

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-15054
Telecommunications Branch September 2, 1992

R E S O L U T I O N

RESOLUTION T-15054. AT&T COMMUNICATIONS OF CALIFORNIA.
REQUEST FOR WAIVER OF TWO PROVISIONS OF D.88-06-048 IN
ORDER TO PERFORM DIRECT BILLING FOR SOME MESSAGE
TELECOMMUNICATIONS SERVICE CUSTOMERS IN PACIFIC BELL'S
AND GTE CALIFORNIA'S SERVICE TERRITORIES.

BY ADVICE LETTER NO. 261, FILED ON JUNE 22, 1992

SUMMARY

This resolution authorizes AT&T Communications of California (AT&T-C) to begin direct billing of some of its Message Telecommunications Service (MTS) business customers in Pacific Bell's and GTE California's service territories. This resolution waives two specific conditions mandated in D.88-06-048 solely for this limited direct billing of MTS business customers.

BACKGROUND

Interexchange carriers (IECs) other than AT&T-C normally now have the choice to either bill their customers directly or bill them indirectly through the customers' local exchange carrier (LEC). AT&T-C did not have this choice because its Feature Group C does not allow AT&T-C to capture detailed information on all its toll calls. System upgrades were necessary for AT&T-C to do its own billing (See 18 CPUC 2d 133 at pg. 210). The Commission opened I.88-01-007 after AT&T-C announced its plans to begin direct billing of some of its business and residential customers. The Commission did so because it wanted to protect customers from higher LEC rates designed to offset the loss of the related billing and collection revenue. The decision that resulted from this investigation is D.88-06-048.

D.88-06-048 placed several restrictions on AT&T's direct billing. Conclusion of Law 6 reads as follows:

"New customers should be automatically billed by the LEC for three months, after which the customer should be automatically switched to AT&T if his or her bill meets the threshold amount. Customers may switch between an LEC and AT&T one time (not including the automatic switch) at no

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cost; each additional switch should be at a reasonable charge to be paid by the customer to the company losing the customer."

Ordering Paragraph 1 reads as follows:

"AT&T Communications of California, Inc., for interstate and interLATA business and residence toll telecommunications services within the State of California shall not take back its billing and collection function from any local exchange telephone company except upon terms which comply with Conclusion 6, and upon approval of this Commission by advice letter filing."

Ordering Paragraph 2 states the following:

"AT&T shall arrange to provide at least 60 days' advance notice, included with the local exchange telephone company bills, of any pending takeback of billing services. This notice shall be reviewed by the Commission's staff (coordinated with the Public Advisor's Office) prior to being mailed to customers."

AT&T-C's Advice Letter 161, dated April 20, 1990, requested direct billing for business customers of its PRO WATS of California service. Resolution T-14095, signed on July 6, 1990, substantially granted that request and authorized two waivers of D.88-06-048: One from Ordering Paragraph 1 (and Conclusion 6) and the other from Ordering Paragraph 2. Specifically, the Resolution waived (1) the requirement that a new customer be automatically billed by the LEC for his or her first three months' service; and (2) the requirement that the customer notice be sent as an insert in the LEC bill.

In Advice Letter 261, AT&T-C requests two waivers: (1) to send separate mailing of the notice to affected customers and reduce the notice period to customers to 30 days, and (2) to waive any charge for a customer's decision to switch his billing more than once between the LEC and AT&T-C. AT&T-C will comply with all other provisions of D.88-06-048.

The direct customer billing that AT&T-C requests in Advice Letter 261 is for certain business customers of its MTS service. AT&T-C will directly bill those business MTS customers whose monthly bills amount to at least \$50, who do not subscribe to any Optional Calling Plan (OCP), and who have no other special billing arrangements. Under these circumstances, AT&T-C does not request a waiver of the requirement in Conclusion 6 in D.88-06-048 which states that the LEC will automatically bill all new customers for at least 3 months. (AT&T-C requested and was granted this waiver in Resolution T-14095.) It further states that any customer who wishes to remain on the LEC's billing may do so upon request, and a customer may change his billing arrangement upon request and without charge.

PROTESTS

Notice of this advice letter was published in the Commission Calendar on June 30, 1992. The Commission Advisory and Compliance Division has received no protests of this advice letter.

DISCUSSION

Advice Letter 261 requests direct customer billing for those business customers of Message Toll Service (MTS) whose monthly bills amount to at least \$50, who do not subscribe to an Optional Calling Plan (OCP) and who do not have any special billing arrangements. The direct customer billing would become effective in Pacific Bell's and GTE California's (GTE-C) service territories only. AT&T-C states that both these LECs have been cooperative in the planning of this new arrangement.

AT&T-C states that there are several advantages of this new arrangement. AT&T-C will be able to provide customers with greater detail about their usage patterns, and it can use those details to recommend alternative rates, services, or technologies that will provide the customer the most efficient and inexpensive option available to meet his or her needs.

The Public Advisor's Office and CACD believe that a second advantage will come to customers from this arrangement. Currently, an AT&T customer who is billed by Pacific Bell or GTE-C and fails to pay his or her AT&T bill may lose local service from Pacific Bell or GTE-C as a result. By the new billing arrangement, the delinquent customer will not lose local service unless the customer is delinquent paying the LEC bill. He or she will lose only the access to AT&T. However, the directly billed business customer will incur the bill processing and postage expenses of handling an additional bill each month.

AT&T-C will comply with all the provisions of D.88-06-048 with the exceptions of (1) a LEC bill insert notice of the new arrangement and the 60-day notice requirement, and (2) the required charge for the second and succeeding customer requests to change his or her billing arrangement. CACD notes that a waiver of the LEC bill insert notice was granted in Resolution T-14095 and recommends that it be granted again. When the direct billing ordered by that resolution went into effect, AT&T-C states that there were no customer complaints or customers seeking to switch back to LEC billing after they had experience with their new billing arrangement. CACD believes that 60-day notice is, therefore, unnecessary and recommends that the requirement be waived. If confusion or complaints arise, these problems can be solved for the customer without charge, since AT&T-C also requests that all switches between billing arrangements be free to the customer.

The Commission's primary interest in setting provisions for direct billing arrangements was to protect customers from higher LEC rates designed to offset the loss of the billing and

collection revenue. CACD believes that this concern is mitigated by the New Regulatory Framework which Pacific Bell and GTE-C are now under. It is true, however, that any revenue that customers might share with these LECs could be reduced as a result of this direct billing arrangement. AT&T-C estimates that Pacific Bell will lose \$3.9 million per year by this action.

Public Advisor's Office and CACD have reviewed and approved of AT&T-C's customer notice material, as required by D.88-06-048.

This request for direct billing and collection for MTS business customers is a change of conditions for these customers and should be reflected in AT&T-C's tariff.

FINDINGS

1. In D.88-06-048, the Commission considered the issues raised by AT&T-C's proposed direct customer billing and collection functions from the LECs. It mandated certain conditions in Ordering Paragraphs 1 and 2 under which AT&T-C could implement such a direct customer billing, in accordance with its clearly stated intent to protect customers.
2. Since D.88-06-048 was issued, AT&T-C has taken back billing and collection for its Private Line Services and PRO WATS California Service. It has also been authorized to offer several intrastate services (e.g., MEGACOM WATS, 800 ReadyLine) for which it may bill directly.
3. AT&T-C estimates that the number of customers affected by this direct billing arrangement is 107,468.
4. Public Utilities Code Section 532 allows the Commission to authorize exceptions by rule or order, as may be considered just and reasonable for each public utility.
5. Customer notification materials from AT&T-C have been reviewed by both the Public Advisor's Office and CACD.
6. The Commission's concerns expressed in D.88-06-048 regarding the impact on customers are mitigated somewhat, since residential customers will not be affected, the new regulatory framework is in place for the LECs affected, and the business customers who are affected will potentially receive the benefits of more individualized service.
7. AT&T-C's request for direct billing of certain business customers on MTS service appears reasonable and should be approved.
8. AT&T-C's request to waive D.88-06-048's requirement for 60 days' customer notice is reasonable. The experience of AT&T with the return to the direct billing of PRO WATS suggests that customers are neither confused nor dissatisfied with the change.

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9. Direct customer billing and collection for some MTS California business customers is a change of conditions for these customers and should be reflected in AT&T-C's tariffs.

THEREFORE, IT IS ORDERED that:

1. AT&T-C's request for direct customer billing of certain message telecommunications service (MTS) business customers is granted.
2. AT&T-C's request for waiver of D.88-06-048 OP 2, which requires 60 days' notice by mailing insert with LEC bills for customers affected by the new arrangement, is granted. 30 days' notice and direct mailing are substituted in this case.
3. AT&T-C's request to waive the charge for switching more than once between billing arrangements is granted.
4. AT&T-C shall adhere to other requirements on direct customer billing that are set forth in D.88-06-048.
5. Within 30 days of the effective date of this resolution, AT&T-C shall file tariff revisions by advice letter to reflect this direct customer billing and collection for MTS California business customers.
6. AT&T-C shall ensure that all potential business customers of business class MTS California service are fully informed prior to election of service that billing and collection will be performed by AT&T-C unless customers ask not to be billed by AT&T-C or ask to change billing and collection services back to their local exchange company.

The effective date of this resolution is today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 2, 1992. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

Commissioner Patricia M. Eckert,
being necessarily absent, did not
participate.