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November 30, 1998

Ms. Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Undocketed  
Proposed Amendments to Rule 25-4.110, F.A.C., Customer Billing  
for Local Exchange Telecommunications Companies

Dear Ms. Bayo:

Please find enclosed an original and fifteen copies of GTE Florida Incorporated's  
Comments for filing in the above matter. Service has been made as indicated on the  
Certificate of Service. If there are any questions regarding this filing, please contact  
me at (813) 483-2617.

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP Very truly yours,

CAF \_\_\_\_\_  
CMU Ernesto Mayor Jr. for

CTR \_\_\_\_\_ Kimberly Caswell

EAG \_\_\_\_\_

LEG 1 KC:tas  
Enclosures

LIN \_\_\_\_\_

OPC \_\_\_\_\_

RCH \_\_\_\_\_

SEC 1

WAS \_\_\_\_\_ A part of GTE Corporation

OTH \_\_\_\_\_

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Proposed Amendments to Rule 25-4.110,	)	Undocketed
F.A.C., Customer Billing for Local Exchange	)	Filed: November 30, 1998
Telecommunications Companies	)	
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	)	

GTE FLORIDA INCORPORATED'S COMMENTS

In accordance with Staff's instructions at the November 9, 1998 workshop in this matter, GTE Florida Incorporated (GTE) offers its comments on anti-cramming measures and, more specifically, on the questions Staff presented at the workshop.

In GTE's experience, most cramming stems from the unscrupulous behavior of a small number of firms (many of them new entrants) which abuse the local exchange carriers' billing and collection services. The increasing length and complexity of telephone bills provides greater opportunities for these bad actors to defraud the public.

Although cramming has only relatively recently become a prominent public issue, industry efforts to address this problem are well underway. GTE has taken a leadership role in these efforts. It has participated in the FCC's anti-cramming meetings, and a GTE employee was chosen to chair the industry committee that developed The Anti-Cramming Best Practice Guidelines. These Guidelines are based largely upon procedures already in place or in the planning stages within GTE. To date, GTE is the only local exchange carrier (LEC) to commit to 100% implementation of the Best Practice Guidelines.

For example, GTE has eliminated non-telecommunications and non-information services from its customers' bills. The Company continues to improve bill clarity and is nearing completion of bill redesign efforts initiated last year. In addition, GTE requires miscellaneous (i.e., non-toll) charges to be authorized and verified at the time of sale,

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FPSC-RECORDS/REPORTING

either by a signed letter of authorization, a recording, or independent third-party verification. GTE also plans to implement processes that will allow the end user to block all miscellaneous charges other than those associated with his presubscribed carriers. The Company has, moreover, introduced issues at the national standards-setting group, the Ordering and Billing Forum, that will ease reseller identification on the bills and to advise the billing company if a long-distance call was dialed via 101XXXX.

GTE believes these voluntary efforts on the industry's part, along with ongoing FCC and FTC rulemakings, will go a long way toward curbing cramming. As such, GTE encourages this Commission to allow the new measures a reasonable amount of time to prove their effectiveness and to avoid introducing potentially redundant or unnecessary mandates. If the Commission, however, believes that immediate regulatory intervention is warranted, the agency should not take any action that will undermine existing or planned industry anti-cramming practices. To this end, the agency could consider embodying the Best Practices Guidelines in any rules it adopts.

Below, GTE addresses the specific items Staff presented for comment at the workshop.

**1. Should the Federal Trade Commission (FTC) proposed rules be incorporated?**

**GTE's Position:** This is probably not the best approach to the cramming issues before this Commission. It would be premature for this Commission to try to incorporate the FTC's proposed rules (addressing pay-per-call services and other telephone-billed purchases) because they are only in the draft stage. Comments on the FTC's rules are

not due until January, and public workshops will not be held until February so it is impossible to know what changes this process will yield.

Further, while GTE has not yet completed its review of the existing draft of the FTC rules, it is concerned with their broad reach to all telephone-billed purchases (except for toll) and their imposition of liability on the billing entity. GTE believes it is more effective to directly address the specific types of services that cause cramming and to place the responsibility for violations on the providers which generate the problem. GTE understands that this is the approach the Commission here supports.

**2. Should billing be limited to only telecommunications-related services?**

**GTE's Position:** As noted, GTE has taken the position that it will no longer bill for non-telecommunications and non-information services. For example, GTE will not bill for club membership fees (e.g., psychic clubs), Worldwide Web page designs, web hosting, and web-page specific fees. Products and services that GTE will permit include 1+-dialed long-distance activity; 0+- and 0- long-distance activity; Internet monthly access service charges; voicemail service; fax service; paging service; e-mail service; information/data services; video services; and equipment charges.

GTE believes this voluntary code demonstrates that billing LECs can and will act responsibly and appropriately in determining the permissible scope of billing, and that regulatory mandates in this regard are unnecessary and undesirable.

**3. Should third-party verification be required on all sales?**

**GTE's Position:** Requiring a single verification method would be too limiting and would likely undermine the effectiveness of the verification process. Third-party verification is just one method of adequately verifying a sale. For example, GTE permits its third-party billing and collection clients to verify sales using letters of authority and voice capture (recordings), in addition to third-party verification. Further, any verification mandate should not reach beyond third-party non-message-based telephone services.

**4. Should standards for truth-in-advertising be established?**

**GTE's Position:** No. Regulation of advertising content would be a rather marked expansion of this Commission's jurisdiction—one which does not, in GTE's opinion, fit neatly with the authority the Legislature has granted the agency. If the Commission decides to regulate advertising content, however, in no event should it place the LEC, as the billing entity, in the position of policing such content. In this regard (and numerous others), the Staff's draft rules (presented at the May 1998 workshop) are absolutely unacceptable. These rules would require the LEC to determine for itself—with no objective guidelines whatsoever—when particular advertising is "complete" and "not misleading" and when disclosures are made "clearly and conspicuously." Given the fact that the LEC is, in many, if not most, instances, billing for its competitors, the problem with this aspect of the rule is self-evident. If a LEC refuses to accept an advertisement (and it will have almost complete discretion to do so under the vague standards of the proposed rules), it will almost certainly be the target of accusations of anticompetitive conduct by the entity

for which it is billing. If, on the other hand, a LEC accepts an advertisement the Commission later deems "misleading," the LEC will be at fault and subject to serious sanctions by the Commission. It is simply beyond comprehension that the Commission would consider putting one competitor in control of another competitor's advertising. This is especially true since the rules' requirement that the advertisement be "complete" would necessarily require the LEC to look behind the language of the advertisement and investigate and understand all aspects of the service. This result is not in the best interest of the LEC, the provider for which the LEC bills, the efficient functioning of the market, or the consumer, who will ultimately have to bear the expense of extra personnel to do the investigations and monitor advertising—as well as the inevitable lawsuits and complaints that will arise from the process. If the Commission wishes to get into the business of monitoring content, then advertisements should be submitted directly to the Commission for its approval or disapproval.

Because the LEC's role as content policeman is such a fundamental theme of the proposed rule, the entire rule must be scrapped. Even the briefest review of the unworkable language of particular rule sections confirms this assessment. For example, subsection (14)(b), the key "Content" provision, reduced to its essence, states that "'misleading advertising' includes any statement...which are [sic] known...to be untrue or misleading..." This circular definition—that is, misleading advertising is a misleading statement—can give no guidance to a LEC trying to decide what content is acceptable. Indeed, because this area is necessarily so subjective, it is probably impossible to write any guidelines that can be objectively and consistently administered—especially when the

party submitting the ad and the party assessing the ad are competitors.

**5. Should the rules require a billing-block option and PIN numbers?**

**GTE's Position:** Billing-block options are just one of several means of reducing the incidence of cramming. GTE believes LECs should have the discretion to select those options it can effectively implement. If the Commission does impose rules, they should be broad enough to accommodate blocking initiatives undertaken by the billing company itself. Otherwise, LECs will have little incentive to introduce anti-cramming and other pro-consumer measures.

To this end, GTE is implementing, on a nationwide basis, a process that will allow the end user to block all miscellaneous calls other than those belonging to their presubscribed carriers. The block option would continue to permit the billing of casual toll calling, such as 1010XXXX. Information service providers and others wishing to bill a customer who has exercised the bill block would need to use an avenue other than the LEC bill. The blocking option is scheduled to be introduced in April, 1999. If utilized by end users, it should have a significant impact on cramming complaints.

A PIN-based system is not technically feasible at this time. Billing information for miscellaneous services is transmitted to the billing LEC in Exchange Message Record (EMR) format, which is based on national standards. Currently, all information fields in the record format have a designated use, and there are no vacant fields populated with a multi-digit PIN. In addition, a PIN system would be extremely complicated and expensive. It would require, among other things, a comprehensive database to house the initial PIN

and any changes, a method for the service provider to verify the PIN, a method to transmit the PIN, etc. It is highly unlikely that the benefits gained would outweigh the costs. At the very least, the Commission should not consider a PIN system until it has evaluated the effectiveness of other measures the LECs implement.

**6. Should specific billing formats be required?**

**GTE's Position:** No. Detailed regulation establishing a specific structure and content for LEC bills are not only unnecessary, but may limit a LEC's ability to adequately serve its customers and suppress competition. GTE believes that its bill—particularly after ongoing redesign efforts—will be a competitive differentiator and will resolve customers' concerns about billing simplicity. A "one size fits all" approach will take away the LEC's latitude to communicate effectively with its customers, and to continually modify and enhance its bill format to address new services, service combinations and customer requests for bill changes. Given the rapidly changing telecommunications environment, specific formats deemed appropriate today may well be outdated within a relatively short time and even undermine the goal of bill clarity.

At the very least, GTE strongly urges the Commission not to establish bill format regulations until the FCC concludes its truth-in-billing rulemaking. Billing systems cross state boundaries, so that compliance with divergent mandates and objectives would be extremely costly and difficult. The Commission should study any guidelines that result from the FCC's proceeding and might use them to set minimum clarity standards, leaving specific bill design to the LECs that have daily contact with their customers and best know their needs.



Respectfully submitted on November 30, 1998.

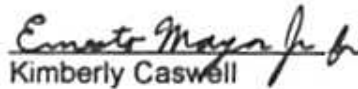
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Attorney for GTE Florida Incorporated

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing Comments was sent via overnight delivery on November 25, 1998, to:

Diana Caldwell, Staff Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

  
Kimberly Caswell