess of \$5.00 per call, and shall

- not include the enticement of a gift or premium.
4. Promotes its services without the use of an autodialer or broadcasting of tones that dial a Pay Per Call (900 and 976) number;
 5. Prominently discloses the additional cost per minute or per call for any other telephone number that an end user/customer is referred to either directly or indirectly;
 6. Discloses clearly and conspicuously in all advertising and promotional materials the name of the information provider or sponsor and all charges for Pay Per Call services, displayed in the same print size as the Pay Per Call number;
 7. Provides on Pay Per Call services that involve sales of products or merchandise clear preamble notification of the price that will be incurred if the end user/customer stays on the line, and a local or toll free number for consumer complaints;
 8. Meets internal standards established by the local exchange company or the interexchange carrier as defined in the applicable tariffs or contractual agreement between the LEC and the IXC; or between the LEC/IXC and the Pay Per Call (900 or 976) provider which when violated, would result in the termination of a transmission and/or billing

arrangement.

(c) Pay Per Call (900 and 976) Blocking. Each local exchange company shall provide blocking (where technically feasible) of Pay Per Call service (900 and 976), at the request of the end user/customer at no charge. Each local exchange company or interexchange carrier must implement a bill adjustment tracking system to aid its efforts in adjusting and sustaining Pay Per Call charges. The carrier will adjust the first bill containing Pay Per Call charges upon the end user's/customer's stated lack of knowledge that Pay Per Call service (900 and 976) has a charge. At the time the charge is removed, the end user/customer may agree to free blocking of Pay Per Call service (900 and 976).

(d) Dispute resolution for Pay Per Call service (900 and 976). Charges for Pay Per Call service (900 and 976) shall be automatically adjusted upon complaint that:

1. The end user/customer did not receive a price advertisement, the price of the call was misrepresented to the consumer, or the price advertisement received by the consumer was false, misleading, or deceptive;
2. The end user/customer was misled, deceived, or confused by the Pay Per Call (900 or 976) advertisement;
3. The Pay Per Call (900 or 976) program was

incomplete, garbled, or of such quality as to render it inaudible or unintelligible, or the end user/customer was disconnected or cut off from the service;

4. The Pay Per Call (900 and/or 976) service provided out-of-date information;
5. The end user/customer terminated the call during the eighteen (18) second preamble described in 25-4.110 (10) (b) (1), but was charged for the Pay Per Call service (900 or 976).

e) If the end user/customer refuses to pay a disputed Pay Per Call service (900 or 976) charge which is subsequently determined by the LEC to be valid, the LEC or IXC may implement Pay Per Call (900 and 976) blocking on that line.

(f) Credit and Collection. Local exchange companies and interexchange carriers billing Pay Per Call (900 and 976) charges to an end user/customer in Florida shall not;

1. Collect or attempt to collect Pay Per Call service (900 or 976) charges which are being disputed or which have been removed from an end user's/customer's bill;
2. Report the end user/customer to a credit bureau or collection agency for non-payment of Pay Per Call (900 or 976) charges.

(g) Local exchange companies and interexchange carriers

Billing Pay Per Call service (900 and 976) charges to end users/customers in Florida shall implement safeguards to prevent the disconnection of phone service for non-payment of Pay Per Call (900 or 976) charges.

Specific Authority: 350.127, F.S.

Law Implemented: 364.17, 350.113, 364.03, 364.04, 364.05, F.S.

History: New 12/1/68, Amended 3/31/76, 12/31/78, 1/17/79, 7/28/81, 9/8/81, 5/3/82, 11/21/82, 4/13/86, 10/30/86, 11/28/89, 3/31/91.

NAME OF PERSON ORIGINATING PROPOSED RULE: Steve Brown

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE:
Florida Public Service Commission

DATE PROPOSED RULE APPROVED: August 27, 1991

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE

There is a need for increased consumer protection in the area of pay per call (900 or 976) services, with specific reference to notice of charges, notice on bills of relevant information, child's parental consent and dispute resolution.

STATEMENT ON FEDERAL STANDARDS

These amendments should not conflict with any federal standards.

STATEMENT OF IMPACT ON SMALL BUSINESS

Both IXCs and PPCs that are small businesses may be affected by this rule amendment. Automatic adjustment by carriers of customer's first bill upon stated lack of knowledge of charges for PPC services or merchandise could be very harmful to PPC's offering services or merchandise in advance of payment.

Such adjustments, when made, would not relieve the PPC from its own transmission and billing charges. Also, the PPC may itself have inadequate billing and collection resources.

M E M O R A N D U M

September 5, 1991

TO: DIVISION OF APPEALS (BELLAK) *up 8/13*
FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *CBH JMA*
SUBJECT: REVISED ECONOMIC IMPACT STATEMENT FOR ADDITIONS TO RULE 25-4.110,
FAC, CUSTOMER BILLING; DOCKET NO. 910060-TP

SUMMARY OF THE RULE

Rule 25-4.110, FAC, Customer Billing, contains regulations for local exchange company (LEC) and interexchange carrier (IXC) bills. Customer notices, bill forms, deadlines, etc., are in the current rule to give LECs and IXCs guidance on the issue of billing customers.

The proposed rule changes would assist in assuring that customers of 900 and 976 pay per call (PPC) service providers understand the nature and associated charges of these services. The rules require LECs and IXCs to use Commission-established standards in providing transmission and/or billing and collection services to 900 and 976 PPC providers. Guidelines are proposed that provide remedies for disputed 900 and 976 charges. Telephone bills would have to segregate charges for PPC 900 and 976 calls from charges for regular long distance or local calls by listing them separately under a heading that reads, "Pay per Call (900 or 976) Nonregulated Charges." The following information would be required to be disclosed clearly and conspicuously on each section of the bill: Nonpayment of PPC charges would not result in disconnection of local service; free blocking of PPC service would be provided upon request from the LEC; a local or toll-free number for the end user/customer to call to dispute charges; for 900 service, the name of the IXC carrier providing the service; and, the PPC service (900 or 976) program name.

LECs and IXCs who have a tariff or contractual relationship with a PPC (900 or 976) provider would not be allowed to provide transmission service and/or billing services unless the provider does the following:

- Provides an 18-second or longer preamble

- describing the total minimum charge unless the total charge does not exceed \$3;
- Provides the end user/customer the ability to disconnect without charge during or at the conclusion of the preamble;
- Provides in clear language on each program targeted at children (17 years and under) the requirement to obtain parental permission to make the call; the parental consent notification would have to appear in all advertising and promotional materials; rates for children's programs could not exceed \$5 per call or include the offer of a gift or premium;
- Promotes the service without the use of an autodialer or broadcasting of tones that dial a PPC number;
- Prominently discloses the additional cost per minute or per call for any other number that the end user/customer is referred to;
- Discloses clearly and conspicuously in all advertising and promotional materials all charges and the name of the information provider or sponsor;
- Provides, on PPC services that involve sales of products or merchandise, a preamble of the price that will be incurred and a local or toll-free number for complaints;
- Meets the internal standards of the LEC or IXC as defined in the applicable tariffs or contractual agreement.

In addition to providing free PPC (900 and 976) blocking, each LEC or IXC would have to implement a bill adjustment tracking system to aid efforts in adjusting and sustaining PPC charges. The carrier would adjust the first bill containing PPC charges at the end user/customer's stated lack of knowledge that 900 or 976 has a charge. Charges for PPC service would also be automatically adjusted upon complaint that:

- The end user/customer did not receive a price advertisement, the price was misrepresented, or the price advertisement was false, misleading, or deceptive;
- The end user/customer was misled, deceived, or confused by the PPC advertisement;
- The PPC service provided out-of-date information;

- The end user/customer terminated the call during, or at the conclusion of the 18-second preamble but was charged for the PPC service.

If an end user/customer refused to pay a disputed PPC service charge which was subsequently determined by the LEC to be valid, the LEC or IXC would then be able to implement 900 and 976 service blocking on that line.

With the proposed rule changes, LECs and IXCs would not be able to: collect or attempt to collect PPC service charges that are being disputed or that have been removed from an end user/customer's bill; or report the end user/customer to a credit bureau or collection agency for nonpayment of PPC charges. Further, LECs and IXCs would have to implement safeguards to prevent the disconnection of telephone service for nonpayment of PPC (900 or 976) charges.

DIRECT COSTS TO THE AGENCY

Currently, the Commission regularly receives complaints concerning charges for 900 and 976 service calls that are too high, billed improperly, made by a second party, or made in ignorance of a charge for such calls. The proposed rule changes would give guidelines for removing disputed calls from customer bills and discourage 900 and 976 service providers from taking advantage of uninformed customers. Staff time could be saved which has been used to deal with complaints about PPC charges of unregulated businesses that are included in regulated telephone bills. The additional reasons to adjust PPC charges that would be placed on customer bills may generate some additional disputes and complaints. However, the net effect should be minimal because the 900/976 complaints are a small fraction of total complaints. There should be no additional Commission staff paperwork generated by the proposed rule changes.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

LECs and IXCs that provide transmission and/or bill and collect services on behalf of PPC telephone services would be directly affected by the proposed additions to Rule 25-4.110. Also affected would be the LEC and IXC customers who use PPC numbers. Indirectly affected would be those businesses which use LECs and IXCs for transmission and/or billing and collection, the information providers.

Data responses were received from ten of the thirteen LECs surveyed, two of three large IXC's, and one of fifteen PPC vendors. Information was provided on estimates of additional costs to meet the proposed second phase of 900/976 PPC rulemaking.

Ratepayers. Some end users/customers/ratepayers would benefit from the rule. PPC (900/976) services are a relatively new option for telephone customers. Some customers have called 900/976 prefix numbers after seeing an advertisement or commercial without realizing that there was a charge. Some end users have called 900/976 numbers repeatedly, thereby incurring large telephone bills. Other telephone customers have had a second party, a relative or someone with access to their telephone, make numerous calls to PPC numbers without their knowledge. Customers in some of these cases would have benefitted from the proposed rule. After much publicity and self-policing by the PPC industry, many more customers should now be aware of the pitfalls and charges for 900/976 calls. However, the Division of Consumer Affairs reports a rising number of protests/inquiries and complaints. In 1990, 489 protests/inquiries and 81 complaints were reported for the entire year; for January 1 through July 24, 1991, 385 protests/inquiries and 72 complaints have been received resulting in \$23,445 in credits to customer bills. Many more credits could be made to customer bills by LECs with the proposed rule revisions, but the amount is uncertain.

Although the proposed rule changes would adjust telephone bills for certain situations, and ratepayers would be notified in their telephone bill that nonpayment of the 900/976 charges would not result in disconnection of local service, ratepayers would not necessarily be aware that nonpayers of 900/976 charges could still be pursued by PPC providers in the courts and nonpayers may be reported to credit bureaus.

Also, in the longer term, if the stricter requirements and lost revenues cause some firms to stop providing 900/976 services, or some firms to not enter the 900/976 business, ratepayers would have fewer choices in the market and prices may rise for the remaining PPC services.

LECs and IXCs. Data requests were sent to LECs, IXCs, and PPC companies. Many of the proposed changes and conditions have already been implemented by some LECs and would not cause additional costs for them. Only the costs and benefits that are due to the proposed changes in the second part of the

rule revision process and that are reported by the affected companies are identified.

LECs and IXC's still have some concerns with parts of the proposed rule revision. These concerns include: free call blocking; billing procedure changes; automatic adjustment of charges if an end user claims a lack of knowledge of a charge; developing a bill tracking system; implementation of safeguards against disconnection; nonprovision of transmission or billing/collection for tariffed or contractual relationships for not following guidelines.

Table 1 contains the estimated costs of the LECs to comply with the proposed rule amendments. Table 2 contains detailed estimated costs for the largest LEC, Southern Bell. A discussion of the estimated costs for the various rule changes follows.

Free Call Blocking. Free 900/976 call blocking would be required when a customer requested it and, although this would be a benefit to the customer, there would still be associated costs to the telephone company. In the short run, companies would bear this cost burden and, in the longer term, rate case proceedings would provide for the whole body of ratepayers sharing the cost.

Centel states it would still have to issue a service order for free call blocking to assure all company records reflected the blocking, which would cost the same as a secondary service order or \$10 per customer. GTE also currently charges a one-time \$10 fee to install blocking of PPC service and would incur the expense of taking and processing the order for free blocking with no compensation to cover that cost.

United Telephone estimates its identifiable costs associated with call blocking to be \$3 per customer for customer contact and central office work. Southern Bell has nonrecurring costs for providing blocking of \$11.57 for each residential line and \$20.97 for each business line. Southern Bell has been able to recover part of these costs through a nonrecurring charge of \$10 per line which would be the additional cost to Bell for free call blocking.

Floralata Telephone Company does not have the capability to block calls. Indiantown Telephone System estimates recurring blocking costs would be \$50 per month or \$600 per year. Northeast Florida Telephone Company would incur a central office cost of \$20, blocking cost of \$10, and a service order cost of \$8, or \$38 total cost to offer free blocking.

Billing Changes, Bill Tracking and Automatic Adjustments. Centel estimates the additional nonrecurring cost associated with changing its billing system to be \$120,000. Also, although no estimate was made, Centel believes additional pages would be necessary to segregate 900/976 charges on the bill which could cause additional printing costs and possibly additional postage.

Centel estimated that having automatic adjustment of charges for PPC disputes would reduce costs by \$5,000 per year in the business office. But, not being allowed to attempt to collect charges that are being disputed or have been removed from the end user/customer's bill, would add \$3,600 per year in additional costs in the business office. Centel is unable to estimate the loss of billing and collecting revenue it would incur if this procedure was implemented.

Alltel estimated that the cost of handling multibalance billing situations would be approximately \$30,000.

Southern Bell has committed to provide IXCs with information on adjusted 900 charges for end user/customer accounts and on adjusted charges for 900 programs. Therefore, information to provide tracking for 900 service IXCs would not result in additional costs for Southern Bell. However, Southern Bell believes that any type of on-line tracking system could be cost prohibitive for LECs and should be optional. Southern Bell is experimenting with an on-line system and estimates the cost to be about \$4,000 to provide service representatives with 900 service charges. However, the monitor field can only hold a limited amount of information and is currently full. Therefore, some other important data would have to be deleted to accommodate 900 service charge information. Also, Southern Bell believes that separating unregulated balances would be cost prohibitive.

GTE currently tracks PPC adjustments by placing a remarker on the customer's account when the "first" time adjustment is made. However, no estimate of time and cost involved to generate a mechanized report is currently available. Automatic adjustments for improper charges due to violation of Section 10(d)(1)-(5) would result in additional labor costs due to stimulation of bill inquiries that would result from the bill messages proposed. They include service representative wages, on-line system time, and supervisor head count, but STE provided no quantitative estimate.

AT&T would most likely experience a substantial increase in uncollectibles from having to automatically adjust customers' bills upon complaint, rather than upon verification of a complaint.

Floralta Telephone Company, St. Joseph Telephone and Telegraph, and Gulf Telephone Company each report that it would cost approximately \$4,620 in computer programming time to redesign their billing systems so that partial payments could be credited to certain balances. They also estimate that it would cost \$2,310 to disclose the required information on each section of the bill containing PPC charges. A bill adjustment tracking system would also cost \$2,310 to implement.

Indiantown Telephone estimated that there would be a \$1,200 nonrecurring cost to program the proposed billing changes. Recurring charges for material, postage, and labor would be approximately \$150 per month or \$1,800 per year.

Northeast Florida does not know the cost of reprogramming for bill tracking at this time but thinks it would be expensive. Northeast would incur a loaded labor cost of \$3.26 per 900/976 complaint that called for automatic bill adjustment.

Implementation of Safeguards Against Disconnection. GTE believes that it would have to manually sort through each affected customer's bill to ensure that service was not disconnected for nonpayment of PPC charges. This would result in increases in service representative expenses, on-line system time, and increased management head count in the collection area. However, GTE is converting to a new billing system, Customer Billing Services System (CBSS) in November and modifications to comply with safeguard requirements are planned to be available January 1, 1992. Floralta, St. Joseph, and Gulf Telephone would have to implement a manual procedure to prevent disconnection of telephone service but have no means of identifying the cost. Northeast Florida Telephone Company would incur a cost of \$1,000 to reprogram to prevent disconnection for nonpayment of PPC charges.

Nonprovision of Transmission and/or Billing for Tariffed or Contractual Relationships. GTE stated that the requirements in Section 10(b)(1)-(8) may require billing changes but costs to make the changes were not currently available. Also, the section would require changes to the current GTE Florida General Services Tariff for 976 service and the GTE Dial-It Service Agreement,

as well as the current billing and collection agreements, but GTE provided no estimate of costs to make these changes.

Pay per Call Providers. A primary concern of 900/976 service providers with the proposed rule amendments is the potential loss of revenue when telephone end users dispute PPC charges and have their bills adjusted. PPC respondents fear a large portion of their revenues could be lost when the LECs and IXCs adjust billings for disputed 900 and 976 calls.

As the economic impact statement for Phase 1 notes:¹

The major concern of 900/976 providers regarding these rule amendments was the required notification to the customer that nonpayment of 900/976 charges would not result in discontinuance of service. The constant reminder that service would not be disconnected is perceived as an open invitation for consumer abuse. To quote AB Communications, "The proposed rule would basically require IPs to place revenue on the honor system of its customers." The 900/976 information providers indicated that current estimates of bad debt range from 10 to 30 percent of booked revenues. The companies also indicated that under current tariff provisions and agreements, the LEC/IXC has little incentive to make extra efforts to collect disputed billings. The LEC/IXC receives its billing and collection charges and any appropriate transport fee regardless of whether the billed revenues are collected or charged back to the information provider. The bad debt is ultimately borne by the 900/976 information provider. Therefore, there is no incentive for the LEC or IXC to change collection procedures if a dramatic increase in uncollectibles associated with 900/976 services occurs. If the proposed rule amendment results in such usage increases, the information providers would not only absorb any increases in bad debt, but also would pay the LEC/IXC the associated increases in billing, collection, and transport fees.

The companies estimated that bad debt could increase to 50 to 80 percent of billed revenues. AB Communications, Inc., estimated that monthly collections would decrease from \$30,000 to less than \$5,000 per month. All of the responding 900/976 information providers indicated they would eventually have to cease operations in the State of Florida if continued patterns in such charge-backs materialized.

In efforts to limit both customer and 900/976 information provider abuse, several suggestions were made by the companies. These included free blocking, informative preambles, no LEC billings for children-related services, prominent price disclosure, and

¹ Economic Impact Statement for Docket No. 910060-TP, Petition of the Attorney General and Public Counsel to Initiate Rulemaking Proceedings Governing 900/976 Service, Commission Rule 25-4.110, FAC, Customer Billing; March 29, 1991.

telephone company initiated blocking for nonpayment by consumers who abuse the service.

There are many benefits that consumers of 900/976 services and society receive from having access to quality information services. Any proposed regulation to curb abuse of 900/976 customers should recognize that there are satisfied customers of 900/976 services who may be adversely affected by such regulation through higher rates and possible elimination of particular services if companies remove themselves from the market due to uncontrollable cost increases. In addition, to the extent that customers use this rule amendment to avoid paying legitimate bills, the quality 900/976 service providers will be unduly penalized.

In Phase 2 of the proposed 900/976 billing rule revisions, LECs would lose revenues from the free call blocking proposal ranging from \$3 to \$38 per customer block. The proposed billing changes would cost an estimated \$1,200 nonrecurring and \$1,800 recurring for the smallest LEC to \$64,680 nonrecurring and \$302,605 recurring for the largest LEC, Southern Bell. A bill tracking system would incur additional costs, with estimates ranging from \$2,310 to \$4,000. Billing system costs to handle partial payments ranged from \$4,620 to \$30,000.

In addition, although estimates were not provided, some LECs stated they would lose billing and collection revenues from disputed charges. Also, there could be additional costs to change tariffs and billing and collection agreements to comply with the proposed rule revisions.

For Phase 2, only one PPC provider made an estimate of the additional cost which could be incurred with the proposed changes, a nonrecurring software charge of \$1,000 for internal reporting changes and re-recording the preamble.

IMPACT ON SMALL BUSINESSES

Some of the IXCs are small businesses and may be affected by the rule changes. Also, many of the PPC service providers are small businesses. The costs of potential write-offs referred to above could cause a loss of revenues to the information providers. The exact amount is indeterminable in advance but could be a significant percentage of these companies' gross revenues. At a hearing to gather testimony from affected persons and businesses (including small businesses), PPC representatives stated that some companies may suffer 50 to 80 percent losses if the proposed changes are implemented. Small businesses which offer PPC services or merchandise could be put out of business if the amount of

adjusted charges are significant. One company, Tele-Rose, testified it offers merchandise, a dozen roses for \$39.95, on a PPC basis. The automatic adjustment by carriers for the first bill for PPC charges upon the end user/customer's stated lack of knowledge that PPC service (900/976) has a charge, could be very harmful to such small businesses providing services or merchandise in advance of payment. Although the majority of end users/customers would not try to get something for nothing, even a small fraction of the total number of customers abusing this option could substantially harm many small businesses providing PPC services and merchandise. Also, end users/customers may not realize from the bill statements that they are still liable for valid charges, and the PPC business may still pursue adjusted charges that were lost, through the courts, and report nonpayment to credit bureaus. Also, small businesses would have limited resources to provide adequate billing and collection services for themselves.

In addition to the adjustments for disputed charges being netted out against billings collected by the LECs and IXC's for the 900 and 976 PPC provider, billing and transmission charges for those disputed calls would still be incurred and borne by the PPC firms, including small businesses.

IMPACT ON COMPETITION

Those LECs and IXC's that have a high volume of 900 and 976 traffic through their systems could eventually lose billing and transmission revenues if 900 and 976 providers go out of business or leave the state due to excessive charge-offs from disputed calls. Although the amount of the lost revenues may not be significant to LECs and the larger IXC's, smaller IXC's could be significantly harmed, go out of business, and decrease the number of IXC's offering competitive services, which could lead to higher prices for long distance transmission.

As the proposed rule revisions apply only to intrastate PPC charges, non-Florida PPC companies would not be affected, giving them an advantage over Florida companies. Some Florida PPC providers may also go out of business or leave the state, potentially harming the level of competition within Florida for PPC services, which could decrease supply and increase prices to end users/customers.

IMPACT ON EMPLOYMENT

Some Commission staff time may be saved if there is a decrease in complaints concerning 900/976 PPC charges. However, the amount should not be of a magnitude to require a decrease in work force.

The need for some LECs to reprogram their billing systems to accommodate the proposed rule changes could lead to higher demand for computer and accounting labor. Some companies may have to go into the open marketplace and hire additional consulting services which could temporarily boost employment in that sector of the economy. The larger LECs may have need for additional service representatives to handle a possible heavier complaint level due to the bill notices of free blocking and adjustment of PPC charges. The exact change in employment by the LECs cannot be determined at this time.

The provisions in the proposed rule revision pertaining to automatic bill adjustments for end users/customers complaining about 900/976 PPC charges could cause loss of revenues to 900/976 information, service, and merchandise providers. If revenue losses to these firms are significant, which testimony indicates may be the case, some may decrease the quantity of labor hired and decrease employee hours and some may go out of business or leave the state and increase the unemployment rate in the telemarketing and PPC service sector.

The net change in employment due to the proposed rule changes cannot be determined with certainty, but the gain in employment at the LECs is likely to be short term as the level of complaints decreases over time. The decrease in employment in the telemarketing sector is likely to be long term as firms leave the industry and the restrictive regulations discourage entry by new firms.

METHODOLOGY

The analysis was prepared using data collected from surveys ten LECs, two IXCs, and one PPC provider; workshop testimony; and discussions with staff from the Divisions of Communications and Consumer Affairs. Standard microeconomic analysis was used to determine the likely economic impacts of the proposed rule revision.

Table 1
Costs to Local Exchange Companies Except Southern Bell

Billing Changes, No Disconnection

Alltel	Nonrecurring	\$30,000
Centel	Nonrecurring	\$120,000
	Recurring	Cost of printing additional pages, additional postage
Floral		\$4,620
GTE		Partial billing available Jan 1992; cost unknown for system change
Gulf		\$4,620
Indiantown	Nonrecurring	\$1,200 - programming costs
	Recurring	\$150 - materials, postage, and labor costs
Northeast		\$1,000 - programming costs
St. Joseph		\$4,620
United		\$600

Free Blocking Cost

Centel	\$10 per customer block
GTE	\$10 per customer block
Indiantown	\$50 per month
Northeast	\$38 - central office, blocking, and service order
United	\$3

Automatically Adjusting Charges Upon Complaint

Centel	\$5,000 - business office expense
Floral	Unknown, but would prefer automatic credit
GTE	Additional service representative wages, on-line system time, supervisor head count
Gulf	Same as Floral response
Northeast	\$3.26 per 900/976 service complaint
St. Joseph	Same as Floral response

Costs of Not Collecting or Attempting to Collect
Disputed Charges

Centel	\$3,600
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Table 1 (continued)

Costs of Not Providing Transmission and/or Billing Services for Noncomplying PPC Services

Alltel	Minimal
GTE	Some, but unknown

Bill Tracking System

Floralia	\$2,310
GTE	Not available
Gulf	\$2,310
Northeast	Expensive, but unknown
St. Joseph	\$2,310

Other Comments

Floralia	Requirements of the proposed rule appear overly burdensome
GTE	Would like six-month transition period
Gulf	Same as Florala response
Northeast	All 900/976 should be blocked unless subscriber agrees to be responsible
St. Joseph	Same as Florala response
United	Additional monitoring and enforcement costs

Table 2
Summary of Costs - Southern Bell

Southern Bell costs for disclosing on each section of a bill containing PPC charges: (1) the local or toll-free number the customer can call to dispute charges, (2) the name of the IXC providing 900 service, and (3) the PPC service program name.

<u>900 Service</u>	<u>1 IXC per Bill</u>	<u>4 IXCs per Bill</u>
<i>Nonrecurring:</i>		
Cost of segregating, sorting, creating disclaimer and header	\$31,624.98	\$ 31,624.98
Cost of adding number	2,256.22	2,256.22
Cost to add program name	0.00	0.00
Total Nonrecurring Charge	<u>\$33,881.20</u>	<u>\$ 33,881.20</u>
<i>Annual Recurring:</i>		
Ongoing program maintenance	\$ 2,991.75	\$ 2,991.75
Bill rendering cost to add disclaimer/header	69,763.80	279,055.20
Bill rendering cost to add contact number	<u>27,119.31*</u>	<u>108,477.23*</u>
Total Annual Recurring Cost	<u>\$99,874.86</u>	<u>\$390,524.18</u>

976 Service

<i>Nonrecurring:</i>		
Cost of segregating, sorting, creating disclaimer and header	\$ 0.00	
Cost of adding number	2,256.22*	
Cost to add program name	<u>7,901.33</u>	
Total Nonrecurring Charge	<u>\$ 10,157.55</u>	
<i>Annual Recurring:</i>		
Ongoing program maintenance	\$ 2,991.75	
Bill rendering cost to add disclaimer/header	130,952.11	
Bill rendering cost to add contact number	<u>63,631.32*</u>	
Total Annual Recurring Cost	<u>\$197,575.18</u>	

*Note: These costs are avoidable if the contact number is listed in the "Helpful Numbers" section of the bill and does not have to be repeated in the carrier section of the bill.

Table 2 (continued)

Costs of implementing and complying with proposed Section (10)(b) where LECs or IXC's who have a tariff or contractual relationship with a PPC (900 or 976) provider do not provide transmission and/or billing services for those that do not comply with each subsection 1 through 8.

900 Service

BellSouth would depend on the IXC's to monitor the PPC providers' programs and so would not incur additional costs for Item 5 for 900 service.

976 Service

Nonrecurring: \$16,641.76

Cost includes time to update operating standards, advertising guidelines and other procedures, tariffs and program development, and testing.

Annual Recurring: \$ 5,155.20

Cost includes additional time spent in monitoring 976 service providers' programs to ensure compliance with Section 10(b)(1)-(8) of the proposed revisions.

Bill Tracking System

Nonrecurring: \$ 4,000.00

Recurring: Displacement of other data on service representative computer screen.

Free Blocking

Recurring: \$10 per customer block - total amount unknown.