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Decision No. 88654 APR 4 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

MONTAGUE CAPPER, dba Montague for California,
MONTAGUE FOR CALIFORNIA,

Complainant,
vs.

Case No. 10363

(Filed June 28, 1977)

PACIFIC TELEPHONE AND TELEGRAPH COMPANY,

Defendant.

International Alliance of Theatrical Stage Employees (I.A.T.S.E.) Local 33,

Complainants,

Case No. 10398

(Filed August 23, 1977)

Pacific Telephone,

Defendant.

Montague Capper, dba Montague for California,

for complainant,

Duane G. Henry, Attorney at Law, for The

Pacific Telephone and Telegraph Company,

Defendant.

O P I N I O N

Montague Capper, dba Montague for California (Montague), and International Alliance of Theatrical Stage Employees Local 33 (IATSE) request the Commission to order defendant The Pacific Telephone and Telegraph Company (Pacific) to provide detailed

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billing for all local message unit calls as is presently provided for long distance and multi-message unit calls. Montague alleges that without a detailed breakdown showing the date, time, length, and the telephone number called, the customer cannot determine the billing accuracy. IATSE alleges that a breakdown of local message unit calls is necessary for IATSE to (1) ascertain whether the overtime calls were indeed made from IATSE's offices and (2) to be able to control the overtime calls.

In answer to the complaints, Pacific states that it is in the process of conducting studies to determine if detailed billing of local calls is economically feasible; if such billing would be desirable from a customer's point of view; that the cost to fully implement such a program would be in excess of \$50,000,000; that there is little customer interest in such a service; that such cost would ultimately be borne by the ratepayers; and instituting such a service without a full understanding of the costs involved, without a showing of substantial public demand, would not be in the public interest.

Because the two complaints requested the same relief, they were consolidated for hearing. Public hearing was held January 16, 1978 at Los Angeles. IATSE did not appear.

At the hearing Montague stated that customers of Pacific are entitled to an itemized and detailed billing for all local

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(legislat) committee not organization and received suggestion
of local employees agents instructed to conduct investigation and
submit report and recommendations to the commission on public utility
services and the public utility commission and the public utility

message unit calls, that "bulk billing" is incomplete, that Pacific is aware of the possibility of public demand for optional detailed billing, and that any expense for such service should not be passed on to ratepayers. In testifying, Mr. Montague stated that he did not understand why Pacific does not provide detailed billing for local message unit service as it does for long distance and multi-message service. In addition, he made a comparison of customer bills of other utilities, department stores, and petroleum companies stating that if these entities can furnish a monthly detail of service or purchases he believed Pacific could provide such detail and that the Commission should so order.

Pacific presented Mr. T. K. McFall, its district staff manager in the Exchange Planning Division of the Service and Rate Planning Department. Mr. McFall acknowledged that Pacific renders a "bulk bill" rather than a detail of each local message unit call.

He stated that the reasons Pacific uses bulk billing for local calls rather than detailing each call are:

- "1. There has been minimal customer demand for detailed billing of local calls.
- "2. The disclosure of local calling details could be considered as invasion of privacy by many customers.
- "3. Detailed billing of local message units is technically possible only with vast capital expenditures for new equipment and substantial annual recurring expenses.
- "4. Pacific's existing billing system for local message unit calls has proven to be accurate and reliable.
- "5. If a customer questions the accuracy of items on the bill, Pacific conducts an extensive verification check for those billing items and makes an adjustment when appropriate."

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With respect to the cost to provide detailed billing on local service, Mr. McFall stated that initial capital expenditures would be approximately 11 million dollars for measuring equipment to record all details of local calls for the 2 million customers now receiving measured service and pass this information to the billing computer. To perform the necessary engineering and installation to provide measured service to 80 percent of existing residential customers would entail capital costs in excess of 50 million dollars and would require a 24-month lead time.

Mr. McFall also stated that Pacific's existing billing system for local calls is accurate and reliable. However, should a customer question the billing accuracy of local calls, the business representative follows a specific set of procedures. These steps include determining the nature of the claim, verifying the customer's understanding of message unit billing and timing of local calls, and explaining the recording and billing procedures. If a customer is still concerned, specific central office line and station equipment tests may be conducted with billing adjustments made if appropriate. If still dissatisfied, Pacific presently has the capability on a special test basis to verify the billing accuracy by determining the number of local calls and the amount of overtime. This special test was offered Montague.

... ..

Finally, Mr. McFall stated that Pacific would consider providing detail billing of local calls on an optional basis when the expressed demand is such that it would not burden the general ratepayer, that the Commission has asked Pacific to plan for conversion of residential flat-rate customers to measured service, and that as part of this plan, Pacific intends to study the feasibility of providing detailed billing of local calls as an optional service.

Discussion

In Decision No. 83162 dated July 23, 1974, we authorized Pacific to file tariffs for the timing of local message unit service. In that proceeding, the staff recommended that Pacific provide for optional detailed billing but did not recommend Pacific be ordered to install the necessary equipment at that time because of the substantial costs involved. In that decision we stated:

"We find no need for detailed billing for local message unit service. Today most business service and a large percentage of residence service is on local message unit service, yet there is no evidence of any demand for detailed billing. However, Pacific should consider the possibility of public demand for optional detailed billing when it designs or selects a system for timed local message unit service."

Similarly, in Decision No. 85740 dated April 27, 1976 regarding General Telephone's bulk billing of measured local service (MLS), we stated:

"...Pacific's many years of successful experience with message rate service without detailed billing of local message rate calls (i.e., number called and date and time of call) should be cited. In our view, similar experience can reasonably be expected with MLS without detailed billing."

There has been little evidence introduced to substantiate a change in Pacific's billing practice. The record herein discloses that there have been few informal complaints and only two formal complaints requesting detailed billing for local message unit service. Also, when a customer questions his bill, Pacific follows an adequate procedure to determine billing accuracy with an adjustment when the facts indicate an adjustment should be forthcoming. Further, should a customer still be dissatisfied, he is advised that a special test to verify the billing accuracy is available. Finally, the cost to provide detail billing for local message unit service appears too high in relation to the benefit to be received by the ratepayer. Based on the above, we conclude that Pacific's present practice for billing of local message unit service is adequate.

Findings

1. Pacific presently renders customers a bulk bill for local message unit service rather than detail the telephone number, date, time, and length of call as is provided for multi-message and long distance calls.
2. To date there has been minimal customer demand for detailed billing of local message unit service with few informal complaints and only two formal complaints.
3. Detailed billing of local message unit service is technically feasible but the cost to fully institute such a program has not been determined.
4. The need for detailed billing local message unit service has not been established.

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5. Pacific's present system for billing local message unit service is reasonable.

6. Pacific's present procedure for handling customer inquiries concerning bulk billing of local message unit service is adequate and reasonable.

Conclusion

The relief requested should be denied.

O R D E R

IT IS ORDERED that the relief requested in Cases Nos. 10363 and 10398 is denied.

The effective date of this order shall be thirty days from the date hereof.

Dated at San Francisco, California, this 4th day of APRIL, 1978.

Robert Batmanglich
President
William Sproule, Jr.
Gregory L. Sturgeon
Joseph W. Hinkle
Clare J. Dehrich
Commissioners