

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Branch
Commission Advisory & Compliance Division

RESOLUTION T-14073
May 4, 1990

R E S O L U T I O N

RESOLUTION T-14073. RESOLUTION AUTHORIZING AN ITEMIZED BILLING SURCHARGE FOR CELLULAR RADIO TELEPHONE SERVICES PROVIDED BY NATIONWIDE CELLULAR SERVICES, INC., U-4049-C.

BY ADVICE LETTER NO. 6 (AS SUPPLEMENTED BY NO. 6-A, APRIL 9, 1990), FILED ON MARCH 20, 1990.

SUMMARY

This Resolution authorizes Nationwide Cellular Services, Inc. (NCSI), to eliminate subsidization of the cost of itemized billing by those customers who do not need or desire it. Customers will have a choice of either lump sum bills or detailed bills which itemize each individual charge assessed to the customer's account. All bills will distinguish between completed and uncompleted calls pursuant to Section 2886 of the Public Utilities Code.

BACKGROUND

NCSI filed Advice Letter No. 6 on March 20, 1990, proposing to impose a charge for an itemized bill, something it provides to subscribers now at no charge. Henceforth, NCSI proposes that customers will be given a choice of either lump sum bills or detailed bills which itemize each individual charge assessed to the customer's account. For customers electing itemized bills, a charge of \$0.02 per print line, with a minimum charge of \$5.00 per itemized bill, will apply. In all cases, lump sum or itemized bill, NCSI will indicate the charge for calls not completed from any other charge in the billing invoice in compliance with Public Utilities Code Section 2886.

DISCUSSION

We recall that both carriers and most resellers in the Los Angeles Metropolitan Statistical Area, where cellular service was first established, originally had a charge for an itemized bill. Within some months, however, the carriers and most other resellers had eliminated this detailed billing charge, citing customer demand and satisfaction as the reason.

NCSI provided notice to its subscribers of the proposed charges in its Advice Letter No. 6 as required by our General Order 96-A, Section III.G.5. Significant response from subscribers was made to NCSI and the Commission on the proposed charges for detailed bills.

As requested by the Commission Staff, NCSI supplemented its filing on April 9, 1990 (Advice Letter No. 6-A) making a showing justifying the need for the itemized bill charges.

NCSI states that its customer base has grown rapidly (presently almost 10,000) and that billing costs have escalated. These costs include increases in the cost of computer access time, printing time, and media (microfiche, magnetic, and paper). The billing process has impacted NCSI workforce and normal customer service operations.

NCSI estimates that if all subscribers elect to subscribe to the itemized bill plan, the utility's billings will increase by \$48,000 per month over the present gross billings of \$1,308,000. NCSI expects that the majority of subscribers will decline to receive itemized billing under the new plan. NCSI believes that customers not needing or desiring itemized billing should not subsidize the cost of itemized billing for those customers that do.

PROTESTS

Significant protest was received from individual subscribers. Many subscribers were irate, calling the detailed billing plan a "rip-off" or "gimmick" designed to increase revenues. Many subscribers say that they expect itemized bills to be provided at no additional charge similar to the practice they observe with their landline telephone service. Some say that itemized billing is a necessity to differentiate calls made for business and non-business reasons, or to seek credit for poor, misdialed or erroneously charged calls.

While many of these concerns are reasonable, we note that not all cellular service providers in the Los Angeles market charge for an itemized bill. Moreover, if some firms can reduce business costs (such as billing), they may be able to pass on the savings to subscribers in the form of lower rates, for example, lower access charges or air time.

At any rate, not all firms presently charge for itemized billing, and the customer has a choice of many that do not. The goal of our general investigation into the cellular regulatory framework, as stated in the Administrative Law Judge's proposed decision in Investigation I.88-11-040, released for comment on March 12, 1990, is to enhance cellular competition and encourage innovative and quality cellular services. It is proposed to permit nondominant cellular firms greater flexibility in making service offers and revising tariffs on shorter notice without a requirement for justifying the changes.

Therefore, we are inclined to accept the billing change proposed by NCSI in the interests of fostering greater competition. We shall continue to watch the market closely, and will certainly become concerned if we find that all firms impose similar detailed billing charges and no relief is provided the subscriber in the form of other charges or innovative and quality service offers.

FINDINGS

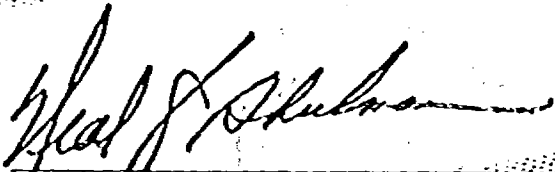
1. Cellular firms in Los Angeles originally had a charge for presentation of an itemized bill to the subscriber. Many firms later cancelled the charge.
2. NCSI has asked to impose a charge for detailed billing at the rate of \$0.02 per line or \$5.00 minimum per itemized bill. NCSI's billing plans will be consistent with Public Utilities Code Section 2886.
3. NCSI states that its bill processing costs have escalated and that the itemized billing process is adversely affecting its normal customer service operations.
4. Some subscribers of NCSI object to paying for an itemized bill.
5. Cellular customers in Los Angeles, where NCSI serves, have a choice of cellular service providers, many of whom do not charge for itemized billing.
6. The aim of our cellular investigation is to enhance cellular competition and encourage innovative and quality services.
7. The imposition of a charge for itemized billing by NCSI may stimulate competition and lead to pricing innovations and more affordable cellular service.

THEREFORE, IT IS ORDERED that:

Advice Letter No. 6, as supplemented by No. 6-A, of Nationwide Cellular Network, Inc., be made effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 4, 1990. The following Commissioners approved it:

G. MITCHELL WALK
 President
 FREDERICK R. DUDA
 STANLEY W. HULETT
 JOHN B. OHANIAN
 PATRICIA M. ECKERT
 Commissioners


 NEAL J. SHULMAN
 Executive Director