

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications Branch

RESOLUTION NO. T-12091
July 8, 1988

R E S O L U T I O N

PACIFIC BELL. ORDER AUTHORIZING CHANGES TO THE ACCESS SERVICE, BILLING AND COLLECTION SERVICES TARIFF.

SUMMARY

This resolution approves Pacific Bell's (Pacific) Advice Letters Nos. 15388, 15388A and 15388B, filed May 4, May 19, and June 13, 1988, respectively, which modify Section 8, Billing and Collection Services of Access Service, Schedule Cal. P.U.C. No. 175-T. These revisions limit the backbilling of end users of interLATA charges by Pacific on behalf of interexchange companies to three months. Exceptions to the three-month period are collect, credit card and third-party calls which Pacific will bill up to five months.

Protests by AT&T, California Association of Long Distance Telephone Companies (CALTEL), U.S. Sprint (Sprint) and MCI were filed. TURN filed a letter stating this advice letter was a positive step, but that additional steps should be taken in order to protect residential customers from unreasonable billing practices.

BACKGROUND

Pacific offers Billing and Collection Services to interexchange companies and alternate operator service providers under its Access Tariff 175 and through interstate contracts. Neither the tariff nor the contracts place limitations on the age of the message that can be sent for billing. Pacific therefore adheres to the backbilling rules of the particular IEC's tariff or to the California Statue of Limitations (which is three years).

Commission Decision 86-12-025, dated December 3, 1986, specified definitive backbilling rules applicable to all telephone utilities. The Decision provided that a customer's bill would not include any previously unbilled charge for services furnished prior to three months immediately preceding the date of the bill. Exceptions to the three-month period are: collect calls, credit card calls, third-party calls, "error file" calls (calls which cannot be billed due to the unavailability of complete bill information) and bills involving toll fraud. This decision is stayed by D.87-09-014, dated September 10, 1987.

Pacific has received numerous informal and formal customer complaints concerning backbilling of "aged" interLATA calls. In addition, the volume and duration of calls to the its Business Offices have increased as a result of inquires related to backbilling of interLATA charges.

Additionally, the entire amount -- including intraLATA and interLATA toll -- of a customer's monthly bill is the basis for Pacific assessing late payment charges and disconnection.

DISCUSSION

Pacific's intent in filing this advice letter, which limits its backbilling of interLATA charges on behalf of interexchange companies, is to protect end user customers from having the continuance of their local telephone service contingent on their willingness to pay backbilled interLATA charges.

AT&T, by letter dated May 19, 1988, and MCI, by letter dated June 1, 1988, protest that Advice Letter 15388 should be suspended until a decision is reached by the Commission in R.85-09-008; and that backbilling limitations should not be imposed until concurrent limitations are applied to the access charge billed IECs by local exchange companies (LEC).

(The protest of MCI is being considered even though it was filed after the 20 day protest period had elapsed as the issues brought forth are primarily the same as those addressed by other protestants.)

Pacific responds in a letter dated May 27, 1988, that its ability to adopt tariff provisions on how it will offer its billing and collection service is an entirely different issue from those addressed in R.85-09-008. The OIR deals with the IECs and their ability to backbill end users. Decision 87-09-014 does not limit the conditions Pacific can adopt to protect its own business interests; IECs remain free to bill end users themselves without regard to Pacific's backbilling restraints.

In addition to the issues raised by AT&T, CALTEL (by letter dated May 18, 1988) and Sprint (by letter dated May 25, 1988) contend

that this advice letter seeks to resolve the identical issue that is presently before the Commission in C.88-04-058, Toward Utility Rate Normalization vs. Pacific Bell, General Telephone of California and US Sprint Communications Company. Sprint states that approval of this advice letter would deprive the litigants in the complaint case their due process.

CALTEL and MCI also state there will be an increase in charges because Pacific is requesting a charge when the message detail is returned to the customer due to the age of the toll charges. CALTEL continues that since Pacific's bill processing charges are set on a declining block rate structure, a reduction in actual messages billed by Pacific will increase the per message bill processing charge.

Sprint charges that Pacific's refusal to bill lawful InterLATA charges is a withdrawal of service; that Pacific's bundling of Message Processing and Bill Processing require IECs to purchase unneeded, unwarranted and non-cost supported services. Sprint continues that with any group of calls, there may be calls which cannot be billed for some reason. Under current procedures, unbillable call records generally are not returned to Sprint. Additionally, appropriate cost information to justify the charges for returning "too old to bill" calls has not been supplied by Pacific. Since Pacific's billing processing service is the only practical alternative for the "casual caller" type traffic, it is therefore a monopoly.

In regards to Sprint's protest that the proposed charge for return of out-dated messages is unneeded, unwarranted and non-supported, it is Pacific's position that the rate element applies only if the IEC forwards "too old to bill" messages. If "too old messages" are sent, the cost expended to determine that messages sent for billing have been segregated correctly should be borne by the offending IEC rather than the general ratepayer. Pacific also states that they are not obligated to publicly disclose cost support information for its highly competitive billing and collection services. The proposed charges are nearly identical to other related billing and collection services, which cover their costs.

As to the withdrawal of service issue brought forth by Sprint and CALTEL, Pacific states it is not withdrawing existing bill and collection services; that all services described in its tariffs remain unchanged and are fully available. Pacific does not believe it is obligated to serve as an unwilling agent and accept billing requests that have produced such a level of dispute.

MCI asserts the 90 day backbilling period may be too short for a carrier who purchases "invoice ready" billing services. The process to collect and collate all the information necessary to produce a customer's bill and then render an invoice may take 90 days. When

an IEC carrier must then transmit that information to a LEC to prepare the invoice and the transmittal does not fall within the LEC's billing round, the 90 days could pass and the billing returned by Pacific. If Pacific is to have a backbilling period for billing on behalf of IEC carriers, it should be 150 days.

Pacific, in its June 8, 1988 response, states it does not currently provide "invoice ready" service and therefore cannot address any special requirements that may be necessary. Pacific disagrees that a 90-day backbilling period is too short because expenses are incurred in addressing consumer questions and complaints associated with billing "old" messages. These expenses erode the revenue generated by its billing and collections service.

Additionally, Pacific declares its decision to not bill interLATA charges beyond a 90-day period is the same standard as for its own intraLATA charges and that this advice letter does not prevent an IEC from backbilling its customers directly.

MCI also contends that Decision 87-08-048 states the \$50.00 magnetic tape charge is excessive and exceeds the costs incurred.

Pacific maintains that D.87-08-048 ordered a \$20 magnetic tape charge for Billing, Name and Address (BNA) service only; that in D.85-06-115, BNA was determined to be the only monopoly service which should be priced to be sure that customers can obtain complete billing information at affordable prices.

We note that MCI's contention that a \$50 magnetic tape charge is excessive refers to an ordering paragraph in D.87-08-048, the final opinion on access charges, which dealt with charges for BNA listings and tapes. Pacific's Advice Letter 15388 adds a new \$50 tape charge, which is identical to an existing authorized \$50 tape charge for customer message details in the Billing and Collection Services tariff. If MCI is protesting the existing \$50 tape charge in this tariff, then the proper vehicle to protest is by formal complaint or a Petition for Modification.

TURN, by letter dated May 24, 1988, states that this filing falls short of the relief necessary to correct backbilling practices, but is a positive step. They believe the necessary steps to be taken are:

1. The Commission should impose comprehensive industrywide standards for backbilling end users by reinstating the backbilling rules established in D.86-12-025.
2. Clarification of which calls must be billed within 90 days and which calls fall within the 150 day exception should be made.

3. The Commission should address the plight of those Sprint customers who have been or are proposed to be terminated from the network due to backbilling of calls.

In regards to TURN's request for adoption of various issues, Pacific states that resolution of these issues should be determined in the OIR and complaint case decisions; that Advice Letter 15388 pertains to Pacific's conduct of business only.

Sprint filed a letter dated June 6, 1988, regarding Pacific's May 27 response. It is Sprint's position that Pacific confirms Sprint's contentions that new rates and charges will increase costs to billing and collection customers and that cost support data has not been provided. Sprint states that validity checks of messages presented to Pacific by IECs are routine procedures and the costs of these services already are covered in existing rate elements for Bill Processing Services. Sprint also states there is no need to return unbilled messages as the companies already have copies of the messages sent to Pacific.

CALTEL, Sprint, and MCI reaffirmed their opposition to Advice Letter 15388 even as revised by Advice Letters 15388A and 15388B by letters dated June 20, July 1 and July 5, 1988, respectively. TURN filed a letter July 5, expressing its concern that reasonable backbilling rules should be approved, but emphasizing the need for resolution of the entire backbilling issue.

Pacific did not respond to these letters as there were no new issues brought forth.

FINDINGS

We have reviewed the protestants' allegations and Pacific's responses thereto and as a result, deny the protests to Advice Letters 15388, 15388A and 15388B.

The Commission finds as facts that:

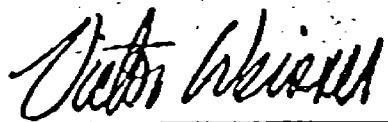
1. Pacific Bell's proposed limitation on backbilling of toll charges on behalf of interexchange carriers and alternate operator service providers is reasonable.
2. Pacific Bell's backbilling policy limits their billing of interLATA toll on behalf of interexchange companies and alternate operator service providers to 90 days. Collect, credit card and third party calls have a 150 day billing limitation.
3. This Resolution does not prohibit interexchange companies from backbilling interLATA toll charges in excess of 90 days.

IT IS ORDERED that:

- (1) California Association of Long Distance Telephone Companies' protests, dated May 18 and June 20, 1988, are denied.
- (2) AT&T's protest, dated May 19, 1988, is denied.
- (3) US Sprint's protests, dated May 25, June 6 and July 1, 1988, are denied.
- (4) The comments in TURN's letters dated May 24 and July 1, 1988, which are applicable to Advice Letter 15388 are acknowledged and considered supportive of the Advice Letter.
- (5) MCI's protests, dated June 1 and July 5, 1988, are denied.
- (6) Authority is granted to make the above revisions effective July 9, 1988.
- (7) The effective date of the tariff sheets contained in Advice Letters No.15388, 15388A and 15388B are effective July 9, 1988.
- (8) All tariff sheets filed under Advice Letters 15388, 15388A and 15388B shall be marked to show that such sheets were authorized by Resolution of the Public Utilities Commission of the State of California No. T-12091.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 8, 1988. The following Commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



Executive Director

Commissioner Frederick R. Duda
being necessarily absent, did not
participate.