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Southern Bell

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October 4, 1991

Mr. Steve C. Tribble
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: Docket No. 910060-TP

Dear Mr. Tribble:

Enclosed please find an original and fifteen copies of Southern Bell Telephone and Telegraph Company's Comments And Suggestions To The Proposed Amendment Of Rule 25-4.110, F.A.C., As Published In The September 13, 1991 Edition Of The Florida Administrative Weekly, to be filed for the Commission's consideration, in the above styled docket. Service is being provided in accordance with the attached Certificate of Service.

A copy of this letter is enclosed. Please indicate on the copy that the original was filed and return the copy to me. Thank you for your assistance in this matter.

Very truly yours,

Mary Jo Peed

Enclosures

cc: H. R. Anthony
A. M. Lombardo
R. Douglas Lackey
All Parties noted on Certificate of Service

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CERTIFICATE OF SERVICE
Docket No. 910060-TP

I HEREBY CERTIFY that a copy of the foregoing has been furnished by United States Mail this 4th day of October, 1991, to:

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

Re: Amendment of Rule 25-4.110,F.A.C. Pertaining to Customer Billing.	)))	Docket No. 910060-TP Filed: October 4, 1991

SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY'S COMMENTS AND SUGGESTIONS TO THE PROPOSED AMENDMENT OF RULE 25-4.110,F.A.C., AS PUBLISHED IN THE SEPTEMBER 13, 1991 EDITION OF THE FLORIDA ADMINISTRATIVE WEEKLY

COMES NOW, Southern Bell Telephone and Telegraph Company ("Southern Bell"), pursuant to the Notice of Rulemaking published in the September 13, 1991 edition of the Florida Administrative Weekly, and offers the following comments and suggestions to said proposed rule:

1. Southern Bell supports the proposed rules for Pay Per Call services as published in the Florida Administrative Weekly September 13, 1991. Southern Bell is providing comments on several sections of the proposed rules. We recommend that the Commission consider revisions to the requirements regarding the preamble, "free" blocking and Company initiated blocking. Additionally, Southern Bell is providing comments and its support to the section which allows Company initiated blocking of 900 service for repeated nonpayment or adjustments of 900 charges.

2. Section 10(a) of the proposed rule requires that Pay Per Call charges be segregated on the end user bill. Southern Bell provides billing for 900 messages for ICs. If the Commission approves this requirement, Southern Bell plans to

segregate all 900 messages, interstate and intrastate, under the required separate heading on our end user bill. Today Southern Bell can not accurately identify whether a 900 message sent by a carrier was "between locations within the State of Florida...." Segregating only intrastate 900 messages could be confusing and misleading to our customers. An interstate and intrastate 900 message appears on the bill in the identical format and to fail to include interstate 900 messages under the heading of "Pay Per Call (900 or 976) nonregulated charges" could cause customers to believe that their rights as to one type of 900 call is different than another. The proposed rule and the FCC rules governing 900 services both dictate that the nonpayment of 900 services will not lead to disconnection of local service and that blocking of access to 900 Services must be available to customers.

3. It is arguable that segregating only intrastate 900 charges in the manner required by Section 10(a) could be deemed "unfair or deceptive acts or practices in or affecting commerce" within the meaning of the Florida Deceptive and Unfair Trade Practice Act (F.S. § 501.204(1)) and the Federal Trade Commission Act (15 U.S.C.A. § 45(a)(1)).

4. Section 10(b)(1) of the proposed rule requires an 18 second or longer preamble for certain programs. The rule also states that a program that does not exceed $3.00 in total charges may omit the preamble. Section 10(b)(2) further states that an end user may disconnect the call during or at the conclusion of the preamble without incurring a charge. Southern Bell proposes

proposed rule. The intent of the rule is not changed. The Information Provider is still responsible for fully disclosing the price, description of the program, etc., if a preamble is required. In effect, the standard length for a preamble (18 seconds) which initiates end user billing would be established between the information provider and the local exchange company ("LEC") or the interexchange company ("IXC").

5. Southern Bell's 976 service cannot accommodate preambles of varying lengths. If a preamble is required for any 976 Pay Per Call program, Southern Bell must universally set a standard or maximum time period for the preamble at the beginning of the program. At the end of this standard time period Southern Bell will begin billing to the end user. This procedure assures compliance with the proposed rule that end users are not billed for the call if they hang up during or immediately after the preamble. Thus, in effect, Southern Bell will not bill the end user during the initial 18 seconds of any 976 program. This billing procedure will be followed whether a 976 information provider is required under the rule to include a preamble or is exempt from the preamble requirement because of the cost of its program. However, Southern Bell will charge the 976 information provider for the transmission of the call pursuant to A13.18-2 of Southern Bell's tariff during this 18 second period even if the end user hangs up during this time period or if the cost of the program is $3 or less.

6. Further, Southern Bell would like to point out that the

FCC rules now require a preamble on programs of <u>$2.00</u> or more, and the Commission may want to consider this standard for consistency.

7. Section (10)c of the proposed rule requires that "each local exchange company provide blocking (where technically feasible) of Pay Per Call service (900/976), at the request of the end user/customer at no charge." Southern Bell proposes the following revision:

> Each local exchange company providing blocking (where technically feasible) of Pay Per Call service (900/976) shall provide blocking at the request of the end user/customer at no charge <u>for a period of 90 days after the effective date of this rule and for all new subscribers for a period of 90 days thereafter, and at no charge for subscribers where the company initiated blocking for nonpayment of legitimate 900 charges as allowed in proposed Rule 10(e)</u>.

In all other instances, Southern Bell recommends that it be allowed to continue to recoup the $10.00 nonrecurring charges which is currently approved under tariff. There is no recurring charge. This $10.00 will help recover some of the cost of implementing blocking service and would be consistent with the recently approved FCC rule in which the LEC is required to offer blocking of interstate 900 charges to customers at no charge on a one time basis.

8. Section (10)(e) of the proposed rule states that "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 or 976) blocking on that line." Southern Bell recommends

that the words "adjust the charges" be added to the last phrase in this section as follows:

> ...the LEC or IXC may adjust the charges and implement Pay Per Call (900 or 976) blocking on that line.

This revision would clarify that the charges would be adjusted from the end user's bill and then blocking would be implemented so that further charges related to 900 or 976 services (including late payment charges on the outstanding balance) could not be incurred.

9. At the August 27, 1991 agenda session, questions were raised regarding the necessity of company initiated blocking. Southern Bell supports company initiated blocking. Southern Bell believes that such blocking is an efficient and effective means of protecting information providers, interexchange carriers and local exchange companies from incurring costs or liability caused by consumers who refuse or are unable to pay legitimate Pay Per Call service charges. Further, high levels of adjustments of 900 charges that are recoursed to the IXC or information provider does harm the LEC billing services.

10. Company initiated blocking strikes a needed balance in the rules. The proposed rules are intended to provide consumers with protection or safeguards against unscrupulous Pay Per Call services and to provide a process for addressing concerns and disputes about Pay Per Call charges. Staff has done a commendable job in developing requirements to meet that objective. At the same time, Staff has recognized the need for some protection to the information provider or carrier against

excessive costs over which it has no control and against potential consumer misuse of these rules and adjustment procedures. It is important to note that although the rule authorizes the LEC to implement blocking, blocking is not "automatic" as with adjustments, but rather an option that the Company "may" use. Southern Bell does not intend to implement this option until the second occurrence of nonpayment of a legitimate charge.

11. There are customers who do use 900 services and incur excessively large charges in their use. These same customers misuse, intentionally or unintentionally, the payment procedures and adjustment policy and can and sometimes do decline blocking when offered. Recently, Southern Bell reviewed a sample of over 200 accounts in Florida for which adjustments totaled $150 or more. Over two-thirds of these accounts had a previous adjustment for 900 charges. Additionally, other customers were identified as having exceeded toll billing limits because of 900 charges. These customers were notified of these charges and offered blocking. In some instances the customer refused blocking and continued to use and incur charges for 900 service. Subsequently, these 900 charges were adjusted. The amounts adjusted by Southern Bell or an IXC ranged from $500 to $15,000 in one month.

12. Southern Bell believes that LEC-initiated blocking is more effective than other alternatives. The customer payment, adjustment and recourse process may not make it possible for an

information provider to seek a timely resolution. A customer may not dispute a Pay Per Call for months after the call was made. Today, an information provider is not able to provide his own blocking. From a LEC perspective, implementing blocking for specific end users to a specific 900 or 976 program is not economically or technically feasible nor does blocking a specific program deter continued use of other 900 or 976 programs and thus continued liability to the same carrier or other carriers. Collection and civil proceedings are often costly and time consuming. Meantime, without blocking, the customer can still use the service and incur costs to the provider for which he is responsible for paying.

13. Blocking 900 and 976 services for nonpayment of these charges adds value to our service. When credit card customers fail to pay their bills, credit card companies can apply service fees, late payment penalties, credit limits, and finally suspend credit card service. These procedures offer vendors protection against possible nonpayment. Company initiated blocking provides a similar safeguard by suspending 900 and 976 service and thus protecting vendors against subsequent costs and uncollectible charges.

14. Continued adjustments and continued nonpayment of 900 and 976 charges does harm the LEC. Few adjustments are simple. Some consumers may make full payment or partial payments and then months later dispute 900 or 976 charges. Some customers may never dispute a charge or ask for an adjustment, but simply do

not pay the full balance due. The LEC assumes the cost for treating, carrying and collecting the unpaid, undisputed charges until they are recoursed. In addition to these costs, over the long term, continued adjustments could hurt the value of the LEC's billing and collections services.

15. Southern Bell supports the blocking option. We agree with the Attorney General that customers should have the right to appeal company initiated blocking through the same procedures that they do with other services regulated by the Commission.

Respectfully submitted this 4th day of Oct., 1991.

SOUTHERN BELL TELEPHONE
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